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Annual Report 2012

The Solar Group generated revenue growth in the first three quarters of 2013 but the fourth quarter revenue dropped – not least due to negative market trends in the Netherlands. The group's 2012 revenue and EBITA fell short of previously announced expectations. We saw a positive trend in cash flow from operating activities.

On 17 February 2013 Solar A/S published announcement no. 2 2013 "The Solar Group's results for 2012 and expectations for 2013". Present announcement does not hold any changes compared with these previously announced figures.

Group CEO Flemming H. Tomdrup says about 2012:
"2012 was characterised by downturns in most of the markets where we operate with the Dutch market suffering a significant drop. With the implementation of Solar 8000 (SAP) in Solar Nederland in June 2012 it was not possible to make the necessary continuing adjustments to the organisation, which impacted earnings negatively in the second half of the year. In Q4 2012, we made adjustments to the organisations in several group enterprises."

Selected key figures (€ million)	**Q4 2012**	**Q4 2011**	**2012**	**2011**
Revenue	455.7	460.8	1,700.9	1,532.4
EBITA	13.0	19.1	38.0	39.1
Earnings before tax	9.2	14.5	23.2	19.6
Cash flow from operating activities	48.2	26.0	61.4	48.5
Selected financial ratios (%)				
Organic growth	(3.1)	1.9	0.1	3.6
EBITA margin	2.9	4.1	2.2	2.6
Net working capital/last 12 months' revenue*	14.0	15.3	14.0	15.3

* Calculated as an average of the last four quarters' inventories, trade receivables and trade payables.

Revenue in 2012:

- Negative market trends impacted Solar's revenue growth. Organic growth in Q4 was -3.1%. Adjusted for the number of working days organic growth totalled -0.6% in Q4 instead of an expected weak positive organic growth.

EBITA in 2012:

- Lower revenue and gross profit in Q4 than projected resulted in EBITA in 2012 of € 38.0m, equal to 2.2% of revenue against 2.6% in 2011.
- EBITA was also negatively impacted by Solar 8000 costs of € 6.4m against € 5.3m in 2011 and restructuring costs of € 2.6m, the same level as in 2011.
- Adjusted for 2012's restructuring and Solar 8000 roll-out costs, normalised EBITA totalled € 47.0m, equalling 2.8% of revenue against 3.6% in 2011.
- We adjusted the organisations in several group enterprises in Q4 2012, leading to restructuring costs of € 2.6m against the estimated € 2.0m.

Net working capital:

- Positive trends in net working capital contributed to cash flow from operating activities rising to € 61.4m against € 48.5m in 2011.
- Net working capital was reduced to € 215.4m, equating to 12.6% of revenue against 15.8% in 2011. This means that we met Solar's target for net working capital by year-end 2012 of less than 14% of revenue.
- Net working capital was 14.0% of revenue when stated as an average of four quarters, meeting our target of approximately 14%.
- Efforts to reduce net working capital will carry on. The target for 2013 is to get under 14% of revenue when calculating net working capital as an average of four quarters. We expect net working capital at approximately 13% at year-end 2013.

Ordinary dividend:

- At the annual general meeting on 5 April 2013, the Supervisory Board will propose dividend distribution of DKK 6.65 per share which equates to € 0.89 per share and a distribution percentage of 44.8.

Capital structure will be assessed after H1 2013:

- The group will maintain a target for financial gearing of 1.5 to 2.5 times EBITDA and does not expect to make any major acquisitions in 2013. In this light, the Supervisory Board will assess the option to pay out extraordinary dividends in the autumn of 2013. Therefore, at the upcoming annual general meeting, the Supervisory Board will propose that it be granted the authority to pay out extraordinary dividends of up to DKK 15.00 per share for the period until the next annual general meeting.

Expectations for 2013:

- Expectations for 2013 include revenue of € 1,690-1,730m and EBITA of € 34-41m. We expect Q1 performance to result in low earnings, partly due to the expected level of restructuring costs and partly due to the fact that Easter is in March this year.
- Expectations for 2013 EBITA include costs of approximately € 4m for Solar 8000 implementation and restructuring costs of approximately € 5m. After making adjustments for these factors, we expect normalised EBITA to total € 43-50m.
- The lower revenue expectations equal negative growth of just above 1%, while the upper expectation levels equal positive organic growth of just below 2%.
- As a result of the negative market trends, we restructured the organisations in several group enterprises in 2012 and will follow up with further restructuring in 2013. Consequently, estimated restructuring costs in 2013 will be up from approximately € 2m at approximately € 5m.
- Implemented and planned restructuring will generate savings of approximately € 6m for 2013. These savings total approximately € 9m when translated to full-year figures.

Solar 8000 (SAP):

- We plan to roll out Solar 8000 in Solar Danmark in late Q3, followed by roll-out in Solar Sverige 3-4 months later. Quality and safety are key, and this approach allows us to get any outstanding additions to the group template in place by the summer holidays.
- We no longer plan to implement Solar 8000 in Solar Deutschland. We find that this enterprise will be better supported by the Microsoft Dynamics AX solution that we use in Solar Polska, among others.
- As we will not be rolling out Solar 8000 in Solar Deutschland, we will change the original expectations of the Solar 8000 project. Thus, the overall investment in Solar 8000 is now expected to total under € 54m against the previously announced cost of up to € 55m.
- We still have the same expectations for positive effects as we still expect the transition to Solar 8000 to increase earnings (EBITDA) by € 8-10m annually when fully implemented.

Presentation - webcast and teleconference today

The presentation of Annual Report 2012 will be transmitted online in English from NASDAQ OMX Copenhagen today at 11.00 CET, and the webcast will be accessible via www.solar.eu. It will be possible to make comments and ask questions via teleconference. Please use these numbers to participate:

Callers from Denmark: tel. +45 32 72 80 18
Callers from Great Britain: tel. +44 145 255 5131
Callers from the USA: tel. +1 866 682 8490
International callers: tel. +44 (0) 145 255 5131

Yours faithfully
Solar A/S

Flemming H. Tomdrup

Appendix: Annual Report 2012 pages 1-112

Solar facts

Solar A/S was established in 1919 and listed on the Copenhagen Stock Exchange in 1953. Solar is one of Northern Europe's leading technical wholesalers within electrical, heating, plumbing and ventilation products. The group, based in Kolding, Denmark, has subsidiaries in Denmark incl. the Faroes, Sweden, Norway, the Netherlands, Belgium, Germany, Poland and Austria. Solar also owns Aurora Group, a leading Scandinavian distributor of accessories for consumer electronics that operates in Denmark, Sweden, Norway and Finland. In 2012, Solar Group revenue totalled € 1,700.9m, equating DKK 12.7bn. The group has some 3,600 employees.

For more information, please visit www.solar.eu.

ANNUAL REPORT 2012

BY SHARPENING OUR FOCUS INTERNALLY WE INCREASE PROFITABILITY IN A TIME OF ADVERSITY

solar

stronger together

FINANCIAL HIGHLIGHTS

Consolidated (€ million)	2012	2011	2010	2009	2008
Revenue	1,700.9	1,532.4	1,401.5	1,431.4	1,500.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)	49.5	51.2	60.6	48.0	74.2
Earnings before interest, tax and amortisation (EBITA)	38.0	39.1	49.0	36.2	65.0
Operating profit or loss before special items	28.9	26.7	41.6	29.4	58.3
Earnings before interest and tax (EBIT)	28.9	26.7	41.6	22.4	58.3
Earnings before tax (EBT)	23.2	19.6	35.4	17.4	45.4
Net profit for the year	15.7	12.2	24.6	10.1	31.0
Balance sheet total	767.4	723.5	684.1	620.5	604.1
Equity	294.8	282.2	284.9	257.3	203.6
Interest-bearing liabilities, net	74.9	120.3	98.5	102.8	229.0
Cash flow from operating activities	61.4	48.5	46.6	118.2	44.3

Financial ratios (% unless otherwise stated)					
Organic growth	0.1	3.6	(4.8)	(12.1)	5.0
EBITDA margin	2.9	3.3	4.3	3.4	4.9
EBITA margin	2.2	2.6	3.5	2.5	4.3
Effective tax rate	32.4	37.8	30.5	42.0	31.7
Net working capital (year-end NWC)/revenue (LMT)	12.6	15.8	15.9	15.0	18.7
Gearing (net interest-bearing liabilities/EBITDA), no. of times	1.5	2.3	1.6	2.1	3.1
Return on equity (ROE) excl. amortisation	8.6	8.7	11.8	7.3	17.5
Return on invested capital (ROIC) excl. amortisation	7.4	6.9	8.8	6.5	10.3
Equity ratio	38.4	39.0	41.6	41.5	33.7

Share ratios					
Earnings per share in € per share outstanding (EPS)	2.00	1.55	3.13	1.48	4.55
Earnings per share excl. amortisation in € per share outstanding (EPS)	3.16	3.13	4.08	2.48	5.53
Dividend in € per share	0.89	0.70	1.34	0.57	2.01
Dividend in % of net profit for the year (payout ratio)	44.8	45.0	42.9	44.4	43.6
Dividend in DKK per share	6.65	5.20	10.00	4.25	15.00

Employees					
Average number of employees (FTE)	3,596	3,200	2,955	3,175	3,010

OUTLINE

2012 was characterised by slowdown in all markets where Solar operates, and trends were particularly disappointing in late Q4. The group's revenue and earnings in 2012 fell short of our previously announced expectations.

Net working capital was reduced to € 215.4m, equalling 12.6% of revenue against 15.8% in 2011.

This positive development in net working capital contributed to a rise in cash flow from operating activities at € 61.4m, up from € 48.5m in 2011.

The group will maintain our target for financial gearing of 1.5 to 2.5 times EBITDA. Solar does not expect to make any major acquisitions in 2013. In this light, the Supervisory Board will assess the option to pay out extraordinary dividends in the autumn of 2013. Therefore, at the upcoming annual general meeting, the Supervisory Board will propose that it be granted the authority to pay out extraordinary dividends of up to DKK 15.00 per share for the period until the next annual general meeting.

PREFACE

WE WILL FOCUS ON BUSINESS ACUMEN

Outlook

In all the markets where we operate, economic prospects indicate low or negative growth in 2013, so market conditions certainly will not give us the pick-up we want. So to optimise our business and improve our profitability, we must direct our intense focus inwards. Our answer is to strengthen the way we handle day-to-day operations, combined with a series of company programmes.

Efficiency

The most vital point to increased prosperity is for us to utilise our existing assets and competences to the full. This, in turn, highlights the need for improved efficiency in all parts of our business. Digitalisation, standardisation and simplification will be key words both internally in Solar and towards our customers and suppliers. Naturally, we will continue to develop our electronic hook-ups with our suppliers and our e-business solutions to meet our customers' expectations. This will strengthen our growth and earnings while also increasing productivity throughout the value chain. We will focus on business acumen and simultaneously roll out our business concept Solar 8000 (SAP) in an efficient and stable process. Solar 8000 will give us more transparency and improved efficiency.

Energy efficiency

Energy-efficient products and solutions are growth drivers. Our Blue Energy concept helps us to increase our surroundings' knowledge of energy efficiency measures in general, making decision-makers realise the short payback times that optimisation of these technical fittings actually have. While solar panels took centre stage in 2012, we now believe that the time has come in earnest for heat pumps. We also see that the current slump and financial crisis push to raise the financial incentive to implement energy-efficiency measures in both the public and private sectors.

“

So to optimise our business and improve our profitability, we must direct our intense focus inwards.

Solar is everywhere

We are continuously working on our visibility and you should be able to spot us as Solar's solutions are everywhere from hospitals and care homes over schools and nurseries to businesses, shops and houses. Granted, it does not say Solar on fixtures, sensors, cables or light switches but we still manage to leave our distinct mark on choice of products and solutions as they pass through the supply chain.

Expectations

Expectations for 2013 are revenue of € 1,690-1,730m and EBITA of € 34-41m.

Normalised EBITA is expected at € 43-50m when adjusted for restructuring and Solar 8000 roll-out costs, cf. pages 30-31.

Flemming H. Tomdrup

Group CEO

ANNUAL REPORT 2012
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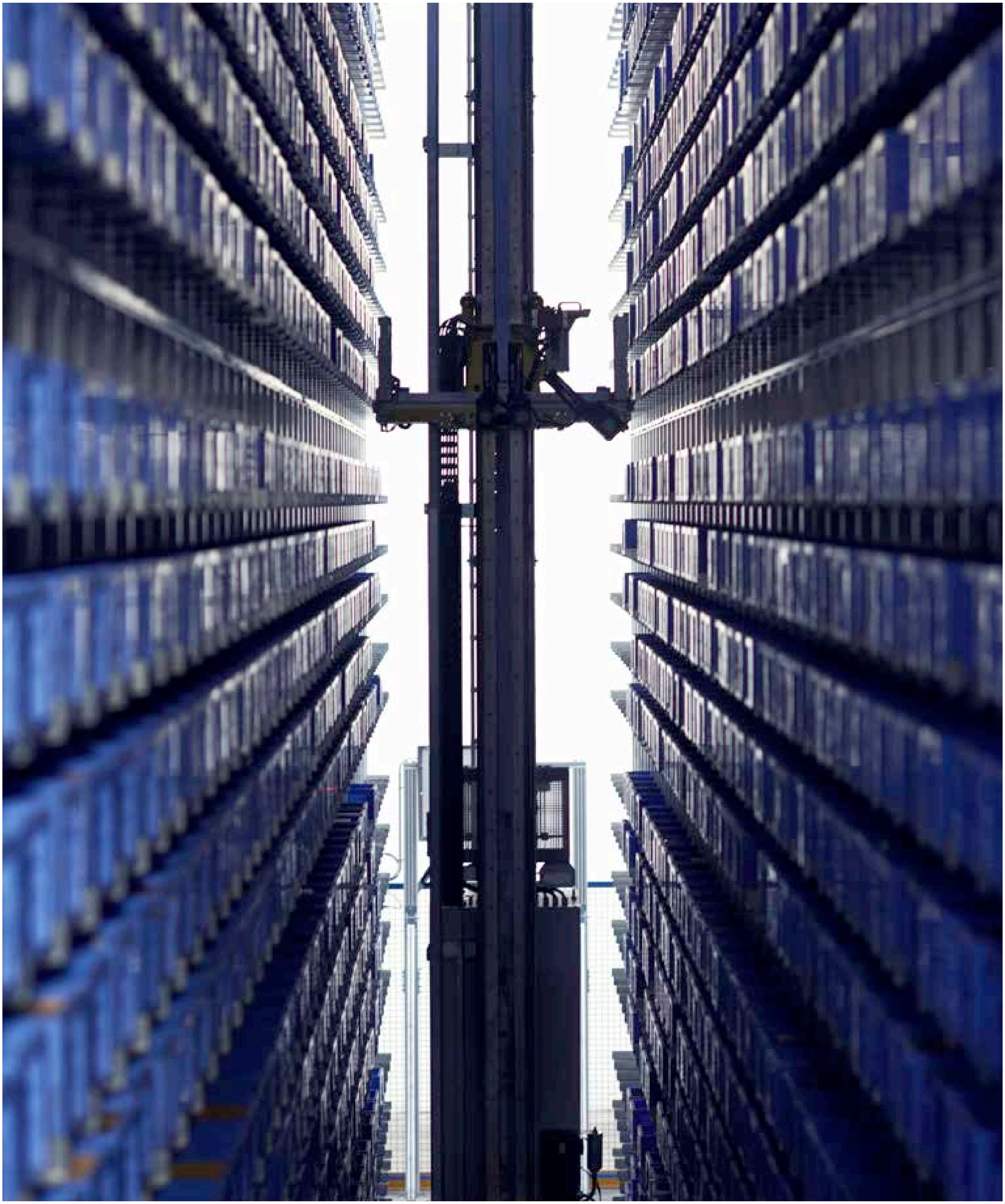


SOLAR GROUP – IN BRIEF

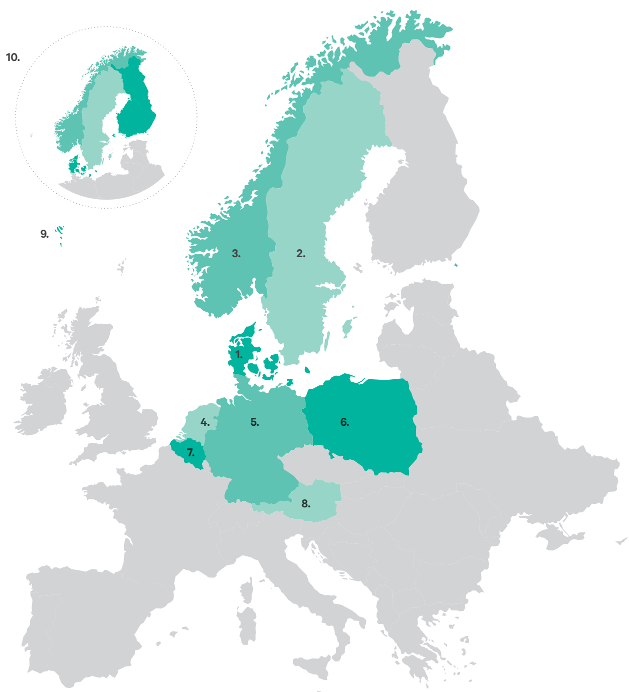
Solar A/S was founded in 1919 and listed on the Copenhagen Stock Exchange in 1953. Solar is one of Northern Europe's leading technical wholesalers within electrical articles, heating and plumbing, and ventilation products and offers its customers both products, know-how and solutions.

The group, headquartered in Kolding, Denmark, has subsidiaries in Denmark incl. the Faroes, Sweden, Norway, the Netherlands, Belgium, Germany, Poland and Austria. The Solar Group also incorporates Aurora Group, a leading Scandinavian distributor of accessories for consumer electronics. Aurora Group operates in Denmark, Sweden, Norway and Finland.

The Solar Group's 2012 revenue was € 1,700.9m, equating DKK 12.7bn, and the group has a total staff of 3,596 employees.

REVENUE € million	**1,700.9**
EBITA € million	**38.0**
GEARING NO. OF TIMES EBITDA	**1.5**
ROIC %	**7.4**
DIVIDEND YIELD %	**44.8**
NO. OF EMPLOYEES	**3,596**
NO. OF COUNTRIES THE SOLAR GROUP IS IN	**10**
E-BUSINESS SHARE	**41.5**
YEAR OF LISTING	**1953**
YEAR OF FOUNDATION	**1919**

SOLAR GROUP



REVENUE € million

1. Denmark
411.5 24.1% of revenue

2. Sweden
332.0 19.4% of revenue

3. Norway
263.5 15.4% of revenue

4. The Netherlands
366.1 21.4% of revenue

5. Germany
144.8 8.5% of revenue

6. Poland
37.1 2.2% of revenue

7. Belgium
34.0 2.0% of revenue

8. Austria
54.3 3.2% of revenue

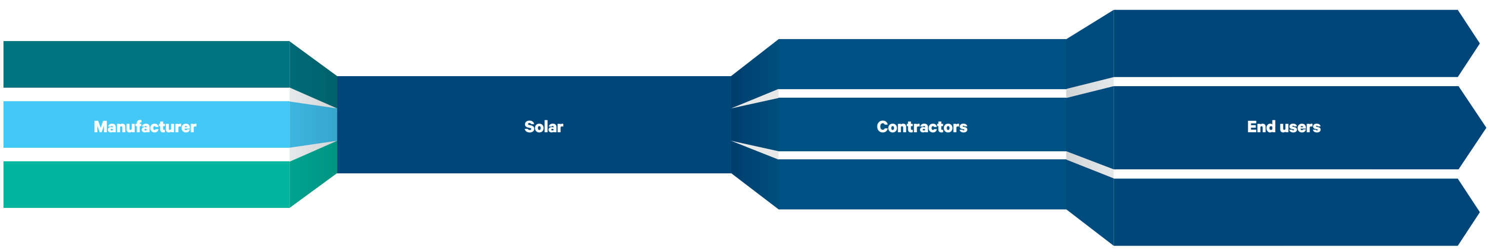
9. The Faroes
3.6 0.2% of revenue

10. Aurora Group*
62.0 3.6% of revenue

*Denmark, Norway, Sweden and Finland

STRONGER TOGETHER

Solar must be the strongest link
The ability to understand and meet our customers' needs is fundamental to our success. We must be the strongest link between our suppliers and customers and continuously improve the efficiency of our value chain.



OUR FOUNDATION

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

Mission
We understand our customers' needs and provide value-adding services and products. We call it stronger together.

Vision
To become #1 in Technical Wholesale.

STRONGER TOGETHER IS BUSINESS ACUMEN

Business acumen

We meet our customers halfway – literally - with an even more proactive and customer-oriented sales organisation. One example is the Fastbox concept recently introduced in Denmark where we deliver products to customers quickly while they are on a job. This lets them focus on making money instead of making a trip to the wholesaler for the things they need.

STRATEGY

SOLAR'S STRATEGY WILL ENSURE INCREASED EARNINGS

Our strategy for 2013-2015 has three focus areas: business acumen, operations and people.

At the same time, digitalisation, standardisation and simplification are three vital key words as we move forward. It is crucial that we digitalise internal processes as much as possible to reduce resource consumption and the amount of manual labour required.

SAP makes it easier to hook up to suppliers electronically and increases our efficiency – not least when it comes to handling orders and invoices. Moreover, we are very aware of the need to increase e-commerce with customers, while we also aim to utilise any opportunities on the marketing side.

Our Lean programme, which we launched back in 2007, represents the start of this standardisation process that we will now begin to perfect in all aspects of our business. Working with Lean has definitely given us a boost in quality and productivity. One example is our central warehouses where we now avoid drops in quality and productivity as our standardised work processes ensure the same high standards during the holidays when temporary workers take over.

We will add more standardisation to all repetitive processes, whether within sales, procurement or marketing. Whenever we spot a repetitive process, we will standardise it, thus reducing resource consumption.

> “At the same time, digitalisation, standardisation and simplification are three vital key words as we move forward.

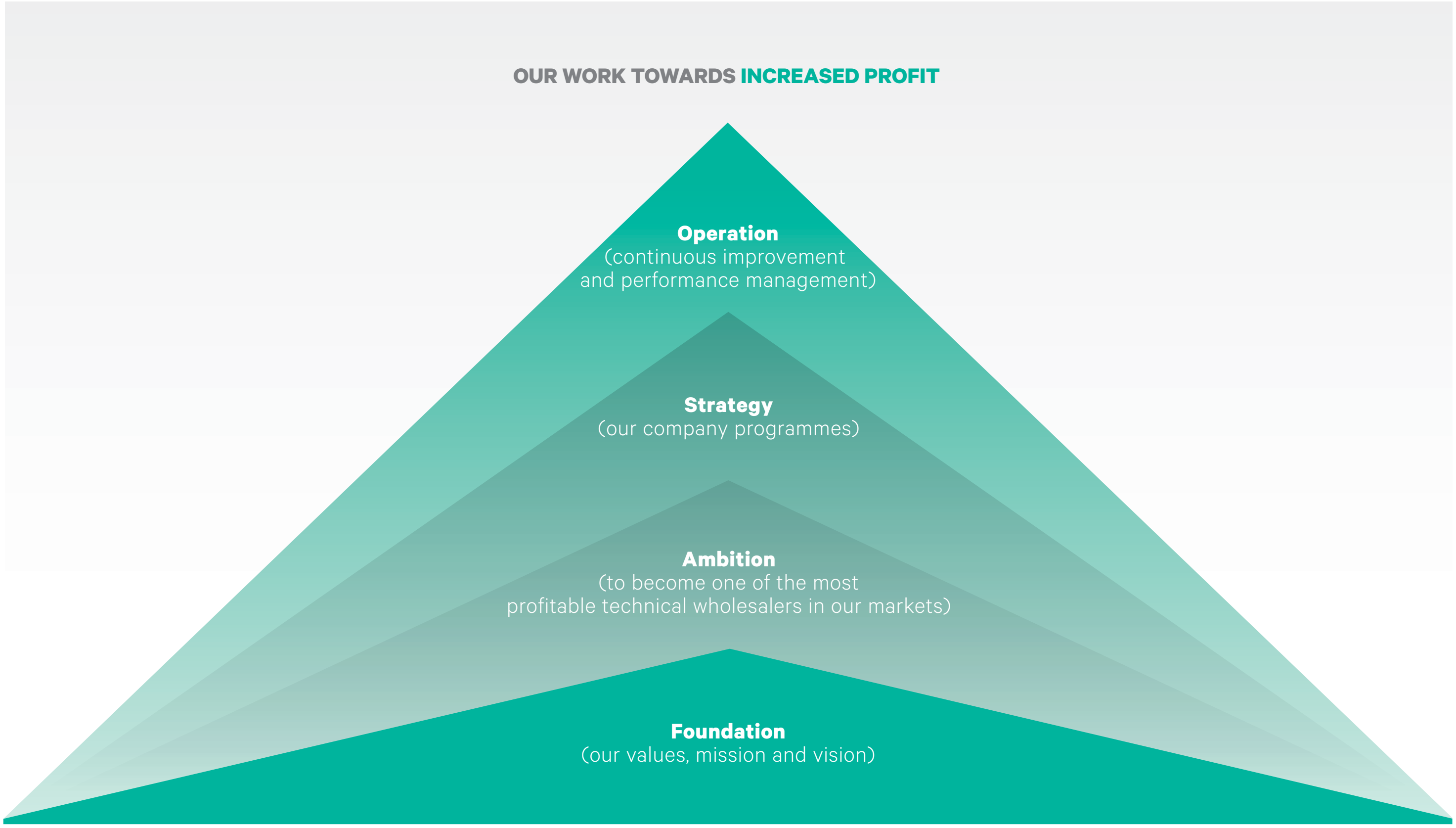
We will simplify procedures to the extent possible to improve productivity and profitability. In addition, we will price our services to ensure that the price more realistically reflects the actual resources involved in providing any specific service.

