NASDAQ OMX Copenhagen A/S

GlobeNewswire
https://cns.omxgroup.com

Solar A/S
Executive Board
Industrivej Vest 43
DK – 6600 Vejen
Denmark
Tel. + 45 79 30 00 00
www.solar.eu

Ref.: AW/crk
CVR no.: 15 90 84 16

25 February 2015

Announcement no. 2 2015

Contacts:
CEO Anders Wilhjelm – tel. +45 79 30 02 01

CFO Michael H. Jeppesen – tel. +45 79 30 02 62

Stakeholder Relations Manager Charlotte Risskov Kræfting – tel. +45 40 34 29 08

Annual Report 2014

As a consequence of the expected divestment of the activities in Solar Deutschland GmbH, the stated figures for both 2013 and 2014 in this announcement relate to the continuing activities.

2014 revenue and EBITA for the Solar Group were in line with the most recently announced expectations. The Board of Directors will ask for approval from the annual general meeting to pay dividends for 2014 of DKK 7.00 per share.

CEO Anders Wilhjelm says:
"2014 was a year of change in Solar. We have made a lot of changes and taken several hard but necessary decisions. Decisions that have meant saying goodbye to many employees, a closing of our historical headquarters, and significant costs that have led to an unsatisfactory financial result, among other things. We are, however, convinced that the transformation into a sourcing and services company is both right and necessary, and the journey has gotten off to a good start."

Select key figures (DKK million)	**Q4 2014**	**Q4 2013**	**2014**	**2013**
Revenue	2,773	2,766	10,252	10,463
EBITA	-3	116	117	225
Normalised EBITA	102	123	250	279
Earnings before tax	-166	87	-122	106
Cash flow from operating activities	306	278	187	310
Select key ratios (%)				
Organic growth	2.2	-5.2	0.4	-5.4
EBITA margin	-0.1	4.2	1.1	2.2
Year-end net working capital/revenue (LTM)	10.8	10.7	10.8	10.7
Average net working capital /revenue (LTM)*	12.4	13.2	12.4	13.2

* Calculated as an average of the last four quarters' inventories, debtors and creditors.

2014 Revenue

- The group's total revenue was in line with the most recently announced expectations.
- In 2014, organic growth amounted to 0.4% against -5.4% in 2013.

2014 EBITA

- EBITA was in line with the most recently announced expectations.
- 2014 EBITA from continuing activities was affected by restructuring costs of DKK 86m, write-down of property of DKK 31m, Solar 8000 costs of DKK 13m and an adjustment of the variable part of the selling price for Aurora Group of DKK 3m.

- In comparison, 2013 EBITA from continuing activities was affected by restructuring costs of DKK 38m, Solar 8000 costs of DKK 27m and a profit from the divestment of Aurora Group of DKK 11m.

Distribution of dividends

- In 2014, Solar managed to generate positive cash flows and reduce debt. Furthermore, the divestment of Solar Deutschland will release additional capital.
- Thus, the Board of Directors will ask for approval from the annual general meeting to pay dividends for 2014 of DKK 7.00 per share.

Expectations for 2015

- We confirm our preliminary expectations for 2015.
- For the continuing activities we expect 2015 revenue between DKK 10.0-10.3bn and EBITA between DKK 200-250m.
- Revenue and EBITA for the continuing activities are negatively affected by falling exchange rates on NOK and SEK. The effect makes up approximately DKK 250m in relation to revenue and approximately DKK 10m in relation to EBITA compared to 2014.
- Given that Solar Deutschland is transferred to Sonepar at the end of April 2015, EBITA for Solar Deutschland for the first four months is expected to amount to approximately DKK 30m, including the profit of DKK 50m.
- Finalisation of the transaction is subject to usual conditions, including approval by relevant authorities. We have achieved approval from the competition authorities.
- For Solar in total, we expect growth in 2015 to be between approximately 0% and approximately 2.5%.

Q4 presentation – audio webcast and teleconference today

The presentation of Annual Report 2014 will be transmitted online on Wednesday 25 February 2015 at 11:00 CET. The presentation will be transmitted as audio webcast and will be accessible via www.solar.eu. It will be possible to make comments and ask questions via teleconference.

Teleconference numbers:

DK: tel. +45 354 455 83
UK: tel. +44 203 194 0544
US: tel. +1 855 269 2604

Yours faithfully
Solar A/S

Anders Wilhjelm

Appendixes: Annual Report 2014 pages 1-85 + Q4 2014 Quarterly information pages 1-8.
Please see Annual Report 2014 for comments on Q4 2014.