Our strategy also comprises the company programmes Solar Way, Sales Excellence, Blue Energy and People Development. Furthermore, local projects will also be launched.

Financial targets 2013-2015

Financial ratios	Year / period	Financial targets
EBITA margin	2015	4.5%
ROIC excl. amortisation	2015	>14%
Net working capital/last 12 months' revenue	2015	<13%
Equity ratio	2013-2015	35-40%
Gearing (NIBD/EBITDA)	2013-2015	1.5-2.5x
Payout ratio (of earnings less tax)	2013-2015	35-45%

One prerequisite for reaching the targets for EBITA margin and ROIC is average growth exceeding 3% in this period. At the same time, reaching the targets set requires that the Dutch market settles in 2013.



Company programmes

SOLAR WAY

Simply put, we must optimise daily operations to boost earnings. One of the ways we do this is by focusing heavily on business acumen. We will roll out Solar 8000 (SAP) in efficient and stable processes. Moving forward, we will optimise standard processes, going from best practice to next practice of Solar Way.

SALES EXCELLENCE

We want to build an even more proactive sales organisation. We want to differentiate ourselves from our competitors and add more value to our customers' businesses by becoming even better at supplying both actual products and services. Using standardised sales processes with a clear-cut distribution of roles and responsibilities, we aim to reduce costs of sales and thus increase both revenue and earnings per employee.

BLUE ENERGY

Simply put, energy-efficient products and solutions are growth drivers. We must improve and optimise our competences within this field and share knowledge across our subsidiaries to match our customers' future demands. Naturally, we must cash in on our Blue Energy concept in our efforts to ensure the group's position as ”#1 in Technical Wholesale”. Clearly defined and standardised solutions from the Blue Energy concept will help boost sales within this area.

PEOPLE DEVELOPMENT

We will build a programme under Solar Business Academy that furthers sales training, creating an even more efficient and customer-oriented sales organisation. Moreover, we want to strengthen overall career development in Solar. We will increase the level of internal recruitments in Solar by making different career possibilities visible and showing specialists that there are alternate career paths available to them as well. Obviously, current demographic trends in the work force will prove a challenge in the years to come. Therefore, we have launched an Employer Branding concept to make Solar more visible as a possible employer, attract potential employees and increase pride among our existing employees.

MANAGEMENT'S REVIEW

SOLAR BELIEVES IN THE POTENTIAL OF ENERGY EFFICIENCY

Energy-efficient solutions.
Energy efficiency took centre stage in 2012. Our Blue Energy concept allowed us to raise awareness of energy-efficient solutions and we used this increased focus to generate sales.

One excellent example is the sale of solar panels which boomed in Denmark, until the so-called net meter scheme was changed, making it less attractive for private consumers to fit solar panels. In this case, our Danish subsidiary showed its adaptability by seizing this new opportunity as it suddenly arose. We can also draw on experience gained in Denmark when working in the Netherlands where we are currently introducing solar panels as a new line of business, as well as in Poland and Sweden where net meter schemes may also soon be introduced.

As a result of the changed net meter scheme in Denmark, Solar will now focus on selling large set-ups here instead as new market opportunities arise. These may be in the form of cooperative housing associations, cluster housing or business enterprises that choose to invest in solar panels with relatively short-term payback times. Another opportunity lies in construction of new commercial property that incorporates the new building code effective after 2015, incorporating solar panels as an element to help reduce the property's overall energy consumption. In addition, the government is talking about reintroducing the housing subsidy scheme 'boligjobordningen' in 2013 and 2014.

Overall, 2012 trends offered fewer but large projects. Solar focused on the areas that held what little growth there was and managed to get in on the large projects available. Mostly, this involved fitting energy-efficient measures in existing buildings, partly driven by the EU's ambitious energy targets for 2020. In addition, our Danish and Norwegian subsidiaries focused on the sale of outdoor lighting such as street and park lights.

We also see the effect of our Blue Energy campaign where a truck toured Denmark, Sweden, Norway, the Netherlands and Germany. We had some 8,000 visitors in the truck along the way – both technical contractors and their customers – which resulted in a number of actual projects. Equally important, we created a platform for us to use in future communications about Blue Energy. Some 5,000 customers have signed up for our newsletters and other information about Blue Energy and now act as ambassadors of this concept.

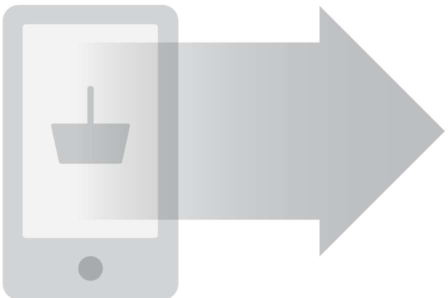
> “Our Blue Energy concept allowed us to raise awareness of energy-efficient solutions and we used this increased focus to generate sales.

Our improved Blue Energy website also helps to simplify the process of selling energy-efficient solutions for the contractors. The website, which has seen a 115% rise in the number of visitors, presents cases on actual energy-saving projects and incorporates our Blue Energy calculator, among other things. The calculator is a new Solar tool that customers can use to calculate when it would be relevant to make renovations to existing buildings to increase energy efficiency. It includes a broad spectre of potential energy-saving measures and may also be used to get a feel for the level of savings to expect in new construction projects.

Furthermore, Solar launched The Solar Blue Energy Challenge, which is a smartphone app that challenges users' knowledge of Blue Energy and energy efficiency. So far, this app has 3000 downloads.

Solar Consulting, a Danish line of business, was successful in supporting technical contractors on energy optimisation projects. This valuable experience will now be applied in our other markets. Solar Consulting in Denmark will prepare attractive standard solutions that can be sold in our key markets primarily, but also in the other countries where we operate. A standard solution for a nursery, for example, will clearly show the energy-savings potential and thus indicate the financial incentive that should make the choice easier for the decision-makers.

E-BUSINESS



We still see positive development when it comes to our customers' use of Solar's e-business tools. E-business accounted for 41.5% of the Solar Group's revenue in 2012 (excluding the enterprises acquired in 2011), up from 39% in 2011. In other words, we increased our revenue from online sales by approximately € 49m from 2011 to 2012.

More and more customers place their orders using their mobile phones. Our Solar Mobile app was downloaded 21,000 times in 2011 and the number of downloads now exceeds 35,000. This confirms our belief that we were right in making it possible for customers to order and reorder products via their mobile phones. In future, sales will be made digitally.

41.5%

E-BUSINESS SHARE

35,000

TOTAL NUMBER OF DOWNLOADS

FROM 2011, THE NUMBER OF DOWNLOADS WAS UP BY

+ 14,000

€ 49 million

INCREASE IN REVENUE FROM ONLINE SALES

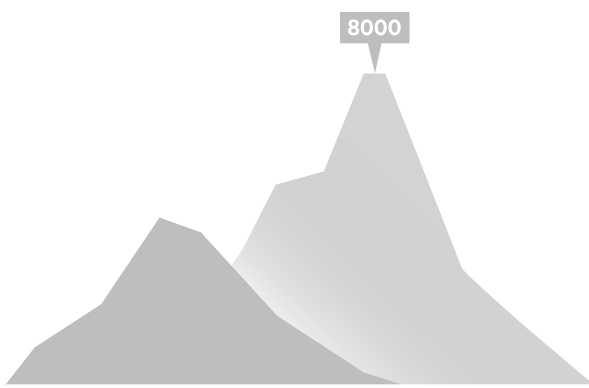
SOLAR 8000

With the implementation of Solar 8000 (SAP) in Solar Nederland in June 2012, we reached another milestone in this far-reaching change project. Having implemented the concept in two subsidiaries and with preparations underway for roll-outs in two more – Solar Danmark and Solar Sverige – we can confirm that Solar 8000 is the right choice for us. We are convinced that we will achieve the efficiency improvements that we have strived for since the launch of this project.

Naturally, the project is a massive readjustment for the employees. Several manual tasks are no longer relevant and we are able to utilise our employees' competences more efficiently. At the same time, we gain a great deal more transparency throughout the business. On the short-term, Solar 8000 will involve restructuring costs as the make-up of our work force is continuously adjusted.

Solar 8000 is not just the implementation of a new IT system but also a fundamental business development project. SAP enables us to digitalise both internal processes and processes in relation to our customers and suppliers. The project holds great potential when our four key markets are up and running with Solar 8000 – well aware that the implementations will lead to some degree of loss of efficiency that it may take us some quarters to regain.

> "We are convinced that Solar 8000 will give us the efficiency improvements that we have strived for since the launch of this project.



EMPLOYER BRANDING

Demographic trends in the work force will prove challenging in the years ahead, and we are aware of the need to be able to recruit and retain employees in future. Therefore, we have invested a lot of effort in formulating an Employer Branding strategy and have recently launched an Employer Branding concept to make Solar more visible as an employer, attract potential employees and increase pride among our existing employees.

SOLAR BUSINESS ACADEMY

We continue to run our leadership programme at Solar Business Academy. In addition, we have launched a project manager programme and completed the first round of training under this. In the years to come, leading from a distance will become more important and to ensure that we are able to meet this challenge, we have also launched a distance leadership programme as this type of leadership requires special leadership capabilities.

GROUP MINDSET

For a wholesaler to employ a business PhD student to study the phenomenon "Group Mindset" is an untraditional and different move. Using data collected at corporate head-quarters and during visits to our subsidiaries, this student maps out how shared ways of think-ing throughout the group may underpin Solar's strategy. We are certain that we will gain valuable insight from the ongoing three-year project that is carried out in cooperation with Copenhagen Business School and the Danish Confederation of Industry (DI).

MARKETS

Solar records declining growth

No matter where we look, growth was on the decline in 2012. Some of our subsidiaries still see positive growth while others operate in markets with sharp negative growth.

Overall, our performance did not meet expectations when it comes to either revenue or earnings. While earnings in Denmark exceeded our expectations, and we saw good development in Norway following the restoration implemented, weaker earnings in Sweden than expected and substantial losses in the Netherlands and Germany had a negative impact.

In Denmark, we had a generational handover of the CED position, followed by a restructuring of the management structure to match future demands more fully. We took advantage of the opportunities the market had to offer, generally underpinning our performance with our Blue Energy concept. On a positive note, Solar Consulting had to expand their activities to keep up with growth within the field of energy optimisation of existing buildings such as schools, commercial property and bank branches. Meanwhile, the Danish enterprise took full advantage of the market for solar panels for private consumers that arose. This boost in the sale of solar panels for buildings owned by private consumers and local authorities, combined with a general pick-up in the sale of heating and plumbing products, helped to compensate for the low activity levels in contractors' services and new construction. Solar Danmark's growth in Q4, adjusted for the number of working days, was around 18% and mainly driven by high sales figures for solar panels. The change to the net meter scheme did, however, result in a standstill in the sale of solar panels to private consumers, and we restructured our organisation accordingly.

> “We took advantage of the opportunities the market had to offer, generally underpinning our performance with our Blue Energy concept.

The Swedish market was characterised by lower growth and earnings than we normally see here. Our performance in the electrical market was good but we are still working hard to gain solid footing in the plumbing and heating sector in the major cities. Since he took up the mantle in April 2011, our new CED has restructured and strengthened the sales organisation. We restructured the organisation in Q4.

For our Norwegian enterprise, 2012 was devoted to a restoration process following the Solar 8000 pilot. Our work to strengthen earnings was successful – especially in the second half of the year. And this despite the fact that the market failed to generate the growth forecasted for H2 2012. We stuck to our restoration plan and achieved the improvement in earnings we wanted. Our lighting organisation was strengthened in 2011, and we saw the impact in 2012 with elevated activity levels in this field, including sales contracts for street and park lighting for some local authorities.

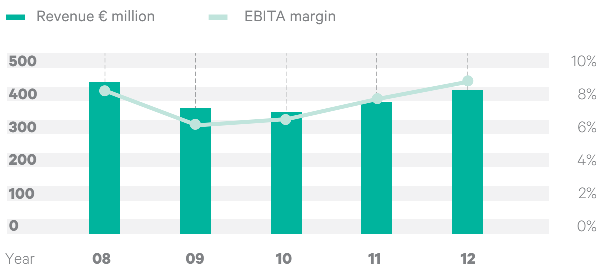
Our poor results in the Netherlands were caused by very negative market growth combined with the fact that we could not initiate a restructuring process at the same time as we were implementing Solar 8000. We see that many of our customers are struggling financially, which resulted in considerable losses on receivables. In late 2012 we agreed with our CED in Solar Nederland B.V that it was time to part ways. Moreover, we initiated a restructuring process in Q4 2012 that continued into Q1 2013.

Losses in Germany were caused by the loss of employees back in 2011. This resulted in drops in earnings in some regions while others performed above expectations. We have seen a decline

Solar Danmark
(excl. results in subsidiaries)

Figures in € million	2008	2009	2010	2011	2012
Revenue	437.2	355.7	340.7	371.4	411.5
Other operating costs	0.0	0.0	0.0	4.5	4.7
Solar 8000 costs	0.0	0.0	(1.3)	(2.3)	(4.1)
EBITA	36.4	21.9	22.6	28.9	36.6
Organic growth	3.9%	(18.4%)	(4.2%)	9.0%	10.7%
EBITA margin	8.3%	6.2%	6.6%	7.8%	8.9%
ROIC excl. amortisation	15.7%	14.6%	16.2%	25.9%	21.5%
Employees (FTE)	847	801	779	822	797
No. of branches	16	12	12	11	10

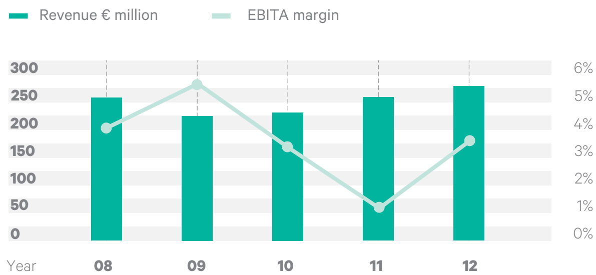
Other operating costs relate to reinvoicing of the Solar 8000 investment to subsidiaries.



Solar Norge

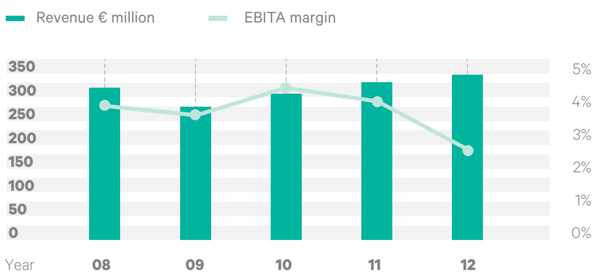
Figures in € million	2008	2009	2010	2011	2012
Revenue	242.4	210.4	216.8	242.2	263.5
EBITA	9.1	11.4	6.7	2.1	9.0
Organic growth	13.8%	(7.8%)	(5.3%)	8.8%	4.3%
EBITA margin	3.8%	5.4%	3.1%	0.9%	3.4%
ROIC excl. amortisation	18.8%	24.1%	11.4%	4.3%	13.6%
Employees (FTE)	369	344	362	384	395
No. of branches	25	27	25	27	23

The transition to Solar 8000 is estimated to have resulted in a total operating loss of approx. € 4m in 2010 and approx. € 8m in 2011.



Solar Sverige

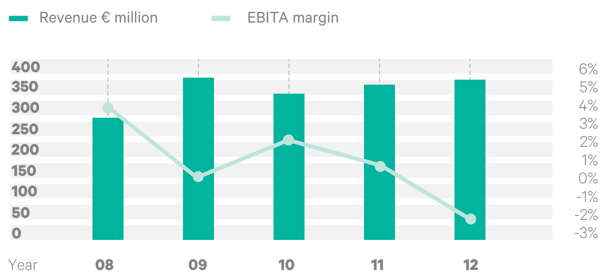
Figures in € million	2008	2009	2010	2011	2012
Revenue	302.8	262.2	292.1	314.6	332.0
Solar 8000 costs	0.0	0.0	0.0	0.0	(0.3)
EBITA	11.9	9.5	12.8	12.7	8.3
Organic growth	7.1%	(4.6%)	0.1%	2.3%	1.7%
EBITA margin	3.9%	3.6%	4.4%	4.0%	2.5%
ROIC excl. amortisation	12.3%	9.7%	12.7%	13.6%	12.9%
Employees (FTE)	555	542	558	599	621
No. of branches	46	45	39	35	37



Solar Nederland
(incl. Conelgro B.V. from 30/09 2011)

Figures in € million	2008	2009	2010	2011	2012
Revenue	271.3	371.1	332.2	353.9	366.1
Solar 8000 costs	0.0	0.0	0.0	(3.0)	(2.0)
EBITA	10.5	(0.3)	6.8	2.2	(9.3)
Organic growth	(0.1%)	(19.5%)	(10.5%)	0.7%	(11.1%)
EBITA margin	3.9%	(0.1%)	2.0%	0.6%	(2.5%)
ROIC excl. amortisation	17,0%*	(0.2%)	3.9%	3,2%*	(5.2%)
Employees (FTE)	529	770	657	705	864
No. of drive-ins	37	34	19	38	35

* When calculating ROIC, a translation has been made to show the full-year effect of Vegro B.V. (2008) and Conelgro B.V. (2011).



in the market since Q1 2012 and restructured the organisation accordingly over the year, and this will continue in Q1 2013.

Our Polish enterprise still adheres to the strategy aimed at making it one of the leading electrical wholesalers in this market by 2015. We opened five new branches in 2012. Activity levels were boosted by major investments made leading up to EURO 2012, after which we saw negative market trends for the remainder of the year. We will continue to build the Polish enterprise with branch openings and acquisitions to reach the necessary critical mass.

The four enterprises acquired in September 2011 maintained their focus on small and medium-sized customers and, to a lesser degree, industry. We have seen some synergy effects and are currently discussing the future roles of these enterprises within the framework of the strategy for 2013-2015.

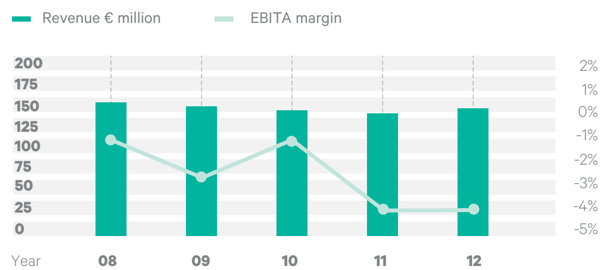
Aurora Group did well in a year characterised by difficult market conditions owing to low private consumption in the four Nordic countries where the enterprise operates. Aurora Group especially managed to strengthen its position in the Danish market and improve sales to some major Nordic chains. Also, Aurora succeeded in winning sole representation in Scandinavia of a number of trendsetting products.

> "Our Polish enterprise still adheres to the strategy aimed at making it one of the leading electrical wholesalers in this market by 2015.

Solar Deutschland
(incl. GFI Gesellschaft für Installationstechnik mbH from 30/09 2011)

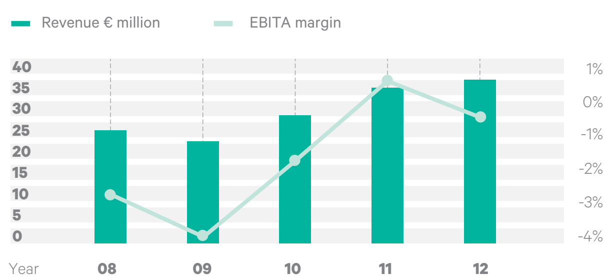
Figures in € million	2008	2009	2010	2011	2012
Revenue	151.7	147.4	142.6	138.7	144.8
EBITA	(1.5)	(3.9)	(1.7)	(5.7)	(6.0)
Organic growth	6.1%	(2.8%)	(3.3%)	(9.3%)	(13.3%)
EBITA margin	(1.0%)	(2.6%)	(1.2%)	(4.1%)	(4.1%)
ROIC excl. amortisation	(2.8%)	(9.1%)	(3.7%)	(8,1%)*	(12.1%)
Employees (FTE)	389	396	361	372	436
No. of drive-ins	24	20	20	34	26

* When calculating ROIC, a translation has been made to show the full-year effect of GFI Gesellschaft für Installationstechnik mbH.



Solar Polska
(incl. Eltomont Sp. z o.o. from 6/10 2008)

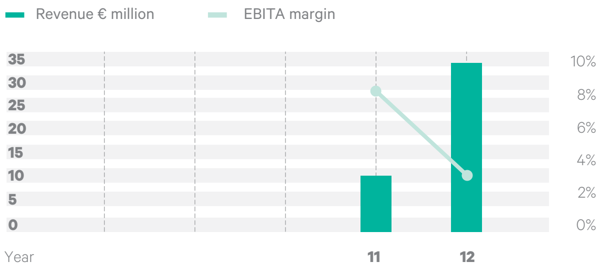
Figures in € million	2008	2009	2010	2011	2012
Revenue	24.8	22.5	28.5	35.2	37.1
EBITA	(0.7)	(0.9)	(0.5)	0.2	(0.2)
Organic growth	(3.4%)	(9.7%)	13.2%	18.3%	6.8%
EBITA margin	(2.8%)	(4.0%)	(1.8%)	0.6%	(0.5%)
ROIC excl. amortisation	(5.9%)*	(10.2%)	(5.3%)	1.4%	(3.2%)
Employees (FTE)	119	152	145	163	183
No. of drive-ins	19	17	18	18	23



Claessen, Belgium
(from 30/09 2011)

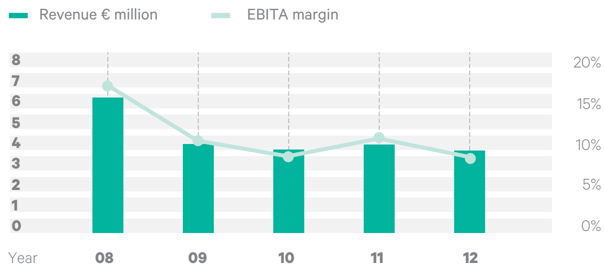
Figures in € million	2011	2012
Revenue	9.8	34.0
EBITA	0.8	1.0
Organic growth		(11.2%)
EBITA margin	8.2%	3.0%
ROIC excl. amortisation	32.5%*	8.0%
Employees (FTE)	22	85
No. of drive-ins	8	8

* When calculating ROIC, a translation has been made to show the full-year effect of Claessen ELGB.



Solar Føroyar

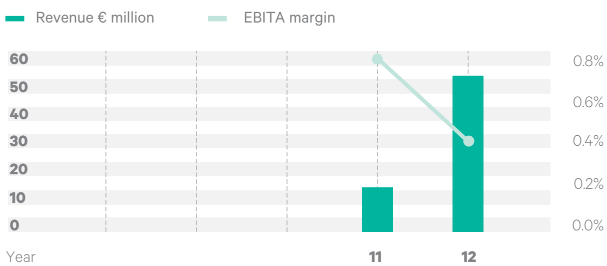
Figures in € million	2008	2009	2010	2011	2012
Revenue	6.2	3.9	3.6	3.8	3.6
EBITA	1.1	0.4	0.3	0.4	0.3
Organic growth	3.2%	(37.0%)	(9.2%)	6.1%	(6.0%)
EBITA margin	17.1%	10.3%	8.3%	10.5%	8.1%
ROIC excl. amortisation	72.9%	23.8%	25.3%	32.8%	25.5%
Employees (FTE)	11	12	11	11	11
No. of drive-ins	1	1	1	1	1



GFI, Austria
(from 30/09 2011)

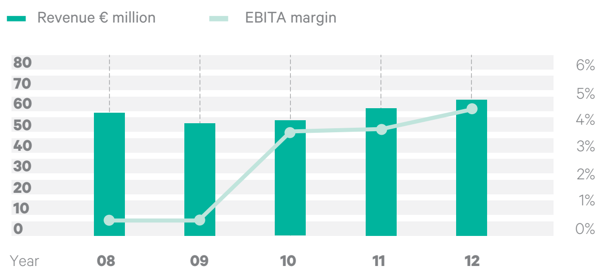
Figures in € million	2011	2012
Revenue	12.9	54.3
EBITA	0.1	0.2
Organic growth		5.1%
EBITA margin	0.8%	0.4%
ROIC excl. amortisation	5,2%*	0.1%
Employees (FTE)	29	113
No. of drive-ins	6	6

* When calculating ROIC, a translation has been made to show the full-year effect of GFI GmbH.



Aurora Group

Figures in € million	2008	2009	2010	2011	2012
Revenue	55.4	50.5	51.6	57.8	62.0
EBITA	0.1	0.1	1.8	2.1	2.8
Organic growth	(6.1%)	(4.9%)	(4.4%)	0.1%	4.4%
EBITA margin	0.2%	0.2%	3.5%	3.6%	4.4%
ROIC excl. amortisation	0.8%	1.2%	12.5%	12.6%	17.1%
Employees (FTE)	138	111	81	93	92



OUR GROUP

All group enterprises are wholly owned.

Some enterprises without operations are not included in the following outline.

Solar A/S
Reg. no. 15908416
Share capital DKK 792,060,700

1

Solar Danmark A/S, Denmark
Reg. no. 15908416

Technical wholesaler of electrical, heating and plumbing, and ventilation products

2

Solar Sverige AB, Sweden
Reg. no. 5562410406
Share capital SEK 100,000,000

Technical wholesaler of electrical, and heating and plumbing products

3

Solar Norge AS, Norway
Reg. no. 980672891
Share capital NOK 70,000,000

Technical wholesaler of electrical products

4

Solar Nederland B.V., the Netherlands
Reg. no. 09013687
Share capital € 67,000,000

Conelgro B.V., the Netherlands
Reg. no. 23066781
Share capital € 2,268,901

Solar Nederland: Technical wholesaler of electrical, and heating and plumbing products
Conelgro: Technical wholesaler of electrical products

5

Solar Deutschland GmbH, Germany
Reg. no. HRB 516 NM
Share capital € 51,400,000

GFI Gesellschaft für Installationstechnik mbH, Germany
Reg. no. HRB 95710
Share capital € 2,556,500

GFI Elektro GmbH, Germany
Reg. no. HRB 125461
Share capital € 25,000

Technical wholesalers of electrical products

6

Solar Polska Sp. z o.o. Poland
Reg. no. 0000003924
Share capital PLN 65,050,000

Technical wholesaler of electrical products

7

Claessen ELGB NV, Belgium
Reg. no. 0436.564.831
Share capital € 3,697,100

Technical wholesaler of electrical products

8

GFI GmbH, Austria
Reg. no. FN 44849f
Share capital € 363,365

Technical wholesaler of electrical products

9

P/F Solar Føroyar, the Faroes
Reg. no. P/F 104
Share capital DKK 12,000,000

Technical wholesaler of electrical and ventilation products

10

Aurora Group Danmark A/S, Denmark
Reg. no. 56827013
Share capital DKK 25,000,000

Aurora Group Norge AS, Norway
Reg. no. 945585781
Share capital NOK 401,000

Aurora Group Sverige AB, Sweden
Reg. no. 5564945961
Share capital SEK 100,000

Aurora Group Finland Oy, Finland
Reg. no. 328656
Share capital € 85,776

One of Scandinavia's leading distributors of accessories for consumer electronics

STRONGER TOGETHER IS BLUE ENERGY

Blue Energy

Our Blue Energy concept has increased awareness of energy-efficient solutions. We want to help to spread the knowledge of energy efficiency in general so that decision-makers really see the short payback times we operate with when optimising technical fittings.

FINANCIAL REVIEW
SOLAR REDUCES DEBT

2012 was characterised by overall decline in the markets where Solar operates, and the drop in the Dutch market was particularly sharp. This contributed to our negative organic growth and a lack of earnings in the Dutch enterprise.

Moreover, results in Solar Sverige were negatively impacted by increased sales to projects with lower earnings and by the fact that a proportionally bigger part of sales went to large customers.

We continuously adjusted the organisations in several of the group enterprises over the year and made further adjustments in Q4 2012 and Q1 2013. In Solar Nederland we carried out an actual restructuring process.

In 2012, revenue was up at € 1,700.9m, and EBITA and earnings before tax were € 38.0m and € 23.2m, respectively.

Normalised EBITA totalled € 47.0m in 2012 when adjusted for Solar 8000 costs and restructuring costs. In 2011, normalised EBITA was € 55m, including adjustments for operating losses in Solar Norge of approximately € 8.0m resulting from the transition to Solar 8000.

Solar's 2012 revenue and earnings fell short of previously announced expectations.

December 2012 held fewer working days than December 2011 which led to a reduction in both turnover and in the number of receivables. This led to positive development in the group's net working capital.

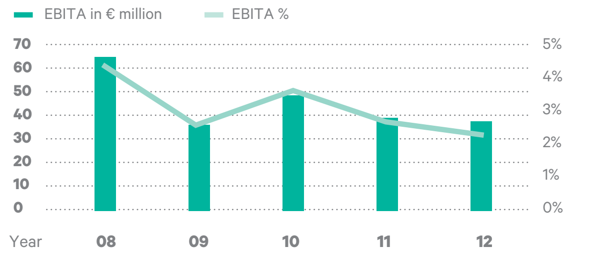
As a result, cash flow from operating activities rose to € 61.4m against € 48.5m in 2011, and net interest-bearing debt being reduced by € 45.4m. Gearing was 1.5 times EBITDA.

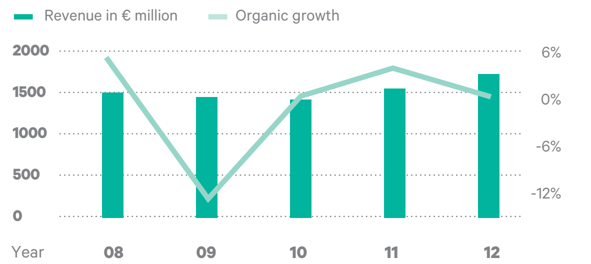
Solar does not expect to make any major acquisitions in 2013. In this light, the Supervisory Board will assess the option to pay out extraordinary dividends in the autumn of 2013. Therefore, at the upcoming annual general meeting, the Supervisory Board will propose that it be granted the authority to pay out extraordinary dividends of up to DKK 15.00 per share for the period until the next annual general meeting.

Revenue

Negative market trends affected Solar's revenue growth. Organic growth was -3.1% in Q4. Adjusted for the number of working days, organic growth was -0.6% in Q4 instead of the expected weak positive organic growth.

“As a result, cash flow from operating activities rose to € 61.4m against € 48.5m in 2011, and net interest-bearing debt was reduced by € 45.4m. Gearing was 1.5 times EBITDA.





Total 2012 organic growth was 0.1% and revenue € 1,700.9m. Thus, revenue per employee amounted to € 0.473m in 2012 against € 0.476m in 2011, when adjustments are made for the enterprises acquired in 2011.

EBITA

As revenue and gross profit did not come up to expectations in Q4, EBITA for 2012 totalled € 38.0m or 2.2% of revenue against 2.6% in 2011.

Moreover, EBITA was negatively impacted by Solar 8000 costs of € 6.4m against € 5.3m in 2011 and restructuring costs at 2011 levels at € 2.6m.

When adjustments are made for Solar 8000 costs and restructuring costs in 2012, normalised EBITA was € 47.0m, equalling 2.8% of revenue. In 2011, this percentage was 3.6%.

Unfortunately, we were not able to make the necessary organisational adjustments in the Dutch enterprise to match market trends due to the Solar 8000 (SAP) implementation here in June 2012. This gave a negative impact on earnings in H2 2012. A change to the customer mix and rising price pressure also added to the unsatisfactory results. We began to restructure the Dutch organisation in Q4 2012.

In addition, we made organisational changes in several of our other enterprises' organisations in Q4 2012, resulting in restructuring costs of € 2.6m, up from the estimated € 2.0m.

EBITA fell short of previously announced expectations.

Amortisation

Amortisation of intangible assets was reduced by € 3.3m to € 9.1m as intangible assets taken over in the acquisition of subsidiaries in 2006 are now fully amortised.

Financials

Financial, net, amounted to € -5.7m against € -7.1m in 2011. Trends within exchange rates impacted financials positively by € 0.3m in 2012, while we saw a negative impact of € 0.5m in 2011.

Income tax

Income tax was € 7.5m against 2011 levels of € 7.4m, equalling an effective tax rate of 32.4% and a drop of 5.4 percentage points compared with 2011.

The majority of this change is attributable to tax rates being reduced, primarily in Sweden, and non-deductible amortisation of intangible assets impacting by 0% in 2012 against 9.3% in 2011.

Profit for the year

Profit for the year was up at € 15.7m against € 12.2m in 2011.

Balance

Solar's balance sheet total was up € 43.9m at € 767.4m, mainly due to an increase of current assets including cash and cash equivalents.

Exchange differences, deriving from the translation of our subsidiaries' local currency equity into euro, impacted the group's total equity positively by € 5.5m in 2012, while we saw a negative effect of € 0.7m in 2011.

Distribution of dividends for 2011 reduced equity by € 5.5m, and the resulting net effect on financial instruments used for hedging future transactions was a loss of € 2.8m.

In total, equity was up € 12.6m at € 294.8m.

Equity ratio was 38.4%, meeting our target of an equity ratio of 35-40%.

> “
> Equity ratio was 38.4%, meeting our target of an equity ratio of 35-40%.

Invested capital was € 395.4m at year-end against € 433.8m at the end of 2011.

Investments

In 2012, we invested € 6.9m in Solar 8000 (SAP), of which € 0.5m were capitalised. This brings investments so far to € 49.2m, of which € 36.2m have been capitalised. We now expect overall investments in this project of approximately € 54m, down from the previously announced € 55m, cf. expectations for Solar 8000 on page 31.

Net investments in property, plant and equipment were € 7.1m in 2012.

Cash flow

The positive trends in net working capital contributed to cash flow from operating activities rising to € 61.4m against € 48.5m in 2011. We reduced net working capital to € 215.4m, equating to 12.6% of revenue against 15.8% in 2011. Thus we reached Solar's target for net working capital by year-end 2012 of less than 14% of revenue.

Moreover, net working capital was 14.0% of revenue stated as an average of four quarters, meeting our target of approximately 14%.

Cash flow from operating activities was € 7.81 when measured per share outstanding at year-end against € 6.17 in 2011.

Cash flow from investing activities was € -9.4m against € -68.8m in 2011. The acquisition of subsidiaries at € 62.0m affected cash flow from investing activities in 2011.

Cash flow from financing activities totalled € -14.3m in 2012 against € -23.1m in 2011. Solar distributed dividends of € 5.5m to the company's shareholders in 2012 whereas € 10.5m were distributed in 2011.

Overall, 2012 cash flows were positively impacted by € 38.2m, and net interest-bearing debt was reduced by 45.4m. As a result, gearing was reduced to 1.5, against 2.3 times EBITDA in 2011, keeping it within Solar's target range of 1.5 to 2.5 times EBITDA.

As at 31 December 2012, Solar had unutilised credit facilities worth € 159.1m. Solar's agreements with its main bankers are not subject to any covenants.

Solar 8000

€ million	2008	2009	2010	Q1-Q3 2011	Q4 2011	Q1-Q3 2012	Q4 2012	Total
Capitalised	4.7	12.4	14.8	2.5	1.3	0.5	0.0	36.2
Expensed[1]	0.0	0.0	1.3	3.4	1.9	5.7	0.7	13.0
Total	**4.7**	**12.4**	**16.1**	**5.9**	**3.2**	**6.2**	**0.7**	**49.2**
Accumulated	**4.7**	**17.1**	**33.2**	**39.1**	**42.3**	**48.5**	**49.2**	
Expensed:								
Solar 8000 costs	0.0	0.0	1.3	3.4	1.9	5.7	0.7	13.0
Solar 8000 costs allocated to subsidiaries	0.0	0.0	0.0	(3.4)	0.4	(2.1)	(0.2)	(5.3)
Expensed in parent	0.0	0.0	1.3	0.0	2.3	3.6	0.5	7.7
Solar 8000 costs allocated to subsidiaries								
Solar Nederland	0.0	0.0	0.0	3.4	(0.4)	8.0	0.0	11.0
Solar Sverige	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.3
Solar Deutschland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expensed in subsidiaries	0.0	0.0	0.0	3.4	(0.4)	8.1	0.2	11.3
Amortisation, group	0.0	0.0	0.1	3.1	1.2	3.3	1.1	8.8

1) Costs have been expensed under other external costs and staff costs, respectively. The Solar 8000 investment does not include costs of operational support and operating loss. Thus, these are not covered here.

Capital structure will be assessed after H1 2013

The group will maintain our target for financial gearing of 1.5 to 2.5 times EBITDA.

Solar does not expect to make any major acquisitions in 2013. In this light, the Supervisory Board will assess the option to pay out extraordinary dividends in the autumn of 2013.
Therefore, at the upcoming annual general meeting, the Supervisory Board will propose that it be granted the authority to pay out extraordinary dividends of up to DKK 15.00 per share for the period until the next annual general meeting.

The Supervisory Board will continuously work to ensure that we hold to a level of borrowing which, on one hand, ensures us flexibility when it comes to our ability to act on business opportunities and maintains our independence from the group's bankers while, on the other hand, ensuring that Solar does not become overcapitalised.

Remuneration of Executive Board and Management Team

Solar's general meeting has adopted some overall guidelines for incentive programmes. Under these guidelines, the Supervisory Board has established 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 2012. The granting will take place on 20 March 2013, 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. 43,000 options, counting those granted to the Executive Board.

The Supervisory Board intends to grant options again in the coming years.

FINANCIAL TARGETS

Solar follows up on targets and sets new ones for 2013-2015

Solar's current strategy encompasses the period 2010-2015. We now enter the second part of the ongoing strategy period with the clear ambition to become a more profitable group. We will focus on strengthening earnings and ensuring the group's position as a leading technical wholesaler.
Here is a follow-up on the financial targets for the first half of this strategy period (2010-2012). Meanwhile, we have also set new targets for 2013-2015.

Prerequisites

One prerequisite for reaching the targets for 2013-2015 for EBITA margin and ROIC is average growth exceeding 3% in this period. At the same time, reaching the targets set requires that the Dutch market settles in 2013.

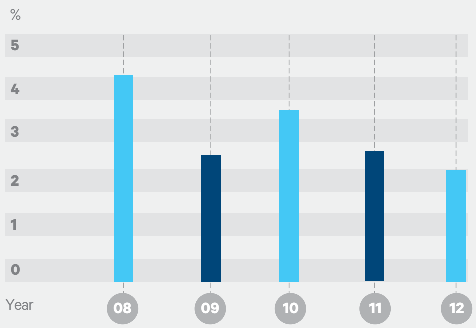
EBITA margin

Target

In 2011, we chose to put Solar's EBITA margin target for the period 2010-2012 on hold due to the general financial unrest. Solar now aims for a 2015 EBITA margin of 4.5%, expecting the implemented and planned efficiency measures to contribute positively towards this end.

Realised

EBITA margin was 2.2% in 2012 against 2.6% in 2011.



Solar aims for EBITA margin of

4.5% in 2015

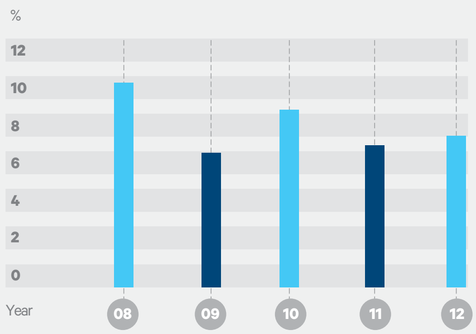
ROIC excl. amortisation

Target

In 2011, we chose to put Solar's ROIC target for the period 2010-2012 on hold due to the general financial unrest. Solar now aims for a 2015 ROIC excl. amortisation of >14%.

Realised

ROIC excl. amortisation was 7.4% in 2012 against 6.9% in 2011.



Solar aims for ROIC excl. amortisation of

>14% in 2015

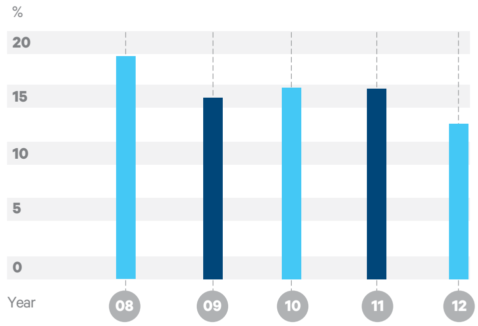
Net working capital

Target

Solar's net working capital target in proportion to revenue for the period 2010-2012 was 13-14%. Solar now aims for average net working capital of <13% of revenue in 2015.

Realised

Net working capital was 12.6% of revenue in 2012 against 15.8% in 2011.



Solar aims for net working capital in proportion to revenue of

<13%* in 2015

* Calculated as an average of the last four quarters' inventories, trade receivables and trade payables.

13-14% in 2010-2012

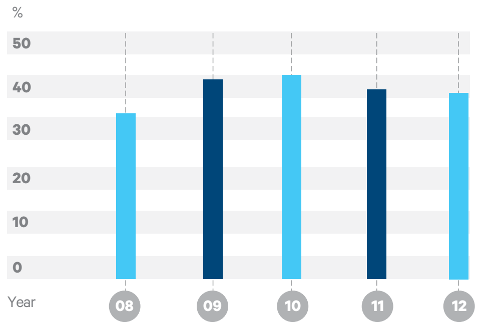
Equity ratio

Target

Solar has an equity ratio target of 35-40%. Changes to the equity ratio will result partly from acquisitions, partly from organic growth.

Realised

2012 equity ratio was reduced to 38.4% against 39.0% in 2011. In 2012, Solar distributed dividends totalling € 5.5m.



Solar aims for an equity ratio of

35-40% in 2010-2015

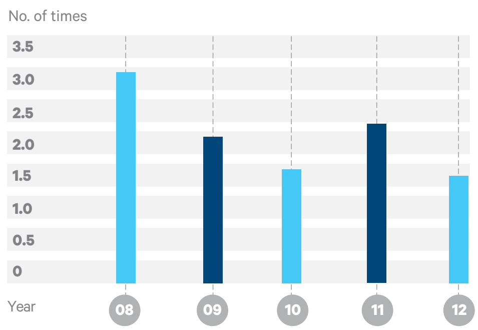
Gearing

Target

Solar's target is for net interest-bearing liabilities to total between 1.5 and 2.5 times EBITDA.

Realised

In 2012, net interest-bearing liabilities were 1.5 times EBITDA against 2.3 in 2011. Solar acquired four enterprises in 2011 in the Netherlands, Belgium, Germany and Austria at a cost of € 49.3m on a normalised basis.



Solar aims for gearing in proportion to EBITDA of

1.5-2.5 in 2010-2015

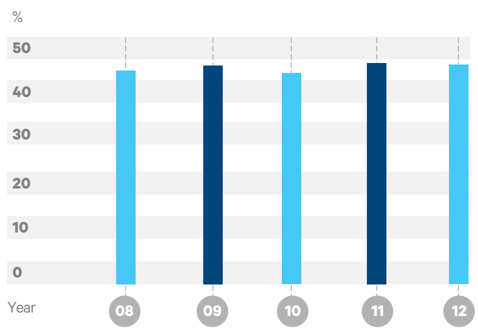
Dividend

Target

Solar's target is dividend distribution at 35-45% of the net profit for the year.

Realised

Solar will propose dividend distribution at 44.8% of the net profit for the year in 2012 against 45% in 2011.



Solar aims for dividend distribution of the net profit for the year of

35-45% in 2010-2015

EXPECTATIONS 2013

Solar expects low or negative growth

Market expectations 2013
The Danish market saw growth in Q4, primarily driven by the sale of solar panels, a product which falls under our Blue Energy concept. Changes to the rules of private consumers' investments in solar panels has made the terms so unattractive that there is no longer a market for this customer group. We have not had the expected after sales in 2013. There is still a market for large solar panel systems, and we are working to put together solutions that will open up the market for private consumers again –we will, however, not reach 2012 levels.

On the plus side, we see an ever-increasing impact of our Blue Energy concept that offers energy-efficient solutions for new and exisiting buildings. The recent focus that the state, regions and local authorities have turned to energy efficiency measures may also promote positive growth.

Overall, we expect negative organic growth in the Danish enterprise in 2013.

We expect to overcome the slowdown in the Swedish market and generate modest growth in Sweden in 2013, underpinned by our launch of heating and plumbing products.

The Norwegian market was flat in Q4 but we expect this to be only temporary. We still expect to see relatively high activity levels in most business areas where new contracts made should strengthen growth. As for housing, new construction is still not expected to reach a level that reflects the underlying demand; ever-increasing house prices certainly confirm this belief. We expect to generate positive growth in 2013.

> "In 2013, improving profitability, implementing Solar 8000 in Denmark and Sweden and implementing and executing our group strategy for 2013-2015 will take centre stage.

In the Netherlands, expectations for 2013 include a continued decline in construction activities, and renovation levels that will only partly compensate for this. On a positive note, industry activities may pick up, influenced by the latest, slightly positive trends in Germany.

The first half-year will once again show a considerable decline. However, in the second half of the year, we expect the Dutch market to stabilise at a level equal to that of the second half of 2012. Overall, we expect significant negative growth again in 2013.

Several of our key markets are facing challenges in the form of pay increases founded in collective agreement. We still see this in Sweden and the Netherlands even as their unemployment rates are rising. In Norway, the lack of skilled labour will result in overall pay increases above inflation levels again in 2013.

Financial trends in Germany showed signs of improvement in late 2012 and early 2013. We expect to see results of our push into industry. The enterprise's activity levels in construction should remain at the level seen since spring 2012. Overall, we expect the German market to generate modestly positive growth in 2013.

No growth is expected in the remaining markets.

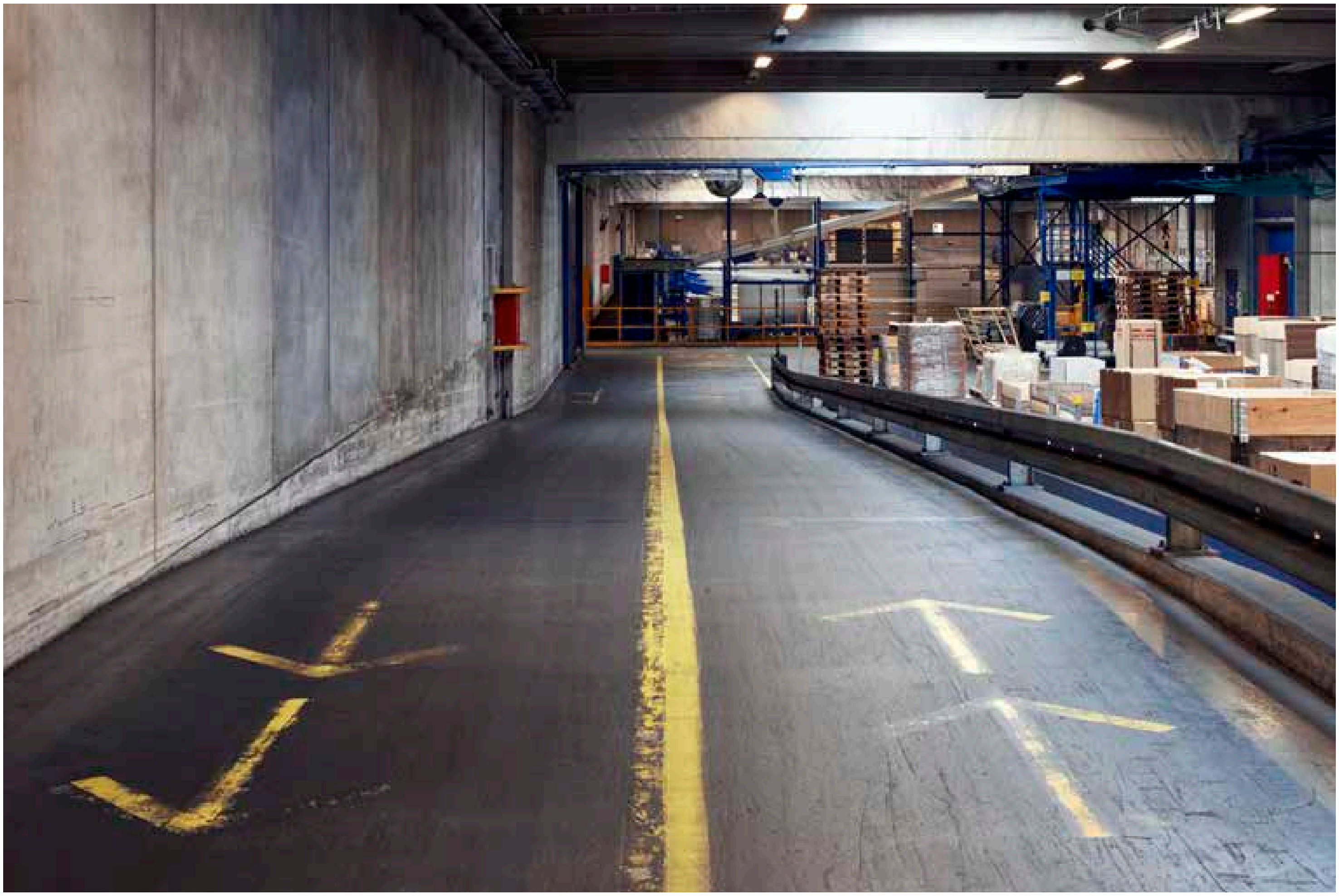
Aurora Group operates in the Nordic market for accessories for consumer electronics where slight positive growth is expected in 2013.

Business expectations 2013
The business areas renewable energy, lighting and energy supply and infrastructure are all expected to show positive growth rates. However, there is a risk that some of the major, more traditional areas related to new construction, such as installation equipment and cables may show negative growth. We are expecting the sale of industry components to show a modest pick-up.

The market for energy optimisation of existing buildings, including lighting projects and renovations and upgrades of public buildings in particular, is expected to show slightly positive growth.

Expectations for financial development 2013
Expectations for 2013 are revenue of € 1,690-1,730m and EBITA of € 34-41m.

Expectations for EBITA 2013 include Solar 8000 roll-out costs of approximetaly € 4m and restructuring costs of approximately



€ 5m. Adjusted for these, normalised EBITA is expected at € 43-50m.

The lower expectation levels equal negative growth of just above 1%, while the upper expectation levels equal positive organic growth of just below 2%.