Facts about Solar

Solar A/S is a listed company and one of Northern Europe's leading sourcing and services companies, mainly within electrical, heating, plumbing and ventilation technologies. Solar offers products, knowledge and solutions.
The Solar Group, which is based in Denmark, employs around 3,000 employees. Solar is listed on Nasdaq Copenhagen with the short designation SOLAR B and has been listed since 1953. For more information, please visit: www.solar.eu

Disclaimer

This announcement was published in Danish and English today via Nasdaq Copenhagen. In case of any discrepancy between the two versions, the Danish version shall prevail.

Solar A/S
Annual Report
2014

CVR no. 15908416

solar

stronger together

Contents

The annual report was published in Danish and English on 25 February 2015 via Nasdaq Copenhagen. In the event of any discrepancy between the Danish and English versions, the Danish version shall prevail.

Design and layout: Make®
Text: Solar A/S

Preface

Solar wants to be innovative

Transformation of the business
Solar is undergoing an exciting and necessary transformation of the business. We should not be limited by the classic wholesaler mentality but we want to broaden and change our future playing field.

We are ready to develop our business model to ensure better customer experiences, improve our competitiveness, and create profitable growth in Solar.

Today, we define ourselves as a sourcing and services company where focus is on the customers' needs and behaviour. This requires constant renewal and innovation on our part.

Thus, 2014 was a year of change in Solar. We have made a lot of changes and taken several hard but necessary decisions. Decisions that have meant saying goodbye to many employees, a closing of our historical headquarters, and significant costs that have led to an unsatisfactory financial result, among other things. We are, however, convinced that a transformation is necessary and that the journey has gotten off to a good start.

Employees are our most important asset
Creating a new identity requires a significant change in culture and it is a journey that will take time.

We want to maintain the strengths that are in the business and the organisation, in which the employees are our most important asset. Of course, we should utilise the knowledge and experience compiled in the business through many years. But we should also challenge and break down habitual thinking in order to see new business opportunities for Solar.

The need for transformation is present because the value chain we are a part of is changing and thereby our markets are changing. We take on the challenge and see it as an opportunity to go in new directions. Thus, for Solar, change is a requirement.

We want to promote the power to innovate
We must challenge each other internally – we must act rather than react. We want to promote the power to innovate in Solar and we want to keep challenging ourselves. At the same time, we want to challenge our customers in a constructive way and thereby contribute to making them more productive and more profitable. This will create value for our customers and for Solar. But it requires leadership and courage – two central elements in the development of Solar.

Thus, Solar will change and innovate. We want to continue to be innovative and be a company recognised for driving the development.

"We want to continue to be innovative and be a company recognised for driving the development.

Anders Wilhjelm
CEO

Solar Group – in brief

Solar A/S is a listed company and one of Northern Europe's leading sourcing and services companies, primarily within electrical, heating, plumbing and ventilation technologies.

The group headquarters is situated in Vejen, Denmark, and we operate in the following markets: Denmark, Sweden, Norway, the Netherlands, Belgium, Germany, Poland and Austria.

We supply contractors within electrical, heating, plumbing and ventilation technologies as well as industry customers.

The world is changing at an ever-increasing pace, therefore, companies need to move constantly. This is also the case for Solar. We should adapt our offered products and services and our knowledge and solutions to fit the customers' current and future needs.

We want to create maximum value for our customers and ensure great customer experiences. Thus, we enter into dialogue with, listen to and involve our customers on a daily basis.

Financial ratios*

Revenue DKK million	10,252
E-business share, in % of revenue	44.1
EBITA DKK million	117
Number of employees, average	2,898
Gearing no. of times EBITDA	1.3
Listed	1953
Equity ratio in %	37.9
Founded	1919

* Financial ratios are for the continuing activities. That is excluding Solar Deutschland GmbH.