As a result of the negative market trends seen, we adjusted the organisations in several group enterprises in 2012 and will continue this restructuring process in 2013. Consequently, estimated restructuring costs will be up from approximately € 2m at approximately € 5m.

Implemented and planned restructuring will generate savings of approximately € 6m for 2013. These savings total approximately € 9m when translated to full-year figures.

In 2013, improving profitability, implementing Solar 8000 in Denmark and Sweden and implementing and executing our group strategy for 2013-2015 will take centre stage.

Also, efforts to reduce net working capital will carry on. Stated as an average of four quarters, our target for 2013 is to get net working capital under 14% of revenue, and we expect this financial ratio to be approximately 13% at year-end 2013.

Solar 8000 expectations

We are planning to roll out Solar 8000 in Solar Danmark in late Q3, and roll-out in Solar Sverige is expected 3-4 months after this. Quality and safety take centre stage, and this slight postponement allows us to get all outstanding additions to the group template in place before the summer holidays.

We are no longer planning to implement Solar 8000 in Solar Deutschland. We find that this enterprise will be better supported by the Microsoft Dynamics AX solution that we use in Solar Polska, among others.

As we will not be rolling out Solar 8000 in Solar Deutschland, we will change the original expectations of the Solar 8000 project. Thus, the overall investment in Solar 8000 is now expected to total less than € 54m against the previously announced cost of up to € 55m.

We still have the same expectations for positive effects as we still expect the transition to Solar 8000 to increase earnings (EBITDA) by € 8-10m annually when fully implemented.

STRONGER TOGETHER IS LEAN

Lean

Our lean programme is the launch pad for the standardisation that we will now refine in all parts of our business. Lean has given us a boost in quality and productivity, for example at the very heart of our business: our central warehouses. Here, focus is on our ability to supply and quality of delivery while employees continuously try to save time while optimising processes. Our employees use lean boards and these bring their suggestions for improvements to the very front.


17
LIGE
17
ULIGE
16
ULIGE

RISKS

Solar identifies and handles risks

Risk management
Solar's risk management system consists of policies and procedures approved by the Supervisory Board. The overall purpose is to manage all major business risks and risk correlations across the organisation and value chain.

Risk management is based on Enterprise Risk Management (ERM) and was established to enable Solar to run a sturdy business that can react quickly and flexibly when conditions change.

Risk management is in line with the principles of corporate governance.

The group's risk management system is based on the Supervisory Board's rules of procedure which place the responsibility for any risk management with the Executive Board.

The Executive Board must ensure that the necessary risk management policies and procedures are available, that efficient risk management systems have been established for all relevant areas and that these are improved continuously.

Risk management reporting is made to the Audit Committee once a year. In addition, there will be ongoing follow-ups at future QBR (quarterly business review) meetings with the subsidiaries.

The sections below set out those risks that are considered to have the greatest potential impact on Solar's business. Risks are not mentioned in any particular order of priority.

Risks
The key geographical market area for our activities is Northern Europe, which is historically 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.

2%

Revenue from the largest customer represents less than 2% of the group's total revenue.

"

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

COMMERCIAL RISKS

Solar's business is wholesale and distribution of electrical, heating and plumbing, and ventilation products for buildings, plants and production. The group has many years of experience in assessing and handling risks relating to this business area.

Solar's subsidiaries run activities closely linked to those that generally characterise our business area. This allows us to establish and apply uniform systems and procedures.

Sensitivity to economic trends
As an international business, Solar is affected by global as well as local economic trends in the markets where we operate.

Customers
The composition of the customer portfolio means that Solar can withstand any loss of individual customers. Revenue from the largest customer represents less 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 rely heavily 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 our two central IT data centres. All business-critical applications are mirrored at these data centres to safeguard IT operations, meaning that our business can continue to run even if one of the centres has downtime.

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 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 liability to ensure that current policies are in keeping with Solar's insurance policies. In our opinion, excess set does not 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.

Acquisitions
Solar has a clear acquisition strategy. We wish to create growth through acquisitions and look for those opportunities that will add value to our shareholders. We have developed standardised processes for due diligence studies and any subsequent integration into the group.

For more information about Solar's acquisition strategy, please visit our website at www.solar.eu/acquisitionstrategy.

Reputation
A good reputation is strategically important to Solar as it inspires loyalty towards our company in employees, customers, suppliers, investors and other stakeholders. We invest many resources in working with reliable communication and our company programme Employer Branding to promote a good reputation.

Staff
Solar is dependent on our ability to attract and retain a qualified and committed staff of employees. Thus, the group continually dedicates resources to general recruitment initiatives and employee retainment under our strategic initiative Employer Branding.

FINANCIAL RISKS

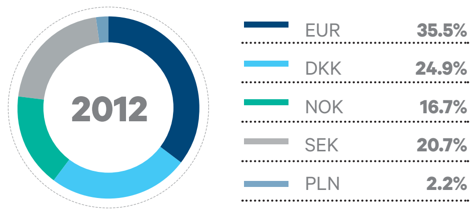
Results and equity are affected by a range of financial risks. Financial instruments are solely used for hedging of financial risks. All financial transactions are based on commercial activities, and no speculative transactions are made.

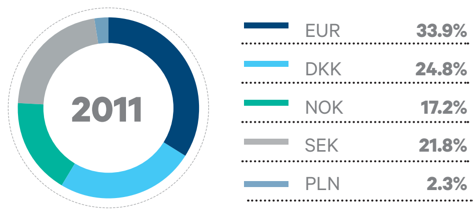
Currency risks
As other international companies, Solar is exposed to currency risks in the form of translation risks since a substantial proportion of revenue derives from enterprises outside the euro zone. The currencies used are euro, Danish kroner, Swedish kroner, Norwegian kroner and, to a lesser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

The individual subsidiaries are not significantly affected by exchange rate fluctuations since revenue and costs in subsidiaries are mainly 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.

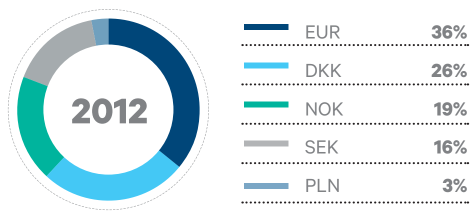
Normally, investments in subsidiaries are not hedged as such investments are regarded as long-term and because hedging is seen as unlikely to create any long-term value.

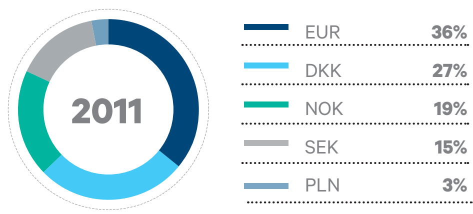
Distribution of revenue on currencies





Distribution of net assets on currencies





Management has assessed that the effect of a 10% change 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	
€ million	2012	2011	2012	2011
NOK	1.4	0.7	5.2	4.4
SEK	1.0	0.9	4.5	4.3
PLN	0.0	0.0	0.9	0.8
	2.4	**1.6**	**10.6**	**9.5**

Interest rate risks

We monitor and adjust interest-bearing liabilities on an ongoing basis. Loans are only raised in the currencies of the countries where Solar operates. Of total interest-bearing liabilities, Solar endeavours to ensure that a maximum of half is based on variable payment of 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 demands on Solar 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 results.

Liquidity risks

Solar has an objective of substantial self-financing to minimise dependence on lenders and thus gain greater freedom of action. Financing is primarily 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-term and short-term credit facilities.

Credit risks

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

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. Loss due to credit granting is considered a normal business risk and, therefore, will occur.

“Solar has an objective of substantial self-financing to minimise dependence on lenders and thus gain greater freedom of action.

CONTROL

Internal control of financial reporting

Internal control systems are designed for reporting in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements for annual reports of listed companies. The system contributes to Solar's financial statements providing fair presentations 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 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 systems for financial reporting may be described within the following framework:

Control environment

In line with Solar joining the UN's Global Compact, we have implemented a business-ethical Code of Conduct that all employees must comply with.

Rules of procedure 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 four meetings in 2012 and also has four meetings planned for 2013.

The audit committee's most important tasks are:

- To monitor financial information in the annual and Q2 quarterly reports and assess information disclosed.
- To review and assess Solar's internal control and risk management procedures.
- To recommend an external auditor for election by the Supervisory Board.

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

Internal Audit is an independent department tasked with reviewing financial information in quarterly and annual reports and performing operational audits 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 internal controls. Accounting rules and procedures are set out in an accounting handbook which is available to all employees working within finance. Internal Audit oversees that these rules and procedures are observed.

The Executive Board is represented on all subsidiary boards which again brings control into focus throughout the group.

In 2012, Solar's internal whistle-blower initiative was supplemented with an externally operated scheme. This information system allows employees and others to report breaches or suspected breaches of our Code of Conduct confidentially. Suppliers, customers and other external stakeholders will also gain access to this system in 2013.

"The Executive Board is re-presented on all subsidiary boards which again brings control into focus through-out the group.

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

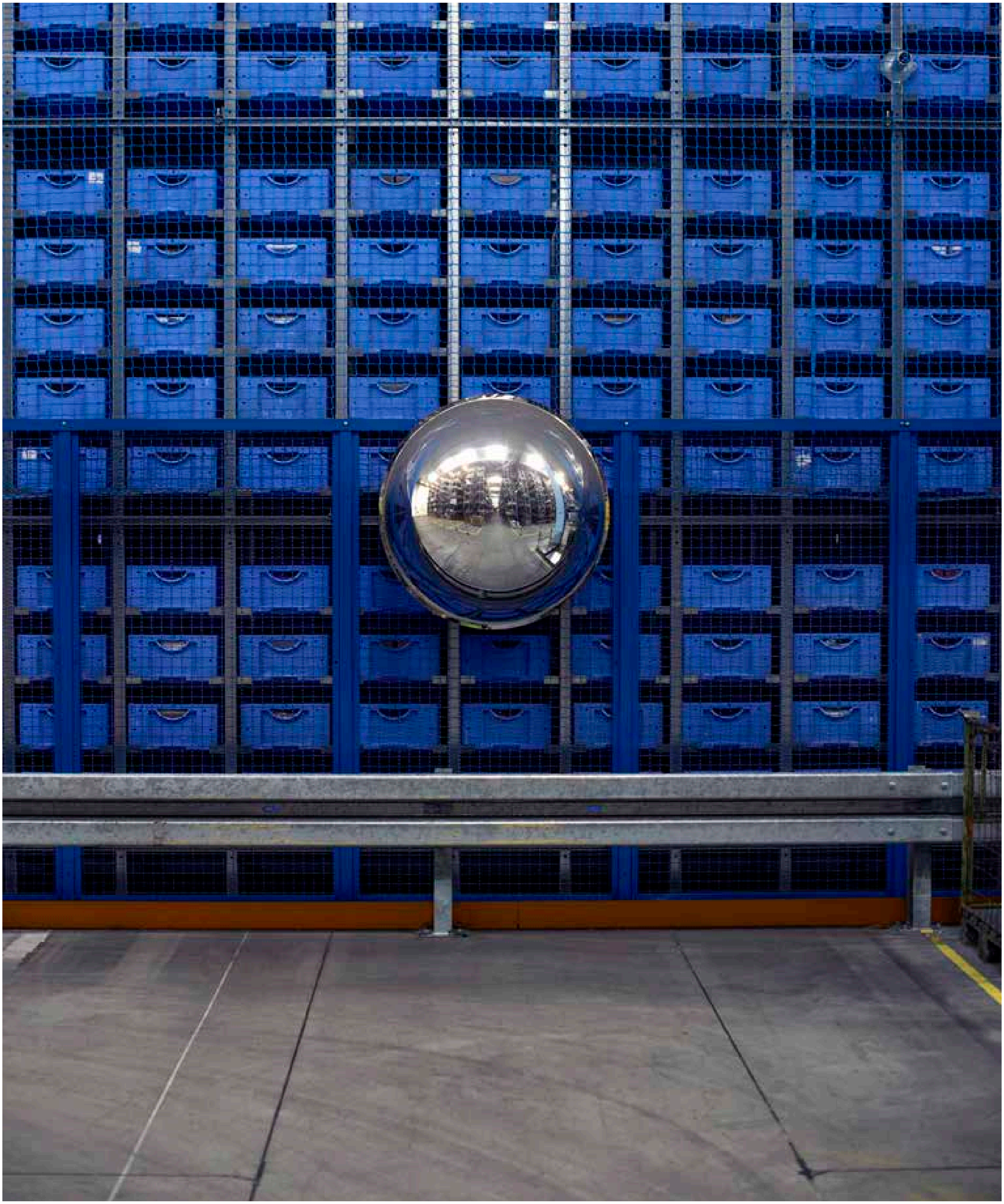
Solar's IT strategy and built-in IT controls as well as general controls help to ensure that financial reporting results in a fair presentation. Accounting handbooks and reporting instructions – including estimate and monthly closure procedures – are updated and implemented throughout the group on an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

Monitoring the accounting process

Solar applies uniform IFRS-based rules as stated in the company's accounting handbook. This handbook covers accounting and assessment principles, reporting instructions as well as risk management and control procedures and must be observed in detail by all group enterprises. Observance of the accounting handbook is monitored continuously.

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

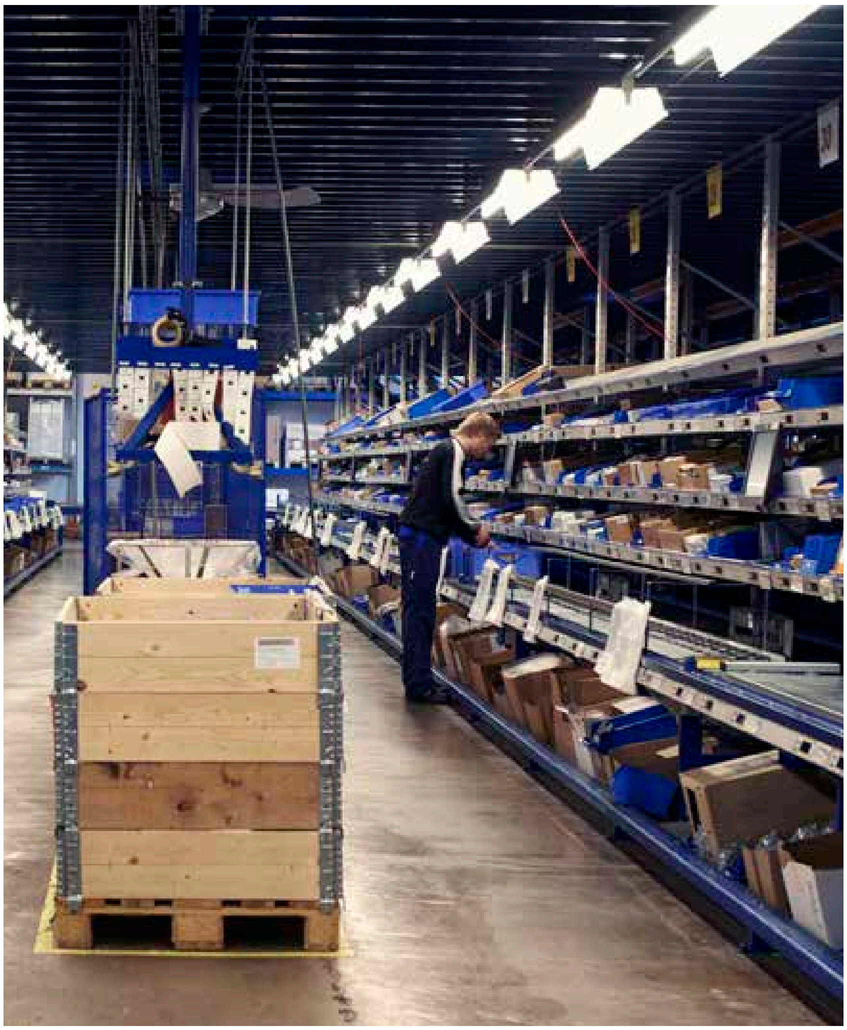


CORPORATE SOCIAL RESPONSIBILITY

We are mindful of people and environment

Global Compact

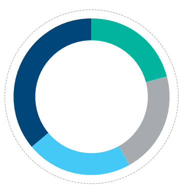
Solar is a registered member of the UN's Global Compact, which contains ten principles, including human rights, working environment/labour, the environment and anti-corruption. By joining, Solar became obliged to report on the activities which we are involved in within the Global Compact Programme. The group reports on its CO_2 consumption and its compliance with ethical standards.



Geographical distribution of employees in%

Norway	12%
Sweden	18%
Denmark	24%
Finland	<1%
Germany	12%
The Faroes	<1%
Austria	3%
Belgium	2%
Poland	6%
The Netherlands	22%

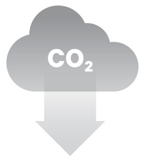
Seniority in % of total workforce



<2 years	21%
2-5 years	21%
5-10 years	22%
>10 years	36%

Corporate Social Responsibility Report

Again this year, we prepared a separate report on Solar's initiatives within corporate social responsibility. The report was submitted to UN's Global Compact and is also published on our website: www.solar.eu/csr



Carbon Disclosure Project

Solar has set up a reporting system for the company's CO2 consumption. The system has been rolled out in most group enterprises. One area being measured is CO2 emissions generated from the direct burning of fossil fuels, i.e. fuel consumption relating to company cars, forklifts, etc. Other areas measured include CO2 emissions from purchased electricity and from goods distribution. All measurements are reported to the Carbon Disclosure Project.

Partnerships 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 and product policy that mean that we can stand by the products from our strategic suppliers at any given time.

> “
> We value a broad and diverse workforce in terms of gender, age and nationality.

Code of Conduct

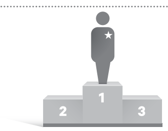
Solar is known for its high ethical standards and, accordingly, has implemented a business-ethical Code of Conduct. Under the code, Solar is committed to comply with current legislation and regulations and to act in an ethical, sustainable and socially responsible way in all its business transactions. The code is signed by all employees and made available through leaflets in all languages used within the Solar Group. Also, these ethical standards will be an integral part of all new employees' introduction programmes.

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 actively ensure our staff a good working environment with room for diversity.

Geographical distribution

The number of employees totalled 3,596 at year-end 2012. The geographical distribution pretty much remained the same in 2012. Employing 24% of our total staff, Denmark remained the country with the most employees, followed by the Netherlands at 22%.



Age and seniority

In 2012, the average age of Solar's staff was 43. 36% of our employees have been with us for more than ten years, 22% for five to ten years, 21% for two to five years and 21% for less than two years.

CORPORATE GOVERNANCE

Solar wants transparency

Corporate Governance recommendations
Overall, Solar views the 2011 recommendations of the Danish Committee on Corporate Governance 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' roles and interaction with company 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 situation as possible, balanced with the necessary consideration for the company's competitive situation.

Stakeholders' roles and significance for the company and corporate social responsibility
Solar sees shareholders, employees, customers, suppliers, lenders and society in general as important stakeholders. We believe that, in the long term, a convergence of interests exists between the company's stakeholders. Consequently, these long-term interests influence the company's ethics, policies and information practices.

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

Senior and central management's duties and responsibilities
Solar's Supervisory Board see 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 objectives with due regard for financial opportunities and the company's management resources.

We want diversity of, among other things, gender and age at all levels of the business, and diversity is an aspect when the company fills positions and promotes employees. Also, diversity is sought at group level in relation to those nationalities that make up the business.

> Solar sees shareholders, employees, customers, suppliers, lenders and society in general as important stakeholders.

Top management's make-up and organisation
Solar finds it important that the Supervisory Board represents diversity in relation to competencies, age and gender and that we maintain a dynamic balance between continuity and renewal by a periodic turnover of board members.

A description of the competences of the Supervisory Board is available on our website www. solar.eu. Moreover, in our annual report and on our website, we list the managerial duties, including board memberships, undertaken by individual executive and supervisory board members.

The annual report also includes information on the number of options owned by members of the Executive Board and any changes hereto. The Annual Report furthermore provides information about the number of Solar shares held by executive and supervisory board members and changes that have taken place during the financial year.

The chairman is in charge of the evaluation of the Supervisory Board's work. The purpose is to assess whether the overall competencies of the Supervisory Board match the company's current needs, the quality of material distributed to the Supervisory Board and the holding of the meetings themselves as well as the relevance of issues discussed as regards legal requirements, risk factors and the company's development potential. The 2012 evaluation has not given rise to the introduction of additional measures.

Management's remuneration
Solar has prepared a remuneration policy with a set of guidelines on how to determine and approve the remuneration of the supervisory and executive boards.

Under section 139 of the Danish Companies Act, a complete remuneration policy for the supervisory and executive boards will be presented for adoption at the annual general meeting.

The annual general meeting adopts the Supervisory Board's remuneration for one year at a time.

The Executive Board's remuneration is considered every two years.

The Supervisory Board jointly approves the elements that make up the Executive Board's salary package as well as all major adjustments to this package following previous discussion and recommendation of the Supervisory Board's chairman and vice chairman. Members of the Executive Board have 12 months' terms of notice. When resigning, the Group CEO is entitled to 12 months' remuneration.

A complete description of Solar's position on the individual items in the corporate governance recommendations is available at: www.solar.eu/corporategovernance

STRONGER TOGETHER IS FOCUS ON EMPLOYEES

Employees

The demographic trends in the work force will prove a challenge in the years to come, and we are very aware of the need to be able to recruit and retain employees in future. This is why we have recently launched an Employer Branding concept to make Solar visible as an employer, attract potential employees and boost pride among our current staff.


solar
stronger together

SOLAR'S MANAGEMENT

Solar Management Team

Solar Management Team is made up of the Executive Board, our corporate directors and the CEDs of the Solar Group subsidiaries (not those in the four enterprises acquired in 2011). Solar Management Team is responsible for the day-to-day management of the Solar Group.

EXECUTIVE BOARD

Flemming H. Tomdrup
(born 1952, joined 2006)
Group CEO.

Chairman of the supervisory boards of all Solar Group subsidiaries except Solar Nederland's where he has resigned to take up the CED position temporarily.

Chairman of the supervisory board of Alexander Foss' Industrifond.
Vice chairman of the supervisory boards of Thomas B. Thriges Fond and Terma A/S.

Holds 8,425 Solar B shares, has not traded Solar shares in 2012.
Holds 12,211 share options, of which 4,773 were granted in 2012.

Michael H. Jeppesen
(born 1966, joined 2000)
Group CFO.

Member of the supervisory boards of all Solar Group subsidiaries.

Holds 1,269 Solar B shares, has not traded Solar shares in 2012.
Holds 10,209 share options, of which 2,386 were granted in 2012.

Jens Andersen (born 1968)
CED, Solar Danmark A/S

Per Andersen (born 1956)
Corporate Market Director

Claudio Christensen (born 1966)
Corporate Sales and 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

Thomas Keifer (born 1960)
CED, Solar Sverige AB

Joachim Malich (born 1963)
CED, Solar Deutschland GmbH

Heidrun Marstein (born 1973)
Corporate HR Director

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

SOLAR'S MANAGEMENT
SUPERVISORY BOARD

Jens Borum 1

(born 1953, joined 1982)
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 2012: € 82,277 / DKK 612,500.
Holds 6,900 Solar A shares and 118,520 Solar B shares, has not traded Solar shares in 2012.

Peter Falkenham 2

(born 1958, joined 2003)
Vice chairman and chairman of the audit committee.

M.Sc. in Mechanical Engineering 1982, BBA in International Trade 1984.
Member of the supervisory boards of the Danish Pension Fund for Engineers, Dansk Mink Papir A/S, Pal-Cut A/S, SSG Partners A/S, SSG Investco A/S and SSG A/S.

Holds 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 2012: € 56,250 / DKK 418,750.
Holds 355 Solar B shares, has not traded Solar shares in 2012.

Lars Lange Andersen 3

(born 1968, joined 2010)*
Product Manager.

Remuneration 2012: € 20,149 / DKK 150,000.
Holds 93 Solar B shares, has not traded Solar shares in 2012.

Niels Borum 4

(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 of IT and processes.
Remuneration 2012: € 35,261 / DKK 262,500.
Holds 6,900 Solar A shares and 89,539 Solar B shares, has not traded Solar shares in 2012.

Remy Cramer 5

(born 1945, joined 2006)
Electronics Engineer 1972.
Executive Management, Harvard Business School 1993.

Represents broad management experience from international organisations in different cultures and has long-time experience of family-owned businesses.
Remuneration 2012: € 35,261 / DKK 262,500.
Holds 1,900 Solar B shares

Bent H. Frisk 6

(born 1961, joined 2006)*
Production Manager.

Remuneration 2012: € 20,149 / DKK 150,000.
Holds 60 Solar B shares, has not traded Solar shares in 2012.

Preben Jessen 7

(born 1956, joined 2002)*
Warehouse employee.

Remuneration 2012: € 20,149 / DKK 150,000.
Holds 2,154 Solar B shares, has not traded Solar shares in 2012.

Agnete Raaschou-Nielsen 8

(born 1957, joined 2012)
MSc in economics (1985) and PhD in economics (1988).
Chairman of the supervisory boards of Brødrene Hartmann A/S and the Pension Fund for Danish Lawyers and Economists.
Vice chairman of the supervisory board of Danske Invest and five other unit trusts etc.
Member of the supervisory boards of Novozymes A/S, Arkil Holding A/S and a subsidiary hereof, Aktieselskabet Schouw & Co., Dalhoff Larsen og Horneman A/S and Danske Invest Management A/S.

Represents managerial experience of production and service businesses with strong international relations and has deep knowledge of production, supply chain, sales and marketing.

Jens Peter Toft 9

(born 1954, joined 2009)
CED of Selskabet af 11. december 2008 APS and one subsidiary hereof.
B. Com. Management Accounting 1983, the Executive Program, University of Michigan Business School.
Chairman of the supervisory boards of Privathospitalet Mølholm A/S, and Mipsalus Holding ApS and one subsidiary hereof.
Member of the supervisory boards of Bitten og Mads Clausens Fond, Biludan Gruppen A/S and four subsidiaries hereof, Danske Invest and five other unit trusts etc., Enid Ingemanns Fond, A/S Dampskibsselskabet D.F.K, Mols-Linien A/S and Selskabet af 11. december 2008 ApS.

Represents broad experience of capital market transactions, financial matters and tools, investments, organisation, general management and stock exchange matters.
Remuneration 2012: € 41,978 / DKK 312,500.
Holds 1,250 Solar B shares, has not traded Solar shares in 2012.

* Employee-elected member.

Supervisory Board affiliation with Solar

Peter Falkenham, Remy Cramer, Agnete Raaschou-Nielsen 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 Jens Peter Toft are members of the audit committee along with chairman Jens Borum. Peter Falkenham is chairman of the audit committee. Jens Peter Toft has special accounting qualifications.

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, 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 four-year terms.

SHAREHOLDER INFORMATION

Solar values openness

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 ethics.

Everyone must have access to such information at the same time. We ensure this by publishing relevant information via NASDAQ OMX Copenhagen and by updating www.solar.eu.

We hold meetings with investors and financial analysts. Investor meetings or similar events cannot be held for a period of four weeks prior to the publication of financial 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 goes for 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 published on www.solar.eu, where Solar's stakeholders can also sign up to receive company announcements and press releases by e-mail via our electronic newsletters.

"Solar wishes to be visible and accessible to existing as well as potential shareholders. This goes for both institutional and private investors.

Investor relations activities

We offer online webcasts in connection with the publication of annual and quarterly reports. In addition, Solar is also available for individual meetings with investors and analysts in Denmark and abroad. In 2012, Solar participated in 76 investor and analyst meetings.

In 2012, Solar attended roadshows in Copenhagen, London, Frankfurt, Paris, Brussels, Geneva and Zurich.

We also took part in, among other events, SEB Enskilda Nordic Seminar, ABG Sundal Collier - Small/MidCap Seminar and Danske Markets Equities - Copenhagen Winter Seminar.

Focus on private investors

In early 2012 we began to intensify efforts within investor relations when former Corporate Marketing Director Magnus Dahlmann took on the newly created position as Corporate Vice President, tasked with targeting private investors.

To promote Solar towards private investors, we participated in events planned together with JydskeVestkysten, Dansk Aktionærforening, SEB Enskilda and Nordea in 2012.

Growing interest among foreign investors

For some years now, Solar has focused increasingly on foreign investors, attending more international IR-related events. Consequently, we have gained an increasing share of foreign investors. Actually, this share has increased more than fivefold over the past five years. Over the same period, foreign analysts have begun to cover the Solar share.

Solar's shares

The Supervisory Board regularly assesses the company's capital and share structure and finds it appropriate for the shareholders and the company.

Solar's share capital is divided into nominally € 12.1 million A shares and nominally € 94.1 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 date of the annual general meeting.

Share price development

On 31 December 2012, the price of Solar's B share was DKK 257, up from DKK 224 on 1 January 2012. This is a rise of approximately 14.5% over the year. By comparison, the MidCap index increased close to 21% in 2012.

Dividend and return per share

At the annual general meeting, the Supervisory Board will propose that a dividend of DKK 6.65 per share be paid. This equates to € 0.89 per share and a distribution percentage of 44.8. The annual dividend per share paid was € 0.70 in 2012.

Solar does not expect to make any major acquisitions in 2013. In this light, the Supervisory Board will assess the option to pay out extraordinary dividends in the autumn of 2013. Therefore, at the upcoming annual general meeting, the Supervisory Board will propose that it be granted the authority to pay out extraordinary dividends of up to DKK 15.00 per share for the period until the next annual general meeting.

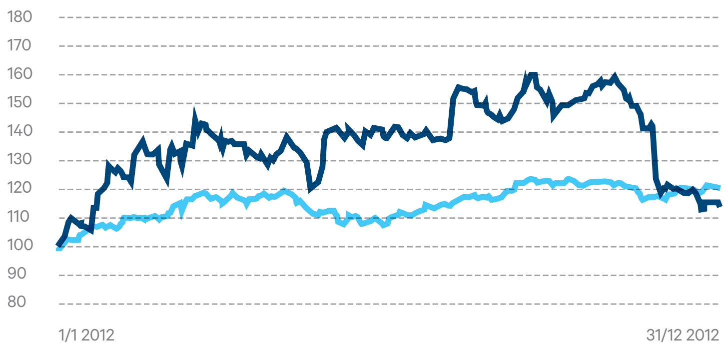
Distribution of share capital as at 31 December 2012 in %

The Fund of 20th December	**15.6%**
Chr. Augustinus Fabrikker A/S	**10.3%**
ATP	**5.2%**
Supervisory and executive boards incl. related parties	**3.3%**
Other Danish shareholders	**40.2%**
Foreign shareholders	**15.3%**
Non-registered shareholders	**9.3%**
Treasury shares	**0.8%**

Distribution of votes as at 31 December 2012 in %

The Fund of 20th December	**57.5%**
Chr. Augustinus Fabrikker A/S	**5.1%**
ATP	**2.6%**
Supervisory and executive boards incl. related parties	**2.4%**
Other Danish shareholders	**19.8%**
Foreign shareholders	**7.6%**
Non-registered shareholders	**4.6%**
Treasury shares	**0.4%**

Share price development (index)



Return per share with a nominal value of DKK 100 (€ 13.40)

	Total 2008-12	**Average** 2008-12	**Year** 2012	**Year** 2011
Increase in share price in €	(39.86)	(7.97)	4.22	(26.39)
Dividends distributed in €	7.17	1.43	0.70	1.34
Return in €	**(32.69)**	**(6.54)**	**4.92**	**(25.05)**

Shareholders

As at 31 December 2012, a total of 90.7% of the share capital was registered, distributed among 4,571 shareholders. The following shareholders had registered ownership shares or voting rights of 5% or more of the total share capital as at 31 December 2012:

Shares

The Fund of 20th 'December, Kolding	15.6%
Chr. Augustinus Fabrikker A/S, Copenhagen	10.3%
Arbejdsmarkedets Tillægspension, Hillerød	5.2%

Votes

The Fund of 20th 'December, Kolding	57.5%
Chr. Augustinus Fabrikker A/S, Copenhagen	5.1%
Arbejdsmarkedets Tillægspension, Hillerød	2.6%

Solar's portfolio of treasury shares totalled 65,173 B shares or 0.8% of the share capital as at 31 December 2012.

Annual general meeting

Solar A/S will hold its annual general meeting on Friday 5 April 2013 at 11.00 CET at the premises of Solar Danmark A/S, Industrivej Vest 43, Vejen, Denmark. Shareholders can register for the annual general meeting on the investor portal, accessible via www.solar.eu.

You can also scan this QR code with your smartphone to register.

The Supervisory Board will submit the following proposals at the annual general meeting:

- Payout of DKK 6.65, equating to € 0.89 in return per share outstanding of DKK 100.
- Authority to make the decision to distribute extraordinary dividends of up to DKK 15.00, equalling € 2.01 per share.
- Authority to acquire treasury shares at up to 10% of the share capital.
- Amendments to the articles of association on electronic communication and the information which will be made available on the company's website prior to the annual general meeting.
- Editorial changes to the remuneration policy and overall guidelines for incentive programmes.
- Approval of remuneration of the Supervisory Board in 2013.

For a presentation of the members of the Supervisory Board, please see pages 48-49.

Financial calendar 2013

5 April	Annual general meeting
17 April - 15 May	IR quiet period
15 May	Quarterly report for Q1 2013
24 July - 21 August	IR quiet period
21 August	Quarterly report for Q2 2013
17 October – 14 November	IR quiet period
14 November	Quarterly report for Q3 2013

Announcements 2012 and 2013 excl. insider announcements

2012

Date	No.	Announcement
13.12	14	Reorganisation of the Solar Nederland B.V. management
22.11	12	Quarterly report Q3 2012
22.11	11	Solar's group strategy"#1 in Technical Wholesale" 2013-2015
21.08	10	Financial calendar 2013 for Solar A/S
16.08	9	Quarterly report Q2 2012
23.05	8	Quarterly report Q1 2012
13.04	7	Course of annual general meeting (AGM) of Solar A/S
30.03	6	Grant of options for the Executive Board and management team
29.03	5	Exercise of options in Solar A/S
19.03	4	Notice of annual general meeting
15.03	3	Share options to Executive Board and Management Team of Solar A/S
15.03	2	Annual report 2011
13.03	1	Solar concludes new four-year framework agreement on the supply of electrical equipment for Statoil

2013

Date	No.	Announcement
17.02	2	The Solar Group's results for 2012 and expectations for 2013
31.01	1	Updated financial calendar 2013 for Solar A/S

The presentation of Annual Report 2012 will be transmitted online from NASDAQ OMX Copenhagen on 6 March 2013 at 11.00 CET and will be accessible via www.solar.eu.

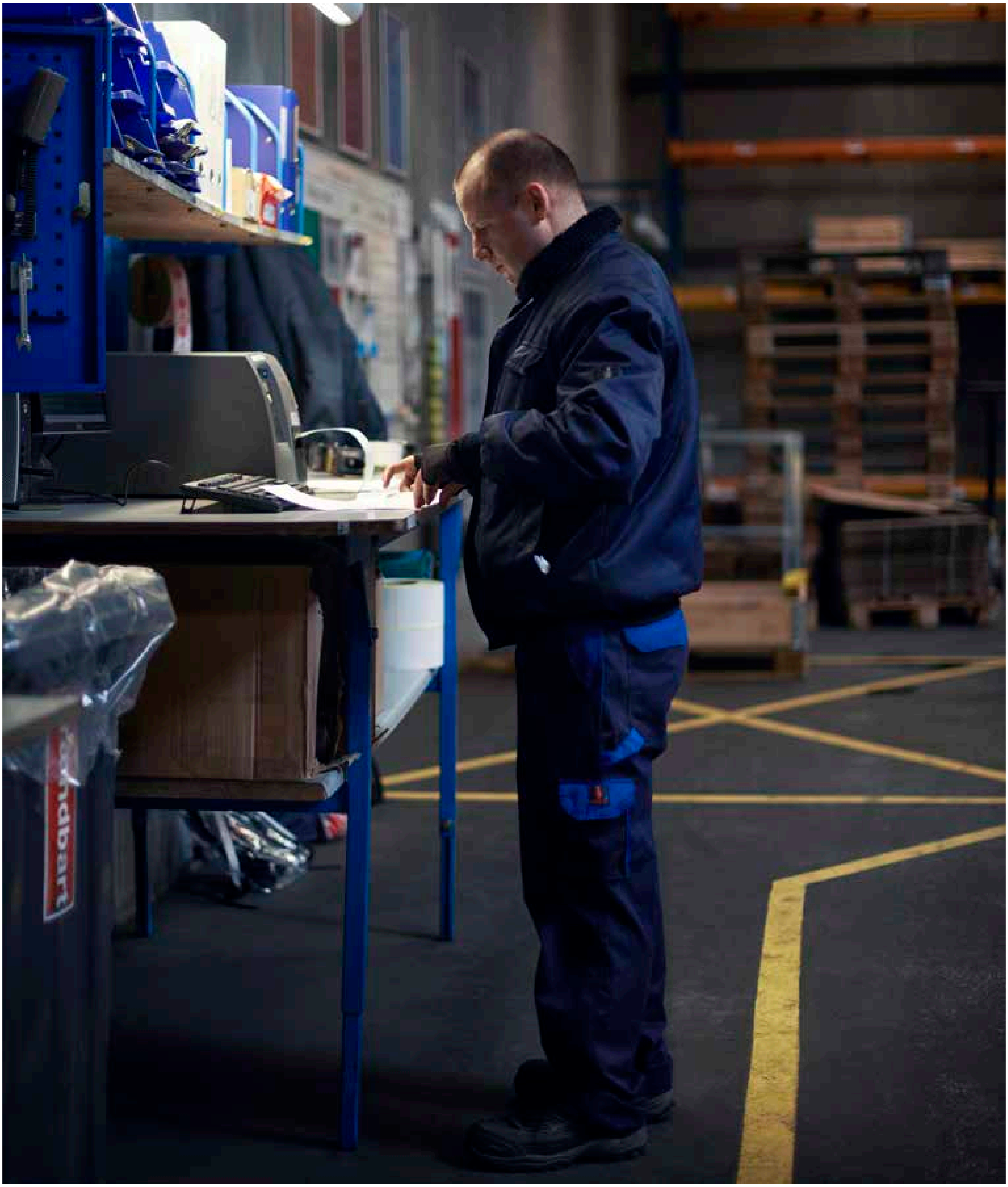
Analysts

The following institutions cover the Solar share:

Carnegie Bank, Danske Bank, HSBC Bank, Nordea Bank Nykredit, SEB.

Investor contact

Charlotte Risskov Kræfting
Corporate IR & Communications Manager
Tel.: +45 79 300 257
E-mail: crk@solar.dk



FINANCIAL STATEMENTS

2012

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SUMMARY FOR THE SOLAR GROUP 2008-2012

Income statement (€ million)	2012	2011	2010	2009	2008
Revenue	1,700.9	1,532.4	1,401.5	1,431.4	1,500.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)	49.5	51.2	60.6	48.0	74.2
Earnings before interest, tax and amortisation (EBITA)	38.0	39.1	49.0	36.2	65.0
Operating profit or loss before special items	28.9	26.7	41.6	29.4	58.3
Earnings before interest and tax (EBIT)	28.9	26.7	41.6	22.4	58.3
Financials, net	(5.7)	(7.1)	(6.2)	(5.0)	(12.9)
Earnings before tax (EBT)	23.2	19.6	35.4	17.4	45.4
Net profit for the year	15.7	12.2	24.6	10.1	31.0

Balance sheet (€ million)					
Non-current assets	255.8	260.4	245.0	230.5	221.0
Current assets	511.6	463.1	439.1	390.0	383.1
Balance sheet total	767.4	723.5	684.1	620.5	604.1
Equity	294.8	282.2	284.9	257.3	203.6
Non-current liabilities	144.1	153.9	163.0	163.7	167.5
Current liabilities	328.5	287.4	236.2	199.5	233.0
Interest-bearing liabilities, net	74.9	120.3	98.5	102.8	229.0
Invested capital	395.4	433.8	415.1	388.4	457.8
Net working capital, year-end	215.4	242.2	223.1	214.9	280.8
Net working capital, average	228.7	233.9	216.5	235.6	265.3

Cash flow (€ million)					
Cash flow from operating activities	61.4	48.5	46.6	118.2	44.3
Cash flow from investing activities	(9.4)	(68.8)	(32.1)	(20.4)	(74.7)
Cash flow from financing activities	(14.3)	(23.1)	(13.8)	23.0	11.8
Net investments in intangible assets	(2.3)	(4.2)	(15.7)	(12.4)	(4.7)
Net investments in property, plant and equipment	(7.1)	(2.3)	(6.4)	(7.8)	(11.2)
Acquisition and disposal of subsidiaries and activities, net	0.0	(62.0)	(10.3)	0.0	(58.6)

Financial rations (% unless otherwise stated)					
Revenue growth	11.0	9.3	(2.1)	(4.6)	9.7
Organic growth	0.1	3.6	(4.8)	(12.1)	5.0
EBITDA margin	2.9	3.3	4.3	3.4	4.9
EBITA margin	2.2	2.6	3.5	2.5	4.3
EBIT margin	1.7	1.7	3.0	1.6	3.9
Effective tax rate	32.4	37.8	30.5	42.0	31.7
Net working capital (year-end NWC)/revenue (LTM)	12.6	15.8	15.9	15.0	18.7
Net working capital (average NWC)/revenue (LTM)	14.0	15.3	15.4	16.5	17.7
Gearing (interest-bearing liabilities, net/EBITDA) no. of times	1.5	2.3	1.6	2.1	3.1
Return on equity (ROE)	5.4	4.3	9.1	4.4	14.4
Return on equity (ROE) excl. amortisation	8.6	8.7	11.8	7.3	17.5
Return on invested capital (ROIC)	4.9	3.8	7.0	4.4	8.7
Return on invested capital (ROIC) excl. amortisation	7.4	6.9	8.8	6.5	10.3
Adjusted market capitalisation/earnings before interest, tax and amortisation (EV/EBITA)	8.9	9.0	11.1	11.5	6.2
Equity ratio	38.4	39.0	41.6	41.5	33.7

SUMMARY FOR THE SOLAR GROUP 2008-2012 – CONTINUED

Share ratios (% unless otherwise stated)	2012	2011	2010	2009	2008
Earnings per share in € per share outstanding (EPS)	2.00	1.55	3.13	1.48	4.55
Earnings per share excl. amortisation in € per share outstanding (EPS)	3.16	3.13	4.08	2.48	5.53
Intrinsic value in € per share outstanding	37.5	35.9	36.3	32.8	30.3
Cash flow from operations per share outstanding	7.81	6.17	5.93	15.05	6.60
Share price in €	34.4	30.2	56.6	46.0	25.6
Share price/intrinsic value	0.92	0.84	1.56	1.40	0.85
Dividend in € per share	0.89	0.70	1.34	0.57	2.01
Dividend in % of net profit for the year (payout ratio)	44.8	45.0	42.9	44.4	43.6
Price earnings (P/E)	17.2	19.4	18.1	31.1	5.6
Share price in DKK	257	224	422	343	191
Dividend in DKK per share	6.65	5.20	10.00	4.25	15.00

Employees					
Average number of employees (FTE)	3,596	3,200	2,955	3,175	3,010

Definitions	
Organic growth	Revenue growth adjusted for enterprises acquired and sold off and any exchange rate changes. No adjustments have been made for number of working days.
Net working capital	Inventories and trade receivables less trade payables.
Gearing	Interest-bearing liabilities, net, relative to EBITDA. EBITDA have not been adjusted for enterprises and activities acquired.
ROIC	Return on invested capital calculated on the basis of operating profit or loss before special items less calculated tax.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' ”Recommendations & Financial Ratios 2010”.

INCOME STATEMENT

Note	€ million	Group 2012	Group 2011	Parent company 2012	Parent company 2011
3	Revenue	1,700.9	1,532.4	411.5	371.4
	Cost of sales	(1,337.9)	(1,206.4)	(299.6)	(270.6)
	Gross profit	**363.0**	**326.0**	**111.9**	**100.8**
	Other operating income	-	-	4.7	4.5
4	External operating costs	(80.1)	(70.9)	(11.5)	(11.1)
5	Staff costs	(227.5)	(199.4)	(63.1)	(59.3)
6	Loss on trade receivables	(5.9)	(4.5)	(1.7)	(2.5)
	Earnings before interest, tax, depreciation and amortisation (EBITDA)	**49.5**	**51.2**	**40.3**	**32.4**
7	Depreciation on property, plant and equipment	(11.5)	(12.1)	(3.7)	(3.5)
	Earnings before interest, tax and amortisation (EBITA)	**38.0**	**39.1**	**36.6**	**28.9**
7	Amortisation of intangible assets	(9.1)	(12.4)	(4.8)	(4.4)
	Earnings before interest and tax (EBIT)	**28.9**	**26.7**	**31.8**	**24.5**
	Dividends from subsidiaries	-	-	8.3	4.3
8	Financial income	5.3	4.9	3.6	5.3
9	Financial costs	(11.0)	(12.0)	(26.9)	(19.5)
	Earnings before tax (EBT)	**23.2**	**19.6**	**16.8**	**14.6**
10	Income tax	(7.5)	(7.4)	(8.1)	(6.4)
11	**Net profit for the period**	**15.7**	**12.2**	**8.7**	**8.2**
12	Earnings per share in € per share outstanding (EPS)	2.00	1.55		
12	Diluted earnings per share in € per share outstanding (EPS-D)	2.00	1.55		

STATEMENT OF COMPREHENSIVE INCOME

€ million	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Net profit for the period	**15.7**	**12.2**	**8.7**	**8.2**
Other income and costs recognised:				
Foreign currency translation adjustment at the beginning of the year	(1.0)	0.7	(1.1)	0.9
Foreign currency translation adjustment of foreign subsidiaries	5.5	(0.7)	-	-
Value adjustment of hedging instruments before tax	(2.8)	(5.9)	(3.0)	(4.3)
Tax on value adjustments of hedging instruments	0.7	1.5	0.8	1.1
Other income and costs recognised after tax	**2.4**	**(4.4)**	**(3.3)**	**(2.3)**
Total comprehensive income for the year	**18.1**	**7.8**	**5.4**	**5.9**

BALANCE SHEET

Note	€ million	Group 31.12 2012	Group 31.12 2011	Parent company 31.12 2012	Parent company 31.12 2011
	Assets:				
13	Intangible assets	80.7	86.4	29.4	31.9
14	Property, plant and equipment	168.1	170.0	40.1	41.3
15	Investments	7.0	4.0	228.6	252.5
	Non-current assets	**255.8**	**260.4**	**298.1**	**325.7**
16	Inventories	198.4	178.2	36.9	33.6
17	Trade receivables	242.1	243.3	54.5	54.3
	Receivables from subsidiaries	-	-	91.6	67.4
	Income tax receivable	5.3	6.2	3.3	0.0
	Other receivables	3.4	3.7	1.5	1.7
18	Prepayments	4.2	3.9	0.8	1.2
	Cash at bank and in hand	56.6	25.6	23.7	4.7
	Assets held for sale	1.6	2.2	0.0	0.0
	Current assets	**511.6**	**463.1**	**212.3**	**162.9**
	Total assets	**767.4**	**723.5**	**510.4**	**488.6**
	Equity and liabilities:				
19	Share capital	106.2	106.5	106.2	106.5
	Reserves	(8.1)	(11.5)	(9.8)	(7.6)
	Retained earnings	189.7	181.7	218.2	217.3
	Proposed dividend for the year	7.0	5.5	7.0	5.5
	Equity	**294.8**	**282.2**	**321.6**	**321.7**
20	Interest-bearing liabilities	111.4	118.6	45.9	50.0
22	Provision for pension obligations	4.2	3.9	0.3	0.3
23	Provision for deferred tax	24.7	26.4	11.5	11.7
24	Other provisions	3.8	5.0	0.0	0.0
	Non-current liabilities	**144.1**	**153.9**	**57.7**	**62.0**
20	Interest-bearing liabilities	20.1	27.3	12.5	14.7
	Trade payables	225.1	179.4	68.5	46.2
	Amounts owed to subsidiaries	-	-	13.0	11.1
	Income tax payable	3.2	7.0	0.7	2.7
25	Other payables	75.2	71.5	35.4	30.2
26	Prepayments	1.0	0.7	0.0	0.0
24	Other provisions	3.9	1.5	1.0	0.0
	Current liabilities	**328.5**	**287.4**	**131.1**	**104.9**
	Liabilities	**472.6**	**441.3**	**188.8**	**166.9**
	Total equity and liabilities	**767.4**	**723.5**	**510.4**	**488.6**

CASH FLOW STATEMENT

Note	€ million	Group 2012	Group 2011	Parent company 2012	Parent company 2011
	Net profit for the period	**15.7**	**12.2**	**8.7**	**8.2**
	Depreciation and amortisation	20.6	24.5	8.5	7.9
	Change in provisions and other adjustments	(0.1)	(2.0)	(0.9)	(0.1)
8, 9	Financials, net	5.7	7.1	23.3	14.2
	Income tax	7.5	7.4	8.1	6.4
8, 9	Financials, net, paid	(6.0)	(6.6)	(0.6)	(0.2)
	Income tax paid	(14.9)	(5.2)	(12.7)	(0.4)
	Cash flow before change in working capital	**28.5**	**37.4**	**34.4**	**36.0**
	Change in inventories	(17.1)	(1.2)	(3.3)	(0.6)
	Change in receivables	7.3	1.3	(4.9)	0.8
	Change in interest-bearing liabilities	42.7	11.0	20.0	14.1
	Cash flow from operations	**61.4**	**48.5**	**46.2**	**50.3**
13	Purchase of intangible assets	(2.3)	(4.2)	(2.3)	(3.7)
27	Purchase of property, plant and equipment	(8.4)	(5.7)	(3.3)	(3.9)
	Purchase of investments	0.0	(0.3)	0.0	(23.5)
28	Acquisition of subsidiaries and activities	0.0	(62.0)	0.0	(18.5)
27	Divestment of property, plant and equipment	1.3	3.4	0.7	2.5
	Cash flow from investing activities	**(9.4)**	**(68.8)**	**(4.9)**	**(47.1)**
	Repayments of long-term, interest-bearing debt	(8.9)	(12.6)	(4.2)	(5.9)
	Raising of non-current interest-bearing liabilities	0.1	0.0	0.1	0.0
	Loans to subsidiaries	-	-	(10.5)	(13.6)
	Dividends distributed	(5.5)	(10.5)	(5.5)	(10.5)
	Cash flow from financing activities	**(14.3)**	**(23.1)**	**(20.1)**	**(30.0)**
	Total cash flow	**37.7**	**(43.4)**	**21.2**	**(26.8)**
	Cash as at 1 January	(1.7)	32.0	(10.0)	16.8
	Assumed on acquisition of subsidiaries	0.0	9.5	0.0	0.0
	Foreign currency translation adjustments	0.5	0.2	0.0	0.0
	Cash as at 31 December	**36.5**	**(1.7)**	**11.2**	**(10.0)**
	Cash as at 31 December				
	Cash at bank and in hand	56.6	25.6	23.7	4.7
	Current interest-bearing liabilities	(20.1)	(27.3)	(12.5)	(14.7)
	Cash as at 31 December	**36.5**	**(1.7)**	**11.2**	**(10.0)**