Financial highlights

Consolidated (DKK million)	2014	2013	2012	2011	2010
Revenue	10,252	10,463	12,201	11,408	10,433
Earnings before interest, tax, depreciation and amortisation (EBITDA)	227	307	348	381	451
Earnings before interest, tax and amortisation (EBITA)	117	225	263	291	365
Earnings before interest and tax (EBIT)	-73	160	198	199	310
Earnings before tax (EBT)	-122	106	156	146	264
Net profit for the year	-234	21	117	91	183
Balance sheet total	4,574	4,961	5,724	5,398	5,104
Equity	1,732	2,138	2,203	2,112	2,125
Interest-bearing liabilities, net	302	316	559	897	735
Cash flow from operating activities, continuing activities	187	310	427	361	347
Net investments in property, plant and equipment	-41	-81	-52	-17	-48

Financial ratios (% unless otherwise stated)	2014	2013	2012	2011	2010
Organic growth	0.4	-5.4	-0.1	3.6	-4.8
Organic growth adjusted for number of working days	0.1	-5.0	0.9	-	-
Gross profit	21.2	21.8	21.2	21.1	21.4
EBITDA margin	2.2	2.9	2.8	3.3	4.3
EBITA margin	1.1	2.2	2.2	2.6	3.5
Effective tax rate	-47.2	17.3	33.0	37.8	30.5
Net working capital (year-end NWC)/revenue (LTM)	10.8	10.7	12.3	15.8	15.9
Gearing (net interest-bearing liabilities/EBITDA), no. of times	1.3	1.0	1.6	2.3	1.6
Return on equity (ROE) excl. amortisation	-2.3	4.0	8.6	8.7	11.8
Return on invested capital (ROIC) excl. amortisation	0.7	6.9	6.9	6.9	8.8
Equity ratio	37.9	43.1	39.2	39.0	41.6

Share ratios (% unless otherwise stated)	2014	2013	2012	2011	2010
Earnings per share in DKK per share outstanding (EPS)	-29.79	2.67	14.88	11.54	23.30
Earnings per share excl. amortisation in DKK per share outstanding (EPS)	-5.60	10.95	23.15	23.30	30.37
Dividend in DKK per share	7.00	12.00	6.65	5.20	10.00
Dividend in % of net profit for the year (payout ratio)	-	421.5	44.8	45.0	42.9

Employees	2014	2013	2012	2011	2010
Average number of employees (FTE), continuing activities	2,898	2,943	3,505	3,200	2,955

In general, financial ratios are calculated in accordance with the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2010".

In general, restatements have been made of income statements, cash flows and key ratios concerning the discontinuing activities in Solar Deutschland GmbH for 2013 and 2014 and concerning the divestment of Aurora Group Danmark A/S for 2012 and 2013, whereas these are not adjusted for previous years. In accordance with IFRS, the balance sheet has not been restated. The key ratio interest-bearing liabilities, net, has been adjusted for interest-bearing receivables relating to the divestment of Aurora Group Danmark A/S.

Effective from the presentation of Annual Report 2014, Solar has changed its presentation currency from EUR to DKK. Balance sheet items as at 1 January 2013 have been translated at a price of 746.040, while the 2013 income statement has been translated at a price of 745.794. Similarly, balance sheet items as at 1 January 2014 have been traslated at a price of 746.030, while the 2014 income statement has been translated at a price of 745.879. Apart from this, the change will not affect earnings before tax, net profit for the year or earnings per share.

Results and expectations

Financial review

The result was affected by change initiatives

Revenue from continuing activities dropped to DKK 10.3bn from DKK 10.5bn in 2013, while EBITA was down at DKK 117m from DKK 225m in 2013. Normalised EBITA from continuing activities amounted to DKK 250m against DKK 279m in 2013.

In line with Solar's strategy on profitable growth, we considered several alternatives before deciding that a divestment of the activities in the loss-making subsidiary, Solar Deutschland GmbH, was the right decision for this subsidiary. Thus, at the beginning of February 2015, Solar entered into an agreement with Sonepar concerning the divestment of the activities in the subsidiary, cf. company announcement no. 1 2015. Thus, Solar Deutschland is presented under discontinuing activities in Annual Report 2014. The divestment is expected to constitute a profit of approximately DKK 50m. The profit will be included in the Solar Group's financial statement when the divestment has been finally approved, which is expected to take place before the end of April 2015.

We carried out adjustments and restructuring in several group subsidiaries in 2014.

Solar Norge and Solar Danmark have closed a number of branches and made the necessary adjustments.

In the Netherlands, we are in the process of improving Solar Nederland's supply chain setup. This means that we are closing down our central warehouse in Zwolle and transferring the activities to the warehouse in Alkmaar. We have initiated an integration of Conelgro in the Netherlands and Claessen in Belgium into Solar Nederland. The purpose is to consider the Conelgro and Claessen customers and give them full access to all of Solar's products and services. At the same time, Solar Nederland's customers will be given access to an extended network of branches.

Furthermore, all back-office functions will be gathered and optimised in Alkmaar, and a number of branches will be merged. The integration is expected finalised before the end of 2015.

In Q4, Solar Sverige initiated the necessary normalisation of costs following the SAP implementation.

As a consequence of these initiatives, we charged restructuring costs of DKK 86m and write-down of property of DKK 31m to the profit and loss account in 2014.

Total revenue and EBITA for the Solar Group were in line with the most recently announced expectations, but the group's earnings for 2014 were unsatisfactory.

After the integration of Conelgro into Solar Nederland it is not possible to make a disaggregation of the expected future cash flows in the individual units. An impairment test of goodwill and customer-related assets was carried out in Q4 2014 based on cash flows from the combined Dutch company, where Solar Nederland constitutes a low starting point.

The impairment test resulted in a write-down of goodwill and customer-related assets related to Conelgro of DKK 125m. Furthermore, a write-down of goodwill related to Belgium of DKK 10m was carried out. The write-downs are placed under amortisations in the income statement.

Net working capital at the end of the year for the group's continuing activities at 10.8% of revenue was almost at the same level as at the end of 2013. Solar's target for net working capital at the end of the year was 11% and the target for average net working capital was 13% of revenue. For the total group including Solar Deutschland net working capital at the end of the year was 11.5% and average net working capital was 12.9% of revenue.

Cash flow from operating activities for the continuing activities amounted to DKK 187m against DKK 310m in 2013. Net interest-bearing debt amounted to DKK 302m against DKK 316m in 2013. Gearing was 1.3 times EBITDA. Gearing calculated based on normalised EBITDA amounted to 0.9 times EBITDA.

In 2014, Solar managed to generate positive cash flows and reduce debt. We expect this trend to continue. Furthermore, the divestment of Solar Deutschland will release additional capital.

Thus, the Board of Directors will ask for approval from the annual general meeting to pay dividends for 2014 of DKK 7.00 per share.

Presentation currency

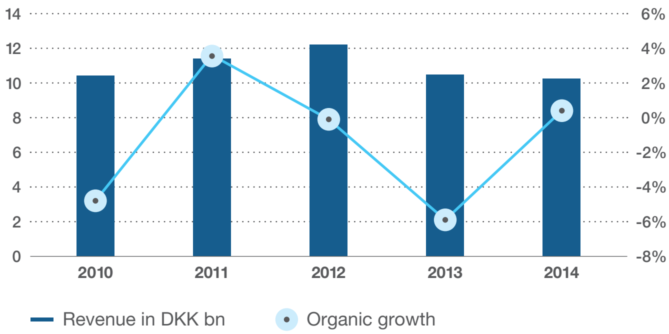
As from the publication of Annual Report 2014, Solar changes its presentation currency from euro to Danish kroner. The change is a result of our wanting to reduce complexity in the presentation of accounts. More than half of our group revenue comes from countries outside the euro collaboration.

Revenue

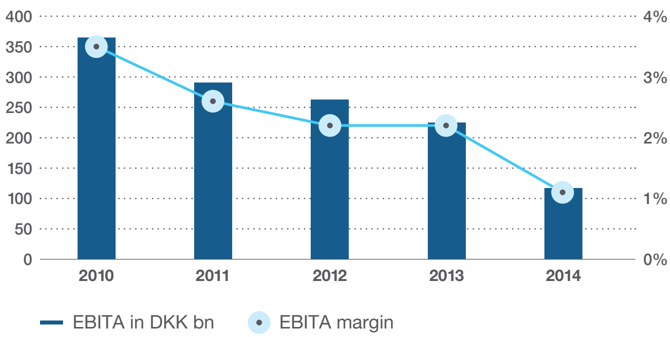
Solar's continuing activities saw weakly positive growth in Q4. Organic growth for Q4 amounted to 2.2% and 1.2% adjusted for the number of working days.

Organic growth for 2014 amounted to 0.4% and revenue amounted to DKK 10.3bn.

Revenue



EBITA



* EBITA for 2013 and 2014 exclude Solar Deutschland GmbH.

Normalised EBITA

DKK million	2014	2013
Continuing activities		
EBITA	117	225
Effect from divestment of Aurora Group	3	-11
Restructuring costs	86	38
Solar 8000 costs	13	27
Write-downs at fair value	31	-
Normalised EBITA	250	279
Normalised EBITA margin	2.4%	2.7%

EBITA
EBITA for the continuing activities amounted to DKK 117m, down from DKK 225m in 2013.