STATEMENT OF CHANGES IN EQUITY

Group

€ million	Share capital	Reserves for hedging transactions	Reserves for foreign currency translation adjustment	Retained earnings	Proposed dividend	Total
2012:						
Equity as at 1 January	**106.5**	**(11.7)**	**0.2**	**181.7**	**5.5**	**282.2**
Foreign currency translation adjustment at the beginning of the year	(0.3)			(0.7)		(1.0)
Foreign currency translation adjustment of foreign subsidiaries			5.5			5.5
Value adjustment of hedging instruments before tax		(2.8)				(2.8)
Tax on value adjustments		0.7				0.7
Net income recognised directly in equity	(0.3)	(2.1)	5.5	(0.7)	0.0	2.4
Net profit for the period				8.7	7.0	15.7
Comprehensive income	**(0.3)**	**(2.1)**	**5.5**	**8.0**	**7.0**	**18.1**
Distribution of dividends					(5.5)	(5.5)
Other movements	**0.0**	**0.0**	**0.0**	**0.0**	**(5.5)**	**(5.5)**
Equity as at 31 December	**106.2**	**(13.8)**	**5.7**	**189.7**	**7.0**	**294.8**
2011:						
Equity as at 1 January	**106.3**	**(7.3)**	**0.9**	**174.5**	**10.5**	**284.9**
Foreign currency translation adjustment at the beginning of the year	0.2			0.5		0.7
Foreign currency translation adjustment of foreign subsidiaries			(0.7)			(0.7)
Value adjustment of hedging instruments before tax		(5.9)				(5.9)
Tax on value adjustments		1.5				1.5
Net income recognised directly in equity	0.2	(4.4)	(0.7)	0.5	0.0	(4.4)
Net profit for the period				6.7	5.5	12.2
Comprehensive income	**0.2**	**(4.4)**	**(0.7)**	**7.2**	**5.5**	**7.8**
Distribution of dividends					(10.5)	(10.5)
Other movements	**0.0**	**0.0**	**0.0**	**0.0**	**(10.5)**	**(10.5)**
Equity as at 31 December	**106.5**	**(11.7)**	**0.2**	**181.7**	**5.5**	**282.2**

STATEMENT OF CHANGES IN EQUITY
CONTINUED

Parent company

€ million	Share capital	Reserves for hedging transactions	Reserves for foreign currency translation adjustment	Retained earnings	Proposed dividend	Total
2012:						
Equity as at 1 January	**106.5**	**(7.5)**	**(0.1)**	**217.3**	**5.5**	**321.7**
Foreign currency translation adjustment at the beginning of the year	(0.3)			(0.8)		(1.1)
Value adjustment of hedging instruments before tax		(3.0)				(3.0)
Tax on value adjustments		0.8				0.8
Net income recognised directly in equity	(0.3)	(2.2)	0.0	(0.8)	0.0	(3.3)
Net profit for the period				1.7	7.0	8.7
Comprehensive income	**(0.3)**	**(2.2)**	**0.0**	**0.9**	**7.0**	**5.4**
Distribution of dividends					(5.5)	(5.5)
Other movements	**0.0**	**0.0**	**0.0**	**0.0**	**(5.5)**	**(5.5)**
Equity as at 31 December	**106.2**	**(9.7)**	**(0.1)**	**218.2**	**7.0**	**321.6**
2011:						
Equity as at 1 January	**106.3**	**(4.3)**	**(0.1)**	**213.9**	**10.5**	**326.3**
Foreign currency translation adjustment at the beginning of the year	0.2			0.7		0.9
Value adjustment of hedging instruments before tax		(4.3)				(4.3)
Tax on value adjustments		1.1				1.1
Net income recognised directly in equity	0.2	(3.2)	0.0	0.7	0.0	(2.3)
Net profit for the period				2.7	5.5	8.2
Comprehensive income	**0.2**	**(3.2)**	**0.0**	**3.4**	**5.5**	**5.9**
Distribution of dividends					(10.5)	(10.5)
Other movements	**0.0**	**0.0**	**0.0**	**0.0**	**(10.5)**	**(10.5)**
Equity as at 31 December	**106.5**	**(7.5)**	**(0.1)**	**217.3**	**5.5**	**321.7**

NOTES

NOTE 1
ACCOUNTING POLICIES

The annual report of Solar A/S for 2012 is presented in accordance with the International Financial Reporting Standards (IFRSs) 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 less sales costs.

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

The company's presentation currency is EUR, pre-sented in the annual report rounded off to the nearest € 1,000,000 with one decimal place.

Implementation of new financial reporting standards
As of 1 January 2012, Solar implemented those new standards and interpretations approved by IASB and the EU that became effective in the financial year 2012, including the amended IFRS 7 on Financial instruments – Disclosures and annual improvements to applicable IFRSs. None of these changes affect profit or equity.

Note 31 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 in which Solar A/S has control of the financial or operational policies in order to get returns or otherwise benefit from their activities. Control is achieved by directly or indirectly owning or controlling more than 50% of the voting rights or by other means controlling the enterprise in question.

When assessing whether Solar A/S has control or significant influence, any voting rights that may be exercised on the balance sheet day are taken into account.

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 re-cognised in the consolidated financial statements from the date of acquisition.

For acquisitions of subsidiaries, 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. Acquisition-related costs 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 group accounting policies. Intangible assets are recognised if they are separately recognisable or originate in a contractual right. Deferred tax related to the revaluations made is recognised.

For business combinations, positive balances (goodwill) between the acquisition consideration of the enterprise on one side and the fair value of the assets, liabilities and contingent liabilities acquired on the other side, are recognised as goodwill under intangible assets. In cases of measurement uncertainty, goodwill can be adjusted until 12 months after the acquisition. Goodwill is not amortised but an impairment test is done annually. The first impairment test is done by the end of the year of acquisition. On acquisition, goodwill is assigned to the cash-generating units that form the basis of the impairment test subsequently.

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 as a sale to the extent the control of the subsidiary is also transferred.

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 cur-rency used in the primary financial

NOTES

NOTE 1
ACCOUNTING POLICIES – CONTINUED

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 rates. 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 other comprehensive income 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 other comprehensive income under a separate reserve for translation adjustments. 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 directly in other comprehensive income under a separate reserve for foreign currency translation adjustment in the consolidated financial statements.

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

Derivatives 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 other comprehensive income. As hedged transactions are realised, gains or losses are recognised in the hedging instrument from other comprehensive income in 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.

NOTES

NOTE 1
ACCOUNTING POLICIES – CONTINUED

Dividend from equity interests in subsidiaries
Dividend from equity interests in subsidiaries is recognised as income in the parent company's income statement for the financial year in which dividends are distributed.

Special items
Special items include non-recurrent large income and costs. These items are presented separately to ensure 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.

Income tax
Tax for the year is recognised with the share attributable to results for the year in the income statement and with the share attributable to other recognised income and costs in the statement of comprehensive income. Tax consists of current tax and changes to deferred tax.

Solar A/S (the parent company) is taxed jointly with its Danish subsidiaries. The current Danish Income 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). The jointly taxed enterprises form part of the tax prepayment scheme.

Statement of comprehensive income
Solar A/S presents the statement of comprehensive income in two statements. An income statement and a statement of comprehensive income that show the year's results and income that forms part of other comprehensive income. Other income includes exchange rate adjustments, adjustments of investments in associates and hedging transactions. Tax concerning other comprehensive income for the individual items is shown in the notes.

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
Goodwill is first recognised in the balance sheet as described under "Business combinations". Subsequently, goodwill is measured at this value less accumulated impairment losses. 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 write-down. 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 begun 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

NOTES

NOTE 1
ACCOUNTING POLICIES – CONTINUED

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 these 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.

The basis of depreciation is determined in consideration of the asset's scrap value and reduced by any impairment. Scrap value is determined at the time of acquisition and reassessed annually. If scrap value exceeds the asset's carrying amount, depreciation will cease.

By changing the depreciation period or scrap value, the effect of future depreciation is recognised as a change to accounting estimates.

Impairment of non-current assets
Goodwill is tested yearly for impairment and first 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 to the 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.

Equity investments
Equity investments are recognised on the trade date at fair value with addition of transaction costs directly related to the acquisition.

Equity investments available for sale are measured at fair value after initial recognition. Fair value changes are recognised directly in other comprehensive income. However, this does not apply to changes attributable to write-down or exchange rate translations. Interest in-come calculated using the effective interest method and dividends received are recognised in the income statement on a regular basis. When equity 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 other comprehensive income, are recognised in the income statement. Write-down on equity investment is not reversed 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.

Equity investments in subsidiaries
Equity investments in subsidiaries are recognised and measured in the parent company's balance sheet at historical cost. If impairment is indicated, an impairment test will be done as described in the consolidated financial statements. Should cost exceed the recoverable amount, cost will be written down to this lower value.

NOTES

NOTE 1
ACCOUNTING POLICIES – CONTINUED

An impairment test is done if dividend distribution exceeds the earnings of a financial year, or if the carrying amount exceeds net assets stated in the consolidated accounts.

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 a current asset includes bank deposits and operating cash and is measured at amortised cost.

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 other comprehensive income.

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 other comprehensive income.

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 carry-forward, 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 retaxation 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.

NOTES

NOTE 1
ACCOUNTING POLICIES – CONTINUED

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. Other-wise, 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 manage-ment'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 statement 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 transfer red 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 straightline 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 Income 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 segmen-tation is unchanged compared with last year.

The group's segment reporting is based on internal operating seg-ments 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 alloca-tion of resources and performance control.

NOTES

NOTE 1
ACCOUNTING POLICIES – CONTINUED

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

Solar A/S has ten segments with reporting duties: Solar A/S (parent company incl. Solar Danmark A/S), Solar Sverige AB, Solar Norge AS, Solar Nederland, Claessen ELGB (Belgium), Solar Deutschland, GFI GmbH (Austria), 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 employees have the right to choose cash settlement. This liability is regularly adjusted to fair value and fair value adjustments are recognised in financials.

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

NOTE 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 13.

As at 31/12 2012, the carrying amount of goodwill totalled € 36.8m. (2011: € 35.9m). Please see note 13 for further information.

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.

As at 31/12 2012, the carrying amount of software totalled € 29.6m. (2011: € 32.1m). Please see note 13 for further information.

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.

As at 31/12 2012, the carrying amount of write-down of inventories totalled € 9.1m. (2011: € 8.0m). Please see note 16 for further information.

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 insufficient.

As at 31/12 2012, the carrying amount of write-down for meeting of loss on doubtful trade receivables totalled € 9.7m (2011: € 8.4m). Please see note 17 for further information.

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.

As at 31/12 2012, the carrying amount of the deferred tax asset totalled € 5.8m. (2011: € 3.1m). Please see note 15 for further information.

NOTES

NOTE 3
SEGMENT INFORMATION

€ million	Solar A/S parent company [1]	Solar Sverige AB	Solar Norge AS	Solar Nederland [2]	Claessen ELGB Belgium [3]	Solar Deutschland [4]	GFI GmbH Austria [5]	Solar Polska Sp. z o.o.	P/F Solar Føroyar	Aurora Group	Continued activities total	Discontinued activities Solar Suomi	Eliminations [6]	Solar Group
2012:														
Revenue	411.5	332.0	263.5	366.1	34.0	144.8	54.3	37.1	3.6	62.0	1,708.9	N/A	(8.0)	1,700.9
Other operating costs	4.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.7	0.0	(4.7)	0.0
Solar 8000, costs	(4.1)	(0.3)	0.0	(2.0)	0.0	0.0	0.0	0.0	0.0	0.0	(6.4)	0.0	0.0	(6.4)
EBITA	36.6	8.3	9.0	(9.3)	1.0	(6.0)	0.2	(0.2)	0.3	2.8	42.7	0.0	(4.7)	38.0
Financials, net	(23.3)	(2.2)	(0.8)	(2.1)	0.1	(0.3)	0.0	0.1	0.0	(0.1)	(28.6)	0.0	22.9	(5.7)
EBT	16.8	2.3	7.0	(13.7)	1.1	(6.8)	0.2	(0.2)	0.3	2.2	9.2	0.0	14.0	23.2
Non-current assets	298.1	46.3	25.9	79.8	0.6	18.2	1.8	4.6	0.7	2.6	478.6	0.0	(222.8)	255.8
Equity	321.6	39.5	42.3	56.1	7.7	27.7	5.8	9.5	1.6	6.7	518.5	0.0	(223.7)	294.8
Liabilities	188.8	98.8	65.7	126.8	7.5	39.7	11.8	9.5	1.0	24.5	574.1	0.0	(101.5)	472.6
Balance sheet total	510.4	138.3	108.0	182.9	15.2	67.4	17.6	19.0	2.6	31.2	1,092.6	0.0	(325.2)	767.4
Organic growth % [7]	10.7	1.7	4.3	(11.1)	(11.2)	(13.3)	5.1	6.8	(6.0)	4.4	0.1	N/A		0.1
EBITA % [8]	8.9	2.5	3.4	(2.5)	3.0	(4.1)	0.4	(0.5)	8.1	4.4	2.5	N/A		2.2
2011:														
Revenue	371.4	314.6	242.2	353.9	9.8	138.7	12.9	35.2	3.8	57.8	1,540.3	N/A	(7.9)	1,532.4
Other operating costs	4.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.5	0.0	(4.5)	0.0
Solar 8000, costs	(2.3)	0.0	0.0	(3.0)	0.0	0.0	0.0	0.0	0.0	0.0	(5.3)	0.0	0.0	(5.3)
EBITA	28.9	12.7	2.1	2.2	0.8	(5.7)	0.1	0.2	0.4	2.1	43.8	(0.2)	(4.5)	39.1
Financials, net	(14.2)	(2.0)	(1.4)	(2.3)	0.0	0.0	0.0	0.0	0.0	(0.6)	(20.5)	0.0	13.4	(7.1)
EBT	14.6	6.6	(0.3)	(5.1)	0.8	(6.3)	0.1	(0.1)	0.4	(0.2)	10.5	(0.2)	9.3	19.6
Non-current assets	325.7	47.0	25.8	79.6	0.7	19.0	2.0	4.5	0.7	2.9	507.9	0.0	(247.5)	260.4
Equity	321.7	36.5	40.0	66.0	8.4	34.5	5.8	8.9	1.6	6.6	530.0	0.6	(248.4)	282.2
Liabilities	166.9	94.5	56.5	120.6	8.8	33.0	10.5	8.8	1.3	24.6	525.5	0.0	(84.2)	441.3
Balance sheet total	488.6	131.0	96.5	186.6	17.2	67.5	16.3	17.7	2.9	31.2	1,055.5	0.5	(332.5)	723.5
Organic growth % [7]	9.0	2.3	8.8	0.7	0.0	(9.3)	0.0	18.3	6.1	0.1	3.6	N/A		3.6
EBITA % [8]	7.8	4.0	0.9	0.6	8.2	(4.1)	0.8	0.6	10.5	3.6	2.8	N/A		2.6

1) Under the cost method.
2) Includes the enterprise Conelgro B.V. acquired on 30 September 2011.
3) Claessen ELGB, Belgium, was acquired on 30 September 2011.
4) Includes the enterprises GFI Gesellschaft für Installationstechnik mbH and GFI Elektro GmbH, both acquired on 30 September 2011.
5) GFI GmbH, Austria, was acquired on 30 September 2011.
6) Intercompany revenue was € 8.0m (€ 7.9m in 2011). Eliminations include an adjustment resulting from the translation from cost method to equity method.
7) Organic growth for Conelgro B.V., Claessen ELGB, GFI Gesellschaft für Installationstechnik mbH, GFI Elektro GmbH and GFI GmbH Austria has been adjusted relative to period of ownership.
8) EBITA % has been calculated using absolute figures and is therefore not directly deductible.

NOTES

NOTE 4
AUDITOR'S FEES

	Group		Parent company	
€ million	2012	2011	2012	2011
PricewaterhouseCoopers				
Statutory audit	0.4	0.4	0.1	0.1
Other assurance engagements	0.0	0.1	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**	**0.6**	**0.1**	**0.1**
Other auditors				
Statutory audit	0.1	0.1	0.0	0.0
Other assurance engagements	0.0	0.0	0.0	0.0
Tax consulting	0.1	0.2	0.1	0.2
Other services	0.2	0.3	0.0	0.0
Total	**0.4**	**0.6**	**0.1**	**0.2**

NOTES

NOTE 5
STAFF COSTS

€ million	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Salaries and wages, etc.	188.8	167.5	57.4	55.1
Pensions – defined contribution	10.5	9.4	3.9	3.9
Pensions – defined benefit	2.6	1.5	0.1	0.1
Costs related to social security	24.9	22.1	1.4	1.3
Share-based payment	0.7	(1.1)	0.3	(1.1)
Total	**227.5**	**199.4**	**63.1**	**59.3**
Average number of employees (FTE)	3,596	3,200	797	822
No. of employees at year-end	3,566	3,591	781	810
Remuneration of Supervisory Board				
Remuneration of Supervisory Board	0.3	0.4	0.3	0.4
Remuneration of Executive Board				
Remuneration and bonus	1.0	1.0	1.0	1.0
Share-based payment	0.2	(0.4)	0.2	(0.4)
Total	**1.2**	**0.6**	**1.2**	**0.6**

We have prepared a remuneration policy that describes guidelines for determining and approving remuneration for the supervisory and executive boards. The annual general meeting adopts the Supervisory Board's remuneration for one year at a time. The Executive Board's remuneration is considered every two years. The Supervisory Board jointly approves the elements that make up the Executive Board's salary package as well as all major adjustments to this package following previous discussion and recommendation of the Supervisory Board's chairman and vice chairman. Under section 139 of the Danish Companies Act, a complete remuneration policy for the supervisory and executive boards will be presented for adoption at the annual general meeting.

Members of the Executive Board have 12 months' terms of notice. When resigning, the Group CEO is entitled to 12 months' remuneration.

NOTES

NOTE 5
STAFF COSTS – CONTINUED

€ million	Executive Board	Management employees	Total
Share option plans			
Number of share options at year-end 2012			
Outstanding at the beginning of 2012	31,864	100,400	132,264
Granted in 2012	7,159	33,112	40,271
Exercised	(10,099)	(39,931)	(50,030)
Forfeited	0	(12,665)	(12,665)
Expired	(6,504)	(25,052)	(31,556)
Outstanding at year-end 2012	**22,420**	**55,864**	**78,284**
Number of share options at year-end 2011			
Outstanding at the beginning of 2011	17,688	103,674	121,362
Transferred	9,100	(9,100)	0
Granted in 2011	5,076	14,350	19,426
Forfeited	0	(8,524)	(8,524)
Outstanding at year-end 2011	**31,864**	**100,400**	**132,264**

€ million	2012	2011
Market value estimated using the Black-Scholes model	**0.2**	**0.6**
Conditions applying to the statement of market value using the Black-Scholes model:		
Expected volatility	35%	40%
Expected dividend in proportion to market value	3%	3%
Risk-free interest rate	4%	4%

NOTES

NOTE 5
STAFF COSTS – CONTINUED

€ million	Year of granting 2008	2009	2010	2011	2012
Specification of share option plans					
Executive Board					
Granted	3,535	10,099	4,054	5,076	7,159
Transferred on enlargement of the Executive Board	2,969	4,359	1,772	0	0
Exercised	0	(10,099)	0	0	0
Forfeited	(6,504)	0	0	0	0
Total	**0**	**4,359**	**5,826**	**5,076**	**7,159**
Exercise price	**424.33**	**148.53**	**370.04**	**443.26**	**314.27**
Management employees					
Granted	35,592	64,213	22,034	14,350	33,112
Transferred on enlargement of the Executive Board	(2,969)	(4,359)	(1,772)	0	0
Exercised on resignation of management employees	0	(3,067)	0	0	0
Forfeited on resignation of management employees	(7,571)	(12,498)	(7,658)	(3,502)	(5,058)
Exercised	0	(39,931)	0	0	0
Forfeited	(25,052)	0	0	0	0
Total	**0**	**4,358**	**12,604**	**10,848**	**28,054**
Exercise price	**424.33**	**148.53**	**370.04**	**443.26**	**314.27**
Exercise period for the Group CEO:					
6 weeks following the publication of the annual report in			2013/2014		
10 banking days following the publication of the annual report in				2014/2015	2015/2016
Exercise period for the Group CFO and management employees:					
10 banking days following the publication of the annual report in		2013*	2013/2014	2014/2015	2015/2016

* 8,717 share options from the 2009 granting remain outstanding. The exercise period for these has been prolonged.

Each share option entitles the holder to purchase one Solar B share.

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

NOTES

NOTE 6
LOSS ON TRADE RECEIVABLES

€ million	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Ascertained losses	5.3	4.5	2.5	1.4
Received on previously written-off trade receivables	(0.6)	(0.4)	(0.2)	(0.1)
	4.7	4.1	2.3	1.3
Change of write-down for bad and doubtful debts	1.2	0.4	(0.6)	1.2
Total	**5.9**	**4.5**	**1.7**	**2.5**

NOTE 7
DEPRECIATION AND AMORTISATION

€ million	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Buildings	5.0	4.9	1.2	1.2
Plant, operating equipment, tools and equipment	5.4	5.6	2.4	2.3
Leasehold improvements	1.2	1.2	0.1	0.0
Profit/loss from sale of operating equipment etc.	(0.1)	0.4	0.0	0.0
Total depreciation on property, plant and equipment	**11.5**	**12.1**	**3.7**	**3.5**
Customer-related assets	4.3	8.0	0.2	0.1
Software	4.8	4.4	4.6	4.3
Total amortisation of intangible assets	**9.1**	**12.4**	**4.8**	**4.4**

NOTES

NOTE 8
FINANCIAL INCOME

	Group		Parent company	
€ million	2012	2011	2012	2011
Interest revenue	1.4	2.0	2.7	3.3
Foreign exchange gains	3.6	2.9	0.9	1.6
Other financial income	0.3	0.0	0.0	0.4
Total	**5.3**	**4.9**	**3.6**	**5.3**
Financial income, received	**1.7**	**2.0**	**2.7**	**3.7**

NOTE 9
FINANCIAL COSTS

	Group		Parent company	
€ million	2012	2011	2012	2011
Interest expenses	7.6	8.4	3.3	3.9
Foreign exchange loss	3.3	3.4	0.9	1.8
Write-down on equity investments*	-	-	22.7	13.8
Other financial costs	0.1	0.2	0.0	0.0
Total	**11.0**	**12.0**	**26.9**	**19.5**
Financial costs, paid	**7.7**	**8.6**	**3.3**	**3.9**

* Write-down concerns Solar Nederland B.V. and Solar Deutschland GmbH (2011: Solar Deutschland GmbH).