2014 gross profit was negatively affected by a shift of our geographical mix, in which especially Solar Danmark experienced negative organic growth below group average. Furthermore, we saw a negative effect of a shift of our customer and product mix in several of our markets. Consequently, group-level gross margin dropped to 21.2% from 21.8% in 2013.

Loss on bad debts was reduced to 0.2% of revenue compared to 0.4% of revenue in 2013.

Furthermore, 2014 EBITA from continuing activities was affected by restructuring costs of DKK 86m, write-down of property of DKK 31m, Solar 8000 costs of DKK 13m and an adjustment of the variable part of the selling price for Aurora Group of DKK 3m.

In comparison, 2013 EBITA from continuing activities was affected by restructuring costs of DKK 38m, Solar 8000 costs of DKK 27m and a profit from the divestment of Aurora Group of DKK 11m.

Normalised EBITA thereby amounted to DKK 250m in 2014, down from DKK 279m in 2013.

Amortisation
In Q4, impairment tests resulted in a write-down of customer-related assets and goodwill relating to Conelgro of DKK 125m and a write-down of goodwill related to Claessen of DKK 10m. Hereafter, amortisation concerning the continuing activities amounted to DKK 190m, up from DKK 65m in 2013.

Financials
Financials, net, totalled DKK 49m, down from DKK 54m in 2013.

Income tax
Income tax on continuing activities amounted to DKK 58m against DKK 19m in 2013. This corresponds to an effective tax rate of -47.2% against 17.3% in 2013.

The majority of this change in the effective tax rate is attributable to change to the tax base of non-capitalised losses in subsidiaries.

Profit or loss for the year
Profit or loss for the year from continuing activities totalled DKK -180m against DKK 87m in 2013, while profit or loss for the year, including the results of discontinuing activities, totalled DKK -234m against DKK 21m in 2013.

Balance sheet
The balance sheet total was down DKK 387m at DKK 4,574m, of which write down of non-current assets constituted DKK 166m.

Distribution of dividends for 2013 reduced equity by DKK 94m. The resulting net effect on financial instruments used for hedging future transactions was a loss of DKK 43m against a gain of DKK 43m in 2013.

Exchange differences deriving from the translation of our subsidiaries' local currency equity into Danish kroner impacted the group's equity negatively by DKK 36m against DKK 64m in 2013.

In total, equity was down DKK 406m at DKK 1,732m.

Equity ratio was 37.9% and, thus, in line with Solar's equity ratio target of 35-40%.

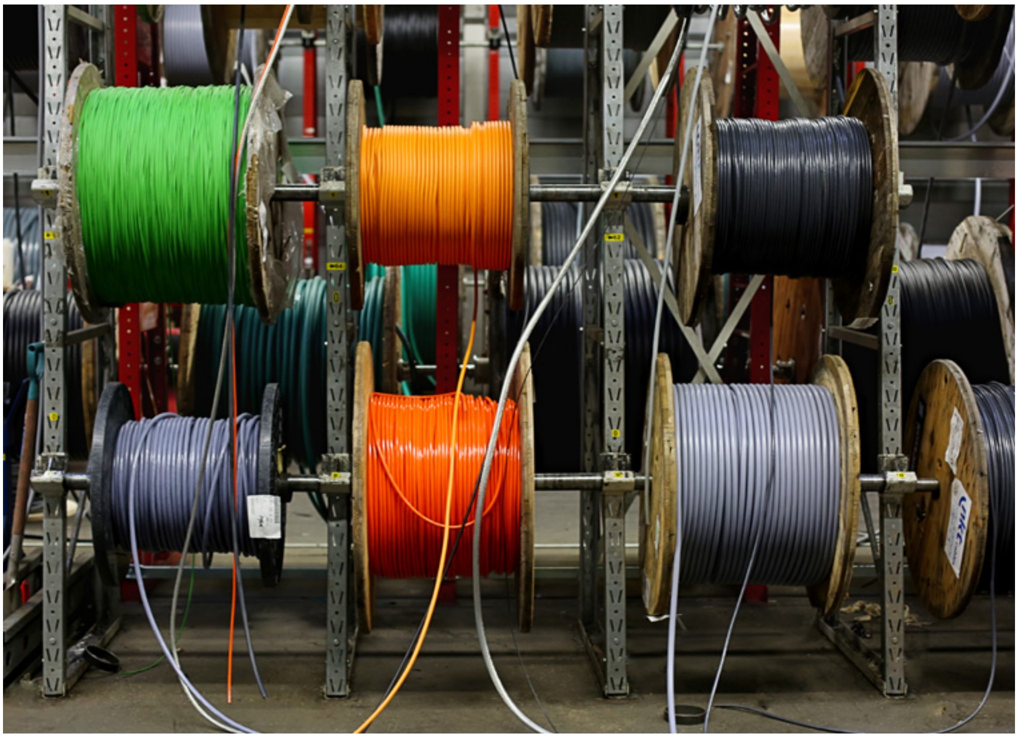
Invested capital was DKK 2,172m at year-end against DKK 2,637m at the end of 2013.

Investments
Net investments in property, plant and equipment totalled DKK 41m in 2014.

Cash flows
Net working capital was reduced to DKK 1,111m from DKK 1,318m at the end of 2013. Of this reduction of DKK 207m, DKK 195m were attributable to the net working capital of Solar Deutschland being transferred to assets and liabilities held for sale.

In 2014, we built up stock of DKK 75m in the continuing activities. It is a focus area to continue reducing net working capital.

Net working capital at the end of 2013 was positively impacted by Solar Danmark managing to extend its credit with some of the company's suppliers in connection with the roll-out of Solar 8000. The effect of this is estimated at DKK 30m.



Being a sourcing and services company, Solar focuses on our customers' needs. This means, among other things, that customers can buy cables by the metre.

Thereby, net working capital for continuing activities totalled 10.8% of revenue against 10.7% at the end of 2013. Calculated as an average of four quarters, net working capital totalled 12.4% of revenue against 13.2% in 2013.

Cash flow from operating activities for continuing activities totalled DKK 187m against DKK 310m in 2013.

When measured per share outstanding at year-end, cash flow from operating activities amounted to DKK 24 against DKK 39 in 2013.

Cash flow from investing activities for continuing activities totalled DKK -58m against DKK -9m in 2013, where we saw a positive impact of DKK 82m from the divestment of Aurora Group.

Cash flow from financing activities for continuing activities totalled DKK -151m in 2014 against DKK -291m in 2013. Solar distributed dividends of DKK 94m to the company's shareholders in 2014, whereas DKK 52m were distributed in 2013. In addition, Solar repaid non-current interest-bearing debt of DKK 172m in 2013.

Overall, 2014 cash flows were negatively impacted by DKK 59m, while interest-bearing debt, net, was down at DKK 302m. As a result, gearing was 1.3 times EBITDA at the end of 2014 and is now below Solar's target of 1.5-2.5 times EBITDA.

As at 31 December 2014, Solar had unutilised credit facilities worth DKK 735m. Solar's agreement with its main banker is not subject to any covenants.

Capital structure

Solar Group will maintain the targets for financial gearing of 1.5-2.5 times EBITDA and equity ratio of 35-40%.

The Board of Directors 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.

Financial targets

Financial ratio	Financial target
Equity ratio	35-40%
Gearing (NIBD/EBITDA), number of times	1.5-2.5
Payout ratio (of earnings after tax)	35-45%

Remuneration of Executive Board and management team

Solar's general meeting has adopted overall guidelines for incentive programmes. Under these guidelines, the Board of Directors has established an incentive scheme for the Executive Board and Solar's management team.

The exercise price is fixed at the average price on Nasdaq Copenhagen for the first 10 business days following the publication of Annual Report 2014. The granting will take place on 11 March 2015, when the exercise price will also be calculated.

The number of options cannot be determined until this time but is expected to amount to approximately 37,000 options, counting those granted to the Executive Board.

The Board of Directors intends to grant options again next year.

Expectations 2015

Market expectations

In general, we see no significant change in the markets compared to Q3 2014. There are still uncertainties about the development, especially in Norway.

We expect to see challenges in the **Danish** market in 2015. New construction is still at a very low level, and termination of the housing subsidy scheme 'boligjobordningen' will have a negative effect on renovation activities. Thus, we expect 2015 to be a difficult year in terms of installation sales. In areas outside the building sector we expect a slightly positive development.

In the **Swedish** market for installation sales we expect moderate growth in 2015. In areas outside the building sector we also expect a positive development.

As a consequence of the oil price development, there are some extraordinary uncertainties in terms of the development in the **Norwegian** market. In particular, we expect offshore investments to decrease – which will have derived negative effects in other areas. Thus, we expect negative growth in the Norwegian market within both installation and industry.