NOTES

NOTE 10
INCOME TAX

	Group		Parent company	
€ million	2012	2011	2012	2011
Current tax	12.8	10.1	8.3	6.8
Deferred tax	(4.0)	(1.4)	(0.1)	(0.3)
Tax on profit or loss for the year	8.8	8.7	8.2	6.5
Adjustment of tax for previous years	(0.1)	0.1	(0.1)	(0.1)
Adjustment of deferred tax for previous years	(0.2)	(1.4)	0.0	0.0
Reduction of Swedish income tax rate	(1.0)	0.0	0.0	0.0
Total	**7.5**	**7.4**	**8.1**	**6.4**
Statement of effective tax rate:				
Danish income tax rate	25.0%	25.0%	25.0%	25.0%
Non-taxable value of profit from subsidiaries	-	-	(12.2%)	(7.5%)
Write-down on equity investment	-	-	33,7%	23.6%
Non-deductible amortisation of intangible assets	0.0%	9.3%	0.0%	0.0%
Tax base change for non-capitalised loss in subsidiaries	7.8%	8.3%	-	-
Tax base change in foreign subsidiaries	(5.2%)	0.0%	-	-
Non-taxable/deductible items in parent	1.6%	2.4%	1.2%	3.4%
Non-taxable/deductible items and differing tax rates compared to Danish tax rate in foreign subsidiaries	4.2%	(0.3%)	-	-
Tax for previous years	(1.0%)	(6.9%)	0.5%	(0.8%)
Effective tax rate	**32.4%**	**37.8%**	**48.2%**	**43.7%**

NOTES

NOTE 11
NET PROFIT FOR THE YEAR

€ million	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Proposed distribution of net profit for the year:				
Proposed dividend in parent	7.0	5.5	7.0	5.5
Retained earnings	8.7	6.7	1.7	2.7
Net profit for the period	**15.7**	**12.2**	**8.7**	**8.2**
Dividend in € per share of DKK 100	0.89	0.70	0.89	0.70
Dividend in DKK per share of DKK 100	6.65	5.20	6.65	5.20

NOTE 12
EARNINGS PER SHARE IN € PER SHARE OUTSTANDING

€ million	Group 2012	Group 2011
Net profit for the year in € million	15.7	12.2
Average number of shares	7,920,607	7,920,607
Average number of treasury shares	(65,173)	(65,173)
Average number of shares outstanding	7,855,434	7,855,434
Dilution effect of share options	4,486	17,548
Diluted number of shares outstanding	**7,859,920**	**7,872,982**
Earnings per share in € per share outstanding	2.00	1.55
Diluted net profit for the year in € per share outstanding	2.00	1.55

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

NOTES

NOTE 13
INTANGIBLE ASSETS

	Group				Parent company		
€ million	Customer-related assets	Goodwill	Software	Total	Customer-related assets	Software	Total
2012							
Cost as at 1/1	149.2	35.9	36.6	221.7	1.3	35.7	37.0
Foreign currency translation adjustment	2.0	0.9	(0.1)	2.8	0.0	0.0	0.0
Additions in the year	0.0	0.0	2.4	2.4	0.0	2.3	2.3
Disposals in the year	(0.1)	0.0	0.0	(0.1)	0.0	0.0	0.0
Cost as at 31/12	**151.1**	**36.8**	**38.9**	**226.8**	**1.3**	**38.0**	**39.3**
Amortisation as at 1/1	130.8	-	4.5	135.3	0.7	4.4	5.1
Foreign currency translation adjustment	1.7	-	0.0	1.7	0.0	0.0	0.0
Amortisation in the year	4.3	-	4.8	9.1	0.2	4.6	4.8
Amortisation of disposals in the year	0.0	-	0.0	0.0	0.0	0.0	0.0
Amortisation as at 31/12	**136.8**	**-**	**9.3**	**146.1**	**0.9**	**9.0**	**9.9**
Carrying amount as at 31/12	**14.3**	**36.8**	**29.6**	**80.7**	**0.4**	**29.0**	**29.4**
Remaining amortisation period in number of years	**1-6**	**-**	**6-8**	**-**	**5**	**6-8**	**-**

NOTES

NOTE 13
INTANGIBLE ASSETS – CONTINUED

	Group				Parent company		
€ million	Customer-related assets	Goodwill	Software	Total	Customer-related assets	Software	Total
2011							
Cost as at 1/1	138.0	21.3	32.6	191.9	1.3	31.9	33.2
Foreign currency translation adjustment	0.0	0.2	0.0	0.2	0.0	0.1	0.1
Acquired enterprises	11.0	14.4	0.0	25.4	0.0	0.0	0.0
Additions in the year	0.2	0.0	4.0	4.2	0.0	3.7	3.7
Disposals in the year	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cost as at 31/12	**149.2**	**35.9**	**36.6**	**221.7**	**1.3**	**35.7**	**37.0**
Amortisation as at 1/1	122.9	-	0.1	123.0	0.6	0.1	0.7
Foreign currency translation adjustment	(0.1)	-	0.0	(0.1)	0.0	0.0	0.0
Amortisation in the year	8.0	-	4.4	12.4	0.1	4.3	4.4
Amortisation of disposals in the year	0.0	-	0.0	0.0	0.0	0.0	0.0
Amortisation as at 31/12	**130.8**	**-**	**4.5**	**135.3**	**0.7**	**4.4**	**5.1**
Carrying amount as at 31/12	**18.4**	**35.9**	**32.1**	**86.4**	**0.6**	**31.3**	**31.9**
Remaining amortisation period in number of years	**1-7**	**-**	**7**	**-**	**6**	**7**	**-**

NOTES

NOTE 13
INTANGIBLE ASSETS – CONTINUED

Goodwill
(Comparative figures for 2011 in brackets)

On 31 December 2012, 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.

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.

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

Expected future cash flow is based on budgets and business plans for the coming 6 years (5 years).

The growth rate used in the impairment test for 2013 is 3% (3%), while the growth rate used in impairment tests for the years succeeding 2013 is 2-7% (2-3%).

Budgets and business plans for the next 6 years (5 years) are based on Solar's current, on-going and contract investments in which risks of the material parameters have been assessed and recognised in future expected cash flows.

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

Terminal value after 6 years is determined while taking into consideration general expectations for growth, which by considerations of prudence are determined at 2% (2%).

The discount rates used to calculate the recoverable amount of 10% (10%) is stated after tax. Cash flow used include any effect of related future risks, and therefore, such risks have not been added to the applied discount rates.

Others
The growth rate used in the impairment test for 2013 is -5-2% (0-2%), while the growth rate used in impairment tests for the years succeeding 2013 is 2-7% (2-3%).

Budgets and business plans for the next 6 years (5 years) are based on Solar's current, on-going and contract investments in which risks of the material parameters have been assessed and recognised in future expected cash flows.

The first 5 years are based on the strategy approved by the executive and supervisory boards (strategy until 2015).

Terminal value after 6 years is determined while taking into consideration general expectations for growth, which by considerations of prudence are determined at 2% (2%).

The discount rates used to calculate the recoverable amount of 9-11% (9-11%) is stated after tax. Cash flow used include any effect of related future risks, and therefore, such risks have not been added to the applied discount rates.

As at 31 December 2012, net working capital accounted for 12.6% (15.8%) of revenue for the year. Solar estimates that net 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.

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

NOTES

NOTE 14
PROPERTY, PLANT AND EQUIPMENT

€ million	Land and buildings	Plant, operating equipment, tools and equipment	Leasehold improvements	Assets under construction	Group Total
2012					
Cost as at 1/1	208.5	82.7	10.1	0.8	302.1
Foreign currency translation adjustments	2.6	1.0	0.2	0.0	3.8
Additions in the year	0.8	5.4	0.8	1.4	8.4
Disposals in the year	0.0	(2.4)	(0.4)	(1.0)	(3.8)
Cost as at 31/12	**211.9**	**86.7**	**10.7**	**1.2**	**310.5**
Depreciation and write-down as at 1/1	53.8	71.0	7.3	0.0	132.1
Foreign currency translation adjustments	0.3	0.9	0.2	0.0	1.4
Depreciation for the year	5.0	5.4	1.2	0.0	11.6
Depreciation and write-down on disposals	0.0	(2.4)	(0.3)	0.0	(2.7)
Depreciation and write-down as at 31/12	**59.1**	**74.9**	**8.4**	**0.0**	**142.4**
Carrying amount as at 31/12	**152.8**	**11.8**	**2.3**	**1.2**	**168.1**
2011					
Cost as at 1/1	212.1	79.0	9.0	1.0	301.1
Foreign currency translation adjustments	0.1	0.2	0.0	0.1	0.4
Assets held for sale	(4.7)	0.0	0.0	0.0	(4.7)
Acquired enterprises	3.4	2.5	0.7	0.0	6.6
Additions in the year	1.2	3.0	0.6	1.7	6.5
Disposals in the year	(3.6)	(2.0)	(0.2)	(2.0)	(7.8)
Cost as at 31/12	**208.5**	**82.7**	**10.1**	**0.8**	**302.1**
Depreciation and write-down as at 1/1	52.5	67.0	6.3	0.0	125.8
Foreign currency translation adjustments	0.0	0.1	0.0	0.0	0.1
Assets held for sale	(2.2)	0.0	0.0	0.0	(2.2)
Depreciation for the year	4.9	5.6	1.2	0.0	11.7
Depreciation and write-down on disposals	(1.4)	(1.7)	(0.2)	0.0	(3.3)
Depreciation and write-down as at 31/12	**53.8**	**71.0**	**7.3**	**0.0**	**132.1**
Carrying amount as at 31/12	**154.7**	**11.7**	**2.8**	**0.8**	**170.0**

NOTES

NOTE 14
PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Parent company

€ million	Land and buildings	Plant, operating equipment, tools and equipment	Leasehold improvements	Assets under construction	Total
2012					
Cost as at 1/1	50.8	29.8	0.9	0.4	81.9
Foreign currency translation adjustments	(0.2)	(0.1)	0.0	0.0	(0.3)
Additions in the year	0.0	2.4	0.0	0.9	3.3
Disposals in the year	0.0	(0.1)	0.0	(0.7)	(0.8)
Cost as at 31/12	**50.6**	**32.0**	**0.9**	**0.6**	**84.1**
Depreciation and write-down as at 1/1	15.4	24.6	0.6	0.0	40.6
Foreign currency translation adjustments	(0.1)	(0.1)	0.0	0.0	(0.2)
Depreciation for the year	1.2	2.4	0.1	0.0	3.7
Depreciation and write-down on disposals	0.0	(0.1)	0.0	0.0	(0.1)
Depreciation and write-down as at 31/12	**16.5**	**26.8**	**0.7**	**0.0**	**44.0**
Carrying amount as at 31/12	**34.1**	**5.2**	**0.2**	**0.6**	**40.1**
2011					
Cost as at 1/1	50.7	28.7	0.8	0.7	80.9
Foreign currency translation adjustments	0.2	0.0	0.0	0.0	0.2
Additions in the year	0.9	1.2	0.2	1.6	3.9
Disposals in the year	(1.0)	(0.1)	(0.1)	(1.9)	(3.1)
Cost as at 31/12	**50.8**	**29.8**	**0.9**	**0.4**	**81.9**
Depreciation and write-down as at 1/1	14.6	22.4	0.7	0.0	37.7
Foreign currency translation adjustments	0.0	0.0	0.0	0.0	0.0
Depreciation for the year	1.2	2.3	0.0	0.0	3.5
Depreciation and write-down on disposals	(0.4)	(0.1)	(0.1)	0.0	(0.6)
Depreciation and write-down as at 31/12	**15.4**	**24.6**	**0.6**	**0.0**	**40.6**
Carrying amount as at 31/12	**35.4**	**5.2**	**0.3**	**0.4**	**41.3**

NOTES

NOTE 15
INVESTMENTS

€ million	Group: Deferred tax assets	Group: Other receivables	Group: Total	Parent company: Equity investments	Parent company: Other receivables	Parent company: Total
2012						
Cost as at 1/1	3.1	0.9	4.0	323.6	0.4	324.0
Foreign currency translation adjustment	0.1	0.0	0.1	(1.2)	0.0	(1.2)
Additions in the year	3.9	0.4	4.3	0.0	0.3	0.3
Disposals in the year	(1.3)	(0.1)	(1.4)	(20.5)	0.0	(20.5)
Cost as at 31/12	**5.8**	**1.2**	**7.0**	**301.9**	**0.7**	**302.6**
Impairment as at 1/1	0.0	0.0	0.0	71.5	0.0	71.5
Foreign currency translation adjustment	0.0	0.0	0.0	(0.3)	0.0	(0.3)
Impairment for the year	0.0	0.0	0.0	22.7	0.0	22.7
Reversal of write-down related to discontinued activities	0.0	0.0	0.0	(19.9)	0.0	(19.9)
Impairment as at 31/12	**0.0**	**0.0**	**0.0**	**74.0**	**0.0**	**74.0**
Carrying amount as at 31/12	**5.8**	**1.2**	**7.0**	**227.9**	**0.7**	**228.6**
2011						
Cost as at 1/1	0.1	0.7	0.8	280.9	0.4	281.3
Foreign currency translation adjustment	0.0	0.0	0.0	0.7	0.0	0.7
Acquired enterprises	1.6	0.0	1.6	18.5	0.0	18.5
Additions in the year	1.4	0.2	1.6	23.5	0.0	23.5
Disposals in the year	0.0	0.0	0.0	0.0	0.0	0.0
Cost as at 31/12	**3.1**	**0.9**	**4.0**	**323.6**	**0.4**	**324.0**
Impairment as at 1/1	0.0	0.0	0.0	57.6	0.0	57.6
Foreign currency translation adjustment	0.0	0.0	0.0	0.1	0.0	0.1
Impairment for the year	0.0	0.0	0.0	13.8	0.0	13.8
Impairment as at 31/12	**0.0**	**0.0**	**0.0**	**71.5**	**0.0**	**71.5**
Carrying amount as at 31/12	**3.1**	**0.9**	**4.0**	**252.1**	**0.4**	**252.5**

NOTES

NOTE 16
INVENTORIES

€ million	Group 2012	Group 2011	Parent company 2012	Parent company 2011
End products	**198.4**	**178.2**	**36.9**	**33.6**
Recognised write-down	**1.1**	**1.0**	**0.1**	**(0.2)**

NOTE 17
TRADE RECEIVABLES

€ million	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Maturity statement, trade receivables				
Not due	189.9	205.0	47.6	49.4
Past due for 1-30 days	41.6	30.8	5.6	4.0
Past due for 31-90 days	10.9	9.4	2.1	2.0
Past due for more than 91 days	9.4	6.5	0.7	1.0
	251.8	251.7	56.0	56.4
Write-down	(9.7)	(8.4)	(1.5)	(2.1)
Total	**242.1**	**243.3**	**54.5**	**54.3**
Write-down based on:				
Age distribution	3.4	3.4	1.2	1.1
Individual assessments	6.3	5.0	0.3	1.0
Total	**9.7**	**8.4**	**1.5**	**2.1**
Write-down as at 1/1	8.4	8.2	2.1	0.9
Foreign currency translation adjustment	0.1	(0.2)	0.0	0.0
Write-down for the year	4.9	2.6	1.0	1.5
Realised losses in the year	(1.2)	(1.8)	(1.1)	(0.1)
Reversed for the year	(2.5)	(0.4)	(0.5)	(0.2)
Write-down as at 31/12	**9.7**	**8.4**	**1.5**	**2.1**

NOTES

NOTE 18
PREPAYMENTS

	Group		Parent company	
€ million	2012	2011	2012	2011
Prepaid:				
Rent	1.2	1.3	0.0	0.0
Insurance and subscriptions	0.7	0.7	0.6	0.7
Other costs	2.3	1.9	0.2	0.5
Total	**4.2**	**3.9**	**0.8**	**1.2**

NOTE 19
SHARE CAPITAL

	Parent company	
€ million	2012	2011
Share capital 1/1	106.5	106.3
Foreign currency translation adjustments	(0.3)	0.2
Share capital as at 31/12	**106.2**	**106.5**
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	94.1	94.4
Total	**106.2**	**106.5**

In 2009, share capital was increased by 638,200 B shares. Otherwise, share capital remained unchanged from 2008-2012.

NOTES

NOTE 19
SHARE CAPITAL – CONTINUED

	No. of shares		Nominal value	
€ million	2012	2011	2012	2011
A shares outstanding as at 31/12	**900,000**	**900,000**	**12.1**	**12.1**
B shares outstanding				
Outstanding as at 1/1	6,955,434	6,955,434	93.5	93.3
Foreign currency translation adjustment	-	-	(0.3)	0.2
Sale of treasury shares	0	0	0.0	0.0
B shares outstanding as at 31/12	**6,955,434**	**6,955,434**	**93.2**	**93.5**
Total shares outstanding as at 31/12	**7,855,434**	**7,855,434**	**105.3**	**105.6**

	No. of shares		Nominal value		Cost		Percentage of share capital	
€ million	2012	2011	2012	2011	2012	2011	2012	2011
Treasury shares (B shares)								
Holding as at 1/1	65,173	65,173	0.9	0.9	3.5	3.5	0.8%	0.8%
Sale	0	0	0.0	0.0	0.0	0.0	0.0%	0.0%
Holding as at 31/12	**65,173**	**65,173**	**0.9**	**0.9**	**3.5**	**3.5**	**0.8%**	**0.8%**
Market value as at 31/12					**2.2**	**2.0**		

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

NOTES

NOTE 20

INTEREST-BEARING LIABILITIES

	Group		Parent company	
€ million	2012	2011	2012	2011
Non-current interest-bearing liabilities				
Debt to mortgage credit institutions	31.5	32.2	31.5	32.2
Debt to credit institutions	78.6	85.1	13.1	16.5
Employee bonds	1.3	1.3	1.3	1.3
Total	**111.4**	**118.6**	**45.9**	**50.0**
Maturity*	2013-37	2012-37	2013-37	2012-37
>1 year <5 years	65.5	38.6	16.4	17.5
>5 years	45.9	80.0	29.5	32.5
Total	**111.4**	**118.6**	**45.9**	**50.0**
Distribution on currencies				
EUR	69.1	75.4	44.6	48.7
DKK	1.3	1.3	1.3	1.3
NOK	6.8	6.4	0.0	0.0
SEK	34.2	35.5	0.0	0.0
Total	**111.4**	**118.6**	**45.9**	**50.0**
Interest rate in %	**0.9-6.0**	**2.0-6.0**	**0.9-5.9**	**2.0-5.7**
Outstanding interest swaps made for hedging floating-rate loans by which floating-rate loans are converted into fixed-rate loans:				
Fair value	**(18.2)**	**(14.9)**	**(13.0)**	**(10.1)**
Costs of interest rate swaps recognised in the income statement:				
Total	**5.0**	**5.0**	**1.8**	**1.8**

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.

* Outstanding interest rate swaps for hedging of floating-rate loans expire over the period 2013-37.

NOTES

NOTE 20
INTEREST-BEARING LIABILITIES – CONTINUED

	Group		Parent company	
€ million	2012	2011	2012	2011
Current interest-bearing liabilities				
Bank loans and bank overdrafts	10.7	14.5	7.9	8.9
Debt to mortgage credit institutions	0.7	0.7	0.7	0.7
Debt to credit institutions	8.7	12.1	3.9	5.1
Total	**20.1**	**27.3**	**12.5**	**14.7**
Distribution on currencies				
EUR	9.7	12.5	4.9	6.9
DKK	7.7	8.3	7.6	7.8
NOK	0.0	1.8	0.0	0.0
SEK	2.7	4.7	0.0	0.0
Total	**20.1**	**27.3**	**12.5**	**14.7**
Interest rate in %	**0.9-6.0**	**1.4-6.6**	**0.9-5.9**	**1.4-6.6**

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

Distribution on floating-rate and fixed-rate liabilities				
Floating-rate	10.7	14.5	7.9	8.9
Fixed-rate incl. floating-rate loans hedged using interest rate swaps	120.8	131.4	50.5	55.8
Total	**131.5**	**145.9**	**58.4**	**64.7**
Earnings impact of any interest rate increase of 1%	**(0.1)**	**(0.1)**	**(0.1)**	**(0.1)**
Undrawn credit facilities 31/12	**159.1**	**145.3**	**66.1**	**59.1**

Reference is made to the management review's risk management sections on interest rate and currency risks.

NOTES

NOTE 21
MATURITY STATEMENT FOR THE GROUP

€ million	Fair value	Carrying amount	<1 year	1-5 years	>5 years	Total
31/12 2012						
Mortgage credit institutions	32.2	32.2	0.7	3.1	28.4	32.2
Credit institutions	87.3	87.3	8.7	61.1	17.5	87.3
Employee bonds	1.3	1.3	0.0	1.3	0.0	1.3
Bank debt	10.7	10.7	10.7	0.0	0.0	10.7
Trade payables	225.1	225.1	225.1	0.0	0.0	225.1
Other payables	83.3	83.3	83.3	0.0	0.0	83.3
Financial liabilities	**439.9**	**439.9**	**328.5**	**65.5**	**45.9**	**439.9**
Cash	56.6	56.6	56.6	0.0	0.0	56.6
Trade receivables	242.1	242.1	242.1	0.0	0.0	242.1
Other receivables	12.9	12.9	12.9	0.0	0.0	12.9
Financial assets	**311.6**	**311.6**	**311.6**	**0.0**	**0.0**	**311.6**
Net, total	**128.3**	**128.3**	**16.9**	**65.5**	**45.9**	**128.3**
31/12 2011						
Mortgage credit institutions	32.9	32.9	0.7	2.5	29.7	32.9
Credit institutions	97.2	97.2	12.1	34.8	50.3	97.2
Employee bonds	1.3	1.3	0.0	1.3	0.0	1.3
Bank debt	14.5	14.5	14.5	0.0	0.0	14.5
Trade payables	179.4	179.4	179.4	0.0	0.0	179.4
Other payables	80.7	80.7	80.7	0.0	0.0	80.7
Financial liabilities	**406.0**	**406.0**	**287.4**	**38.6**	**80.0**	**406.0**
Cash	25.6	25.6	25.6	0.0	0.0	25.6
Trade receivables	243.3	243.3	243.3	0.0	0.0	243.3
Other receivables	13.8	13.8	13.8	0.0	0.0	13.8
Financial assets	**282.7**	**282.7**	**282.7**	**0.0**	**0.0**	**282.7**
Net, total	**123.3**	**123.3**	**4.7**	**38.6**	**80.0**	**123.3**

Reference is made to the management review's risk management section on liquidity risks.

NOTES

NOTE 22
PROVISION FOR PENSION OBLIGATIONS

Most of the group's employees have pension plans, mainly defined contribution pension plans and to a smaller degree defined benefit pension plans. The group's defined contribution pension plans, that are not covered via insurance, are determined at the actuarial value at the balance sheet date and recognised as an obligation in the group's balance sheet. In accordance with accounting policies, costs relating to pension benefits are recognised under staff costs.

€ million	2012	2011	2010	2009	2008
Present value of pension obligations	85.5	72.0	48.7	47.0	42.4
Fair value of plan assets	(94.1)	(75.2)	(47.3)	(43.5)	(41.5)
Deficit	(8.6)	(3.2)	1.4	3.5	0.9
Non-recognised actuarial gains/losses	13.9	7.1	0.5	0.4	2.8
Non-recognised past service costs	(1.1)	0.0	0.0	0.0	0.0
Pension obligations (net) recognised in the balance sheet	**4.2**	**3.9**	**1.9**	**3.9**	**3.7**
Experience gains and losses on plan assets	14.8	5.9	-	-	-
Experience gains and losses on pension obligations	9.3	(1.0)	-	-	-

The specifications below show how this obligation is recognised in the balance sheet and income statement as well as development in present values of the obligation and pension assets. In addition, the specification below shows the composition of pension assets and the most significant actuarial assumptions.

	Group		Parent company	
	2012	2011	2012	2011
Amounts recognised in income statement:				
Expected pension costs	2.9	1.8	0.1	0.1
Calculated interest on obligations	3.5	2.1	0.0	0.0
Expected return on the plan's assets (income)	(3.8)	(1.9)	0.0	0.0
Amortisation of actuarial gains and losses (income)	0.0	(0.5)	0.0	0.0
Total	**2.6**	**1.5**	**0.1**	**0.1**
Amounts calculated in the balance sheet:				
Obligations defined benefit pension plans etc.	4.2	3.9	0.3	0.3
Assets	0.0	0.0	0.0	0.0
Total	**4.2**	**3.9**	**0.3**	**0.3**
Actual return on the plan's assets	18.6	7.8	0.0	0.0

NOTES

NOTE 22
PROVISION FOR PENSION OBLIGATIONS – CONTINUED

	Group		Parent company	
€ million	2012	2011	2012	2011
Development in present value of obligation:				
1/1	72.0	50.6	0.3	0.3
Foreign currency translation adjustment	0.3	0.0	0.0	0.0
Expected pension costs	2.9	1.8	0.1	0.0
Calculated interest on obligations	3.5	2.1	0.0	0.0
Benefits paid out	(2.5)	(2.1)	0.0	0.0
Additions related to business combinations	0.0	20.6	0.0	0.0
Actuarial gains and losses	9.3	(1.0)	(0.1)	0.0
Total 31/12	**85.5**	**72.0**	**0.3**	**0.3**

The group's expected payments to defined benefit pension plans in 2013 total € 1.1m.

	Group		Parent company	
Development in fair value of pension assets:				
1/1	75.2	49.8	0.0	0.0
Foreign currency translation adjustment	0.3	0.0	0.0	0.0
Expected return on the plan's assets	3.8	1.9	0.0	0.0
Administrative costs	(0.1)	0.0	0.0	0.0
Paid in by the Solar Group	1.4	1.9	0.0	0.0
Paid in by staff	1.1	0.0	0.0	0.0
Pensions paid	(2.4)	(1.9)	0.0	0.0
Additions related to business combinations	0.0	17.6	0.0	0.0
Actuarial gains and losses	14.8	5.9	0.0	0.0
Total	**94.1**	**75.2**	**0.0**	**0.0**
Distribution of pension obligation:				
Equity instruments	12.2	5.5	0.0	0.0
Debt instruments	80.8	68.9	0.0	0.0
Property	0.9	0.8	0.0	0.0
Others	0.2	0.0	0.0	0.0
Total	**94.1**	**75.2**	**0.0**	**0.0**
Average actuarial assumptions:				
Discount rates	2.1-4.7%	2.1-4.7%	2.8%	2.8%
Expected return on assets	4.0-4.7%	4.0-4.8%	-	-
Pay increase rate	2.5-3.5%	2.5-4.0%	-	-
Pension increase rate	2.0-3.0%	2.0-3.8%	-	-

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

NOTES

NOTE 23
PROVISION FOR DEFERRED TAX

€ million	Group 2012	Group 2011	Parent company 2012	Parent company 2011
1/1	23.3	25.4	11.7	11.9
Foreign currency translation adjustments	0.1	0.2	0.0	0.1
Acquired enterprises	0.0	1.0	0.0	0.0
Recognised in equity	0.7	(0.5)	0.8	0.0
Recognised in income statement	(4.2)	(2.8)	(0.1)	(0.3)
Adjustments, reduced income tax rate	(1.0)	0.0	0.0	0.0
Other items	0.0	0.0	(0.9)	0.0
Total as at 31/12	**18.9**	**23.3**	**11.5**	**11.7**
specified as follows:				
Deferred tax	24.7	26.4	11.5	11.7
Deferred tax assets	(5.8)	(3.1)	0.0	0.0
Total deferred tax, net	**18.9**	**23.3**	**11.5**	**11.7**
that can be further specified as follows:				
Expected used within 1 year	(0.3)	(0.3)	(0.3)	(0.5)
Expected used after 1 year	19.2	23.6	11.8	12.2
Total, net	**18.9**	**23.3**	**11.5**	**11.7**
Not recognised in balance sheet:				
Deferred tax assets	10.2	7.0	0.0	0.0

Deferred tax assets not recognised in the balance sheet consist of tax losses in Germany. The assets are not recognised as it is not considered sufficiently certain that the tax losses can be realised within a short time frame.