Despite a negative development in the **Dutch** market in H2 2014, we expect a flat market development for 2015. In the installation market, we see a mixed picture as there are still many available commercial leases, which is expected to have a negative effect on the installation market. On the other hand, we see an increase in the sales of houses and in building permits, which may have a positive effect. In areas outside the building sector, we expect a slightly positive development.

We expect positive growth in the **Polish** market, while expecting market growth around nil for the remaining markets.

Expectations for Solar's business areas

We expect a slightly negative development within **installation**, owing primarily to the market development in Denmark, Norway, and the Netherlands, respectively.

We expect a slightly positive development within **industry**, owing to the market conditions in most markets, except for Norway.

For Solar in total, we expect growth in 2015 to be between approximately 0% and approximately 2.5%.

Financial expectations

For the continuing activities we expect 2015 revenue between DKK 10.0-10.3bn and EBITA between DKK 200-250m.

Revenue and EBITA for the continuing activities are negatively affected by falling exchange rates on NOK and SEK. The effect makes up approximately DKK 250m in relation to revenue and approximately DKK 10m in relation to EBITA compared to 2014.

Given that Solar Deutschland is transferred to Sonepar at the end of April 2015, EBITA for Solar Deutschland for the first four months is expected to amount to approximately DKK 30m, including the profit of DKK 50m.

Strategy and business

Strategy

The course has been charted towards profitable growth

Strategic direction
Our target is to create profitable growth for Solar.

We have set a new strategic direction with focus on three main priorities.

We must improve profitability through:
- Strengthening our position as a Northern European sourcing and services company
- Complexity reduction in the business and operational excellence
- Increasing our focus on customer needs and behaviour.

Developing a business model
In order to ensure growth, profitability and competitiveness in the future, we must change our business.

The classic business model is being challenged. Thus, we work with both business development and business expansion.

We want to utilise our existing competences and assets to move us towards new related business areas and increase exposure towards business areas with a larger degree of knowledge. We want to make use of available capacity and competences in order to offer more products and services.

Therefore, we work on finding new ways of utilising the assets we have in Solar. One possibility would be to complement our existing activities and thereby expand the business and utilise synergies. We will aim for expansion where it makes sense.

Improving efficiency and digitalising
Our geographical market area shows little growth, so a lot of improvements must come from within.

We constantly work to improve efficiency in the existing business. Digitalisation is an important element in this. Because the customers also want to be efficient and, thus, increasingly often shop via Solar's digital platform.

The customers' increased productivity recurs when it comes to Solar's logistics solutions. One example is Fastbox delivery in Denmark, which has proven an absolute success.

Differentiation of services
We focus on the different needs and thereby different behaviour of the customers. This also means that they do not necessarily demand the same services.

While one customer might need the products instantly and is prepared to pay for having them delivered right away, another can easily wait and only wants products delivered once a week.

Over time, we will commercialise our services and work with pricing that is fair to the customers. We will grade our prices and clarify what the customers are paying for.

Our target is to create profitable growth for Solar.

Focus on the business

We should utilise key competences

Solar's business is built on three pillars
The justification for our existence is that we must create value for our customers every day.

We have the courage to challenge our customers and habitual thinking in the trade. We believe that challenging is better than copying. Therefore, we want to drive the development towards improved profitability for our customers through a better collaboration with Solar.

Our business is built on three important pillars: Sourcing, logistics and sales. These are three competences that we have but at which we can become even better. It is important to also be able to apply the three key competences in new ways.

Sourcing
Our starting point is the needs of our customers. We buy on behalf of our customers and acknowledge that they have different needs.

A close and mutually beneficial collaboration with select suppliers is important to Solar. We focus on developing and strengthening the collaboration with our suppliers, but this collaboration should be clearly targeted at accommodating our customers' needs the best possible way.

Logistics
We are known for our logistics solutions, ability to deliver and high quality. Nonetheless, we should challenge conventions and investigate how we can improve our logistics offers to the customers in consideration of how they behave, how their behaviour changes, and how we can positively impact this behaviour for our mutual benefit.

Sales
In relation to sales we should be aware that the work will change. We must become better at understanding the difference in the needs between the small and large customers and between the different segments we are working with.

We must compose offers that suit the individual customer, and the package we offer should not be the same for all. And we should offer other services that will help our customers. We should stay focused on how to fulfil the customers' material and immaterial needs.

The soul is in the employees – not in bricks.