Specification by balance sheet items:	1/1	Foreign curr. translation adjustments	Other adjust-ments	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Property, plant and equipment	8.7	0.1	(0.7)	8.1	8.7	2.2	1.2
Inventories	(0.7)	0.1	0.2	(0.4)	(0.7)	0.0	0.0
Write-down to meet loss on receivables	(1.4)	0.0	0.4	(1.0)	(1.4)	(0.7)	(0.5)
Pension obligations	(0.7)	(0.1)	0.1	(0.7)	(0.7)	(0.1)	(0.1)
Other items	17.4	0.0	(4.5)	12.9	17.4	10.1	11.1
Total, net	**23.3**	**0.1**	**(4.5)**	**18.9**	**23.3**	**11.5**	**11.7**

NOTES

NOTE 24
OTHER PROVISIONS

€ million	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Non-current				
Integration plan	0.7	0.6	0.0	0.0
Restructuring costs	0.0	0.3	0.0	0.0
Sundry	3.1	4.1	0.0	0.0
Total as at 31/12	**3.8**	**5.0**	**0.0**	**0.0**
Specification, non-current provisions:				
1/1	5.0	5.1	0.0	0.0
Reversed in the year	(1.3)	(1.5)	0.0	0.0
Provisions of the year	0.1	1.4	0.0	0.0
Total as at 31/12	**3.8**	**5.0**	**0.0**	**0.0**
Current				
Restructuring costs	3.9	1.5	1.0	0.0
Total as at 31/12	**3.9**	**1.5**	**1.0**	**0.0**

NOTE 25
OTHER PAYABLES

€ million	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Staff costs	31.4	28.5	14.5	13.2
Taxes and charges	9.4	13.0	3.7	3.5
Hedging instruments	18.2	14.9	13.0	10.1
Other payables and amounts payable	16.2	15.1	4.2	3.4
Total	**75.2**	**71.5**	**35.4**	**30.2**

NOTES

NOTE 26
PREPAYMENTS

€ million	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Prepaid rent	**1.0**	**0.7**	**0.0**	**0.0**

NOTE 27
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT, NET

€ million	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Purchase of land and buildings	0.8	1.2	0.0	0.9
Purchase of plant, operating equipment, tools and equipment	5.4	3.1	2.4	1.2
Leasehold improvements	0.8	0.6	0.0	0.2
Assets under construction	1.4	1.7	0.9	1.6
Total additions	**8.4**	**6.6**	**3.3**	**3.9**
Sale of land and buildings	0.0	(2.1)	0.0	(0.6)
Sale of plant, operating equipment, tools and equipment	(0.3)	(0.2)	0.0	0.0
Assets under construction	(1.0)	(2.0)	(0.7)	(1.9)
Total disposals	**(1.3)**	**(4.3)**	**(0.7)**	**(2.5)**
Total	**7.1**	**2.3**	**2.6**	**1.4**

NOTES

NOTE 28

ACQUISITION AND DIVESTMENT OF OPERATIONS

2011 Acquisition of operations	Fair value at date of acquisition
Conelgro B.V., GFI Gesellschaft für Installationstechnik mbH, GFI GmbH and Claessen ELGB	
Non-current assets	6.6
Inventories	18.9
Income tax receivable	0.9
Receivables	34.9
Cash	11.5
Provision for pension obligations [1]	(2.8)
Provision for deferred tax [1]	(1.2)
Current interest-bearing liabilities	(2.0)
Income tax payable	(0.2)
Other current liabilities	(30.0)
Net assets acquired	**36.6**
Customer-related intangible assets	11.0
Goodwill	14.4
Acquisition cost	**62.0**
Hereof cash, net	(9.5)
Cash flow effect. net	**52.5**

On 30 September 2011, the Solar Group acquired the shares of the four electrical wholesalers Conelgro B.V. in the Netherlands, GFI Gesellschaft für Installationstechnik mbH in Germany, GFI GmbH in Austria and Claessen ELGB in Belgium.

The cost of acquiring 100% of the shares in the enterprises was € 49.3m determined on a debt-free basis as at 1 January 2011. The acquisition was financed by a withdrawal from the Solar Group's cash resources. The seller received return on the purchase price until 30 September 2011. Cash flows earned until 30 September 2011 accrued to Solar (the lockbox concept). At the date of acquisition, the enterprise value was € 50.1m at normalised working capital.

The enterprises acquired figured in Solar's 2011 financial statements at revenue of € 51.4m and EBITA of € 2.2m. Had these activities been owned for the duration of the financial year, they would figure in Solar's financial statements at revenue of € 196m, EBITDA of € 6.3m and normalised EBITA of € 5.0m. Transaction costs related to the acquisitions totalled € 0.5m.

1) Fair values at the acquisition day were based on a preliminary determination. The final determination of fair values resulted in a change in these items of € 0.2m. Thus, provisions for pension obligations amounted to € -3.0m and provision for deferred tax amounted to € -1.0m.

NOTES

NOTE 29
CONTINGENT LIABILITIES

€ million	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Operational leases and rent contracts				
Non-cancellable minimum lease payments are to be made within the following periods from the balance sheet date:				
<1 year	13.5	16.0	3.4	3.9
>1 year <5 years	32.2	32.1	5.2	4.8
>5 years	10.7	6.8	1.4	2.0
Total	**56.4**	**54.9**	**10.0**	**10.7**
Rental payments made under operating leases recognised in the income statement amount to:				
Total	**13.7**	**14.4**	**3.1**	**4.1**
Company cars and office furniture and equipment are leased under operating leases.				
The typical lease period is:				
No. of years	**2-6**	**3-6**	**2-6**	**3-6**
Rent obligations with non-cancellation periods of up to 10 years:				
Total	**48.3**	**40.2**	**4.8**	**0.0**
Collateral				
Assets have been pledged as collateral for bank arrangements at a carrying amount of:				
Total	**283.1**	**269.2**	**34.0**	**35.3**
Mortgaging and guarantees				
As security for subsidiaries' bank arrangements guarantees have been issued of:				
Total	**-**	**-**	**119.8**	**114.7**
As security for subsidiaries' bank liabilities guarantees have been issued of:				
Total	**-**	**-**	**81.0**	**81.3**

NOTES

NOTE 30
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.

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.

	Parent company	
€ million	2012	2011
Transactions with related parties:		
Sale of services to related parties	**18.2**	**17.2**
Sale of goods to related parties	**6.4**	**6.5**

Solar also invoices the Fund of 20th December the performance of administrative services.

NOTES

NOTE 31
NEW FINANCIAL REPORTING STANDARDS

New financial reporting standards to be implemented in subsequent accounting periods
For further elaboration on the introduction of new standards, please see note 1 on page 63 of this annual report.
Moreover, the following new or amended standards have been issued in 2012:

- IFRS 9 on financial instruments, change to the number of categories.
- IFRS 10 on consolidated financial statements.
- IFRS 11 on joint arrangements - joint activities and joint entities (Joint Ventures).
- IFRS 12 on disclosure of interests in other entities.
- IFRS 13 on fair value measurement.
- IAS 1 on presentation of financial statements, specifically changes to the statement of comprehensive income.
- IAS 19 on employee benefits, including pension.
- IAS 32/IFRS 7 on financial instruments and additional standards in this respect.
- IAS 27 on consolidated and separate financial statements for parents.
- IAS 28 on investments in associates and joint ventures (joint entities).
- Improvements on applicable standards.

These standards have been adopted by the EU, with the exception of IFRS 9 and improvements on applicable IFRSs. Implementation of amendments to IAS 19 means that recognition of actuarial gains and losses on pension obligations are no longer deferred but immediately recognised under other comprehensive income. Reference is made to note 22 where non-recognised actuarial gains and losses are stated. Solar will assess the impact of the other standards but has not finished this assessment at present.

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 2012 as well as the quarterly information for Q4 2012 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 2012 as well as the results of the group and parent company's activities and cash flow for the financial year 1 January - 31 December 2012.

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 annual general meeting.

Kolding, 6 March 2013

EXECUTIVE BOARD

Flemming H. Tomdrup
Group CEO

Michael H. Jeppesen
Group CFO

SUPERVISORY BOARD

Jens Borum
Chairman

Peter Falkenham
Vice chairman

Lars Lange Andersen

Niels Borum

Remy Cramer

Bent H. Frisk

Preben Jessen

Agnete Raaschou-Nielsen

Jens Peter Toft

THE INDEPENDENT AUDITOR'S STATEMENT

TO THE SHAREHOLDERS OF SOLAR A/S

Report on Consolidated Financial Statements and Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Solar A/S for the financial year 1 January – 31 December 2012. This audit did not include the quarterly information on Q4/2012, pages 104-109. These financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies, and for such internal control as Management determines is
necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Financial Statements and the Parent Company Financial Statements.

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2012 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2012 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Fredericia, 6 March 2013

AUDITORS

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Søren Bonde
State Authorised Public Accountant

Jan Bunk Harbo Larsen
State Authorised Public Accountant

Q4 2012

QUARTERLY

INFORMATION

NO AUDIT OR REVIEW OF THE QUARTERLY INFORMATION HAS BEEN CONDUCTED

QUARTERLY FIGURES FOR THE SOLAR GROUP CONSOLIDATED 2011-2012

	Q1		Q2		Q3		Q4	
Income statement (€ million)	2012	2011	2012	2011	2012	2011	2012	2011
Revenue	428.9	359.8	413.3	358.5	403.0	353.3	455.7	460.8
Earnings before interest, tax, depreciation and amortisation (EBITDA)	12.0	9.1	6.0	4.0	15.7	15.7	15.8	22.4
Earnings before interest, tax and amortisation (EBITA)	9.1	6.1	3.1	1.0	12.8	12.9	13.0	19.1
Earnings before interest and tax (EBIT)	6.9	3.1	0.8	(2.2)	10.4	9.8	10.8	16.0
Financials, net	(1.4)	(1.7)	(1.4)	(1.8)	(1.3)	(2.1)	(1.6)	(1.5)
Earnings before tax (EBT)	5.5	1.4	(0.6)	(4.0)	9.1	7.7	9.2	14.5
Net profit for the quarter	3.9	0.3	1.2	(3.8)	6.0	5.3	7.0	10.4
Balance sheet (€ million)								
Non-current assets	258.8	241.7	258.4	235.6	257.2	264.3	255.8	260.4
Current assets	487.9	454.9	490.2	447.9	504.2	478.4	511.6	463.1
Balance sheet total	746.7	696.6	748.6	683.5	761.4	742.7	767.4	723.5
Equity	288.3	287.6	280.8	271.8	288.5	270.4	294.8	282.2
Non-current liabilities	152.0	161.3	149.7	156.9	149.1	157.9	144.1	153.9
Current liabilities	306.4	247.7	318.1	254.8	323.8	314.4	328.5	287.4
Interest-bearing liabilities, net	95.7	106.6	122.9	97.4	122.1	143.5	74.9	120.3
Invested capital	415.0	426.2	434.1	400.6	441.1	447.6	395.4	433.8
Net working capital, year-end	227.7	230.7	249.8	217.6	257.3	244.9	215.4	242.2
Average net working capital	233.1	221.2	241.1	222.8	244.2	229.1	228.7	233.9
Cash flow (€ million)								
Cash flow from operating activities	26.7	(5.6)	(17.4)	20.2	3.9	7.9	48.2	26.0
Cash flow from investing activities	(1.9)	(2.3)	(4.2)	(1.3)	(1.4)	(64.1)	(1.9)	(1.1)
Cash flow from financing activities	(2.3)	(2.4)	(7.3)	(13.4)	(2.5)	(2.5)	(2.2)	(4.8)
Net investments in intangible assets	(0.2)	(0.9)	(2.0)	(0.6)	0.0	(1.4)	(0.1)	(1.3)
Net investments in property, plant and equipment	(1.7)	(1.4)	(2.2)	(0.7)	(1.4)	(0.7)	(1.8)	0.5
Acquisition and disposal of subsidiaries and activities, net	0.0	0.0	0.0	0.0	0.0	(62.0)	0.0	0.0

QUARTERLY FIGURES FOR THE SOLAR GROUP CONSOLIDATED 2011-2012 – CONTINUED

	Q1		Q2		Q3		Q4	
Financial ratios (% unless otherwise stated)	2012	2011	2012	2011	2012	2011	2012	2011
Revenue growth	19.2	9.3	15.3	6.0	14.1	5.1	(1.1)	15.9
Organic growth	5.7	5.6	0.9	3.7	(1.6)	3.2	(3.1)	1.9
EBITDA margin	2.8	2.5	1.5	1.1	3.9	4.4	3.5	4.9
EBITA margin	2.1	1.7	0.8	0.3	3.2	3.7	2.9	4.1
EBIT margin	1.6	0.9	0.2	(0.6)	2.6	2.8	2.4	3.5
Net working capital (year-end NWC)/revenue (LTM)	14.2	16.1	15.1	15.0	15.1	16.7	12.6	15.8
Net working capital (average NWC)/revenue (LTM)	14.6	15.4	14.6	15.3	14.3	15.6	14.0	15.3
Gearing (net interest-bearing liabilities/EBITDA (LTM)), no. of times	1.8	1.8	2.2	1.9	2.2	2.9	1.5	2.3
Return on equity (ROE)	5.5	0.4	(1.7)	(5.4)	8.4	7.8	9.6	15.1
Return on equity (ROE) excl. amortisation	8.6	4.6	1.5	(0.9)	11.8	12.4	12.6	19.5
Return on invested capital (ROIC)	4.7	0.6	1.5	(2.1)	6.2	6.0	8.3	10.6
Return on invested capital (ROIC) excl. amortisation	6.9	4.3	1.8	0.6	8.5	9.0	10.6	13.5
Corrected market capitalisation / Earnings before interest, tax and amortisation (EV/EBITA)	11.4	23.6	36.3	121.8	9.0	7.0	6.5	4.6
Equity ratio	38.6	41.3	37.5	39.8	37.9	36.4	38.4	39.0
Share ratios (% unless otherwise stated)								
Earnings per share in € per share outstanding (EPS)	0.50	0.04	(0.15)	(0.48)	0.76	0.67	0.89	1.32
Earnings per share in € per share outstanding excl. amortisation	0.78	0.42	0.14	(0.08)	1.07	1.07	1.17	1.72
Intrinsic value in € per share outstanding	36.7	36.6	35.8	34.6	36.7	34.4	37.6	35.9
Share price in €	41.3	59.7	42.2	49.8	43.8	28.1	34.4	30.2
Share price/ intrinsic value	1.13	1.63	1.18	1.44	1.19	0.82	0.92	0.84
Share price in DKK	308	445	314	371	326	209	257	224
Employees								
Average number of employees (FTE)	3,595	3,027	3,599	3,076	3,599	3,088	3,595	3,602

INCOME STATEMENT Q4

€ million	Q4 2012	Group Q4 2011
Income statement Q4		
Revenue	455.7	460.8
Cost of sales	(359.0)	(361.3)
Gross profit	**96.7**	**99.5**
External operating costs	(20.3)	(19.0)
Staff costs	(59.0)	(56.4)
Loss on trade receivables	(1.6)	(1.7)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**15.8**	**22.4**
Depreciation on property, plant and equipment	(2.8)	(3.3)
Earnings before interest, tax and amortisation (EBITA)	**13.0**	**19.1**
Amortisation of intangible assets	(2.2)	(3.1)
Earnings before interest and tax (EBIT)	**10.8**	**16.0**
Financial income	0.8	1.2
Financial costs	(2.4)	(2.7)
Earnings before tax (EBT)	**9.2**	**14.5**
Income tax	(2.2)	(4.1)
Net profit for the period	**7.0**	**10.4**
Earnings per share in € per share outstanding (EPS)	0.89	1.32
Diluted earnings per share in € per share outstanding (EPS-D)	0.89	1.32

STATEMENT OF COMPREHENSIVE INCOME Q4

€ million	Q4 2012	Q4 2011
Net profit for the period	**7.0**	**10.4**
Other income and costs recognised:		
Foreign currency translation adjustment at the beginning of the year	(0.3)	0.3
Foreign currency translation adjustment of foreign subsidiaries	(0.1)	1.9
Value adjustment of hedging instruments before tax	(0.4)	(1.0)
Tax on value adjustments of hedging instruments	0.1	0.2
Other income and costs recognised after tax	**(0.7)**	**1.4**
Total comprehensive income for the period	**6.3**	**11.8**

CASH FLOW STATEMENT Q4

€ million	Q4 2012	Group Q4 2011
Net profit for the period	**7.0**	**10.4**
Depreciation and amortisation	5.0	6.4
Change in provisions and other adjustments	1.0	(1.7)
Financials, net	1.7	1.5
Income tax	2.2	4.1
Financials, net, paid	(2.4)	(1.4)
Income tax paid	(7.9)	0.5
Cash flow before change in working capital	**6.6**	**19.8**
Change in inventories	(17.0)	(3.7)
Change in receivables	43.4	21.0
Change in interest-bearing liabilities	15.2	(11.1)
Cash flow from operations	**48.2**	**26.0**
Purchase of intangible assets	(0.1)	(1.3)
Purchase of property, plant and equipment	(2.7)	(2.2)
Purchase of investments	0.0	(0.3)
Divestment of property, plant and equipment	0.9	2.7
Cash flow from investing activities	**(1.9)**	**(1.1)**
Raising of non-current interest-bearing liabilities	0.1	0.0
Repayments of long-term, interest-bearing debt	(2.3)	(4.8)
Cash flow from financing activities	**(2.2)**	**(4.8)**
Total cash flow	**44.1**	**20.1**
Cash at the beginning of the period	(8.0)	(21.9)
Foreign currency translation adjustments	0.4	0.1
Cash at the end of the period	**36.5**	**(1.7)**
Cash at the end of the period		
Cash at bank and in hand	56.6	25.6
Current interest-bearing liabilities	(20.1)	(27.3)
Cash at the end of the period	**36.5**	**(1.7)**

SEGMENT INFORMATION

€ million	Q1 2012	Q1 2011	Q2 2012	Q2 2011	Q3 2012	Q3 2011	Q4 2012	Q4 2011	Total 2012	Total 2011
Solar A/S, parent company										
Revenue	99.8	91.7	97.0	87.6	98.7	90.2	116.0	101.9	411.5	371.4
Other operating income	1.2	0.0	1.1	0.0	1.2	0.0	1.2	4.5	4.7	4.5
Solar 8000, costs	(0.9)	0.0	(1.5)	0.0	(1.2)	0.0	(0.5)	(2.3)	(4.1)	(2.3)
EBITA	7.5	4.9	5.2	3.5	10.5	8.5	13.4	12.0	36.6	28.9
Organic growth %	8.5	15.6	10.4	10.2	9.4	7.9	14.2	3.8	10.7	9.0
EBITA %	7.5	5.3	5.4	4.0	10.6	9.4	11.6	11.8	8.9	7.8

€ million	Q1 2012	Q1 2011	Q2 2012	Q2 2011	Q3 2012	Q3 2011	Q4 2012	Q4 2011	Total 2012	Total 2011
Solar Sverige AB										
Revenue	81.7	75.0	80.8	79.0	79.3	72.6	90.2	88.0	332.0	314.6
Solar 8000, costs	(0.4)	0.0	(0.4)	0.0	0.7	0.0	(0.2)	0.0	(0.3)	0.0
EBITA	2.5	2.7	1.2	2.6	3.3	3.8	1.3	3.6	8.3	12.7
Organic growth %	8.9	4.0	0.9	2.1	0.6	2.2	(2.7)	1.0	1.7	2.3
EBITA %	3.1	3.6	1.6	3.4	4.1	5.2	1.4	4.1	2.5	4.0

€ million	Q1 2012	Q1 2011	Q2 2012	Q2 2011	Q3 2012	Q3 2011	Q4 2012	Q4 2011	Total 2012	Total 2011
Solar Norge AS										
Revenue	66.2	55.3	63.5	57.9	63.3	61.8	70.5	67.2	263.5	242.2
EBITA	0.3	(1.7)	1.5	(1.0)	3.7	2.1	3.5	2.7	9.0	2.1
Organic growth %	16.1	4.8	6.0	5.3	(2.7)	10.6	(0.5)	13.8	4.3	8.8
EBITA %	0.5	(3.1)	2.4	(1.5)	5.8	3.4	5.0	4.0	3.4	0.9

€ million	Q1 2012	Q1 2011	Q2 2012	Q2 2011	Q3 2012	Q3 2011	Q4 2012	Q4 2011	Total 2012	Total 2011
Solar Nederland [1]										
Revenue	101.2	86.4	94.2	81.9	78.8	73.4	91.9	112.2	366.1	353.9
Solar 8000, costs	(0.5)	(0.5)	(0.5)	(1.6)	(1.0)	(1.3)	0.0	0.4	(2.0)	(3.0)
EBITA	0.9	1.8	(1.2)	(1.3)	(4.4)	(0.6)	(4.6)	2.3	(9.3)	2.2
Organic growth %	(4.1)	1.2	(7.6)	5.8	(13.0)	0.6	(17.2)[1.1]	(3.7)	(11.1)	0.7
EBITA %	0.9	2.1	(1.2)	(1.6)	(5.6)	(0.8)	(5.0)	2.0	(2.5)	0.6

1) Includes the enterprise Conelgro B.V. acquired on 30 September 2011.
1.1) Organic growth for Solar Nederland excl. Conelgro amounted to -19.1%.

€ million	Q1 2012	Q1 2011	Q2 2012	Q2 2011	Q3 2012	Q3 2011	Q4 2012	Q4 2011	Total 2012	Total 2011
Claessen ELGB, Belgium [1]										
Revenue	8.9		8.8		7.6		8.7	9.8	34.0	9.8
EBITA	0.3		0.4		0.0		0.3	0.8	1.0	0.8
Organic growth %							(7.2)		(11.2)	
EBITA %	3.4		4.0		(0.3)		4.1	8.2	3.0	8.2

1) Claessen ELGB, Belgium, was acquired on 30 September 2011..

SEGMENT INFORMATION CONTINUED

	Q1		Q2		Q3		Q4		Total	
€ million	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Solar Deutschland [1]										
Revenue	37.9	30.2	34.8	33.2	37.0	33.0	35.1	42.3	144.8	138.7
Solar 8000, costs	(0.2)	0.0	(0.2)	0.0	0.4	0.0	0.0	0.0	0.0	0.0
EBITA	(1.3)	(2.0)	(2.5)	(2.5)	(0.9)	(1.5)	(1.3)	0.3	(6.0)	(5.7)
Organic growth %	(2.2)	(6.3)	(19.2)	(11.5)	(12.7)	(10.5)	(17.0)	(8.5)	(13.3)	(9.3)
EBITA %	(3.4)	(6.6)	(7.2)	(7.5)	(2.3)	(4.6)	(3.7)	0.7	(4.1)	(4.1)

1) Includes the enterprise GFI Gesellschaft für Installationstechnik mbH, acquired on 30 September 2011.

	Q1		Q2		Q3		Q4		Total	
€ million	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
GFI GmbH, Austria [1]										
Revenue	11.2		13.3		15.1		14.7	12.9	54.3	12.9
EBITA	(0.1)		(0.3)		0.6		0.0	0.1	0.2	0.1
Organic growth %							14.3		5.1	
EBITA %	(0.9)		(2.2)		3.7		0.2	0.8	0.4	0.8

1) GFI GmbH, Austria, was acquired on 30 September 2011.

	Q1		Q2		Q3		Q4		Total	
€ million	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Solar Polska Sp. z o.o.										
Revenue	9.0	7.8	8.9	8.8	8.9	9.0	10.3	9.6	37.1	35.2
EBITA	0.0	(0.3)	(0.1)	0.3	0.0	0.1	(0.1)	0.1	(0.2)	0.2
Organic growth %	23.6	55.2	7.7	13.0	(1.4)	11.5	1.2	10.4	6.8	18.3
EBITA %	0.0	(3.8)	(1.2)	2.6	(0.5)	1.9	(0.4)	1.0	(0.5)	0.6
P/F Solar Føroyar										
Revenue	1.0	0.9	0.8	0.8	0.9	1.0	0.9	1.1	3.6	3.8
EBITA	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.2	0.3	0.4
Organic growth %	5.1	(11.1)	(2.1)	5.2	(2.1)	22.4	(18.2)	13.2	(6.0)	6.1
EBITA %	10.0	11.1	2.9	1.5	6.5	10.8	14.4	18.2	8.1	10.5
Aurora Group										
Revenue	14.2	14.4	13.1	11.0	15.7	14.0	19.0	18.4	62.0	57.8
EBITA	0.1	0.6	0.0	(0.4)	1.1	0.4	1.6	1.5	2.8	2.1
Organic growth %	(2.7)	(4.2)	17.4	(10.0)	7.9	(5.0)	(0.4)	8.9	4.4	0.1
EBITA %	0.7	4.2	(0.3)	(4.3)	7.2	3.5	8.1	8.2	4.4	3.6

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