Digital trade
Changed customer behaviour and increased digital trade changes the way we work with sales. When the customers increasingly often service themselves via their computer, mobile phone or tablet, we can emphasise proactive selling instead.

Digital trade is an important focus area in Solar, and our online revenue increases every year. The e-business share of our revenue is now up to 44.1% against 43.1% in 2013.

An online revenue of more than DKK 4.4bn makes Solar one of the largest e-business companies in Northern Europe. A higher degree of digital trade is a good business for our customers as well as for Solar – we become more efficient together. Thus, the need for a lot of local shops is decreasing as seen in other trades (retail, the financial sector, etc.). Solar will continue to drive this development.

Synergy and collaboration
We should become even better at collaborating across functions and borders. The good examples should be shared and used.

We want to use our existing competences and assets in every possible way to promote upselling and cross-selling.

Moving our group headquarters
This is also the context in which you should view our moving of the group headquarters from Kolding to Vejen.

The group's largest logistics and knowledge centre is situated in Vejen along with our Danish business.

We experience clear synergies and better dynamics by moving the group functions closer to the business. This appeals to daily collaboration and increases understanding of the business. We can all learn from each other and utilise competences across countries, companies and functions. Furthermore, we save operational costs.

Of course, moving from Kolding, where Solar has so much history, was a big decision. But it is important for us to be situated where we can create the most value for our customers and shareholders. And Solar's soul is in the employees – not in bricks.

Segments

Development – installation and industry

Segment reporting
We have changed our reporting from being divided into markets to being divided into the three business segments: Installation, Industry and Others.

There are different types of customers and these should not necessarily be treated the same way. We have designed our reporting based on this fact.

Thus, the business segments are based on the customers' affiliation. Installation covers the installation of electrical and heating and plumbing products. Industry covers industry, marine and offshore, and utility and infrastructure. Others cover small areas such as retail and internet companies.

The installation and industry segments have different delivery requirements and different dynamics.

Installation is very dependent on the construction activities, whereas industry is more affected by financial growth, export and the development within oil and energy.

Within the individual segments, customers across countries are more alike than installation and industry customers.

In terms of sales, the areas are becoming increasingly separate, as the two areas demand different types of employees in order to accommodate the different types of customers. While installation customers are typically local customers, industry customers are often international customers.

Development within installation
The installation area has suffered and still suffers under the low construction activities. The development is flat and we see no indication of a turnaround.

The Danish and Dutch markets are both still hit, while Sweden and Poland are experiencing positive growth. We are uncertain about the Norwegian market, as the entire Norwegian economy is affected by the decreasing oil and gas prices.

In general, we see great potential in energy optimisation of technical installations in existing buildings. The clear encouragement to focus on energy savings is both financial and environmental. Thus, we work actively on making this a political priority.

Development within industry
We see a stable development within industry. There is, however, uncertainty surrounding the areas related to the offshore industry.

We continue to see opportunities within industry, where our common system provides us with great possibilities to collaborate with customers across countries.

Segment information
Please find an overview of the three business segments in note 3 – Segment information – on page 51 of the financial statement.

Following this change to business segmentation, this note also contains an overview of revenue, EBITA, organic growth etc. for the individual enterprises.

The installation and industry segments have different delivery requirements and different dynamics.

Group structure

Solar A/S

Reg. no. 15908416
Share capital DKK 792,060,700

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

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

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

Solar Nederland B.V., the Netherlands
Reg. no. 09013687
Share capital € 67,000,500

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

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

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

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

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

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

All group enterprises are 100 % owned.
Some enterprises without activities have not been included in the overview.

Responsibility and management

Risks

Solar identifies and handles risks

Risk management

Solar's risk management system consists of policies and procedures approved by the Board of Directors. The overall purpose is to manage the most significant business risks and risk correlations across the organisation or 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.

In 2014, we started up a process to further elevate the area with a view to establishing actual Risk Management Boards in the respective subsidiaries in our key markets and in Poland.

We analyse which specific risks are relevant for the individual subsidiary and which risks are relevant across the group.

Anchoring

Risk management is in line with corporate governance principles.

The group's risk management system is based on the Board of Directors' 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, the Group Executive Board follow up with the subsidiaries on an ongoing basis.

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 Board of Directors.

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

Commercial risks

Solar operates on the B2B market and our business covers sourcing, sales and logistics within electrical, heating and plumbing, and ventilation technologies for installation and industry. The group has many years of experience in assessing and handling risks relating to this business area.

Solar's subsidiaries run similar activities, which are closely linked to the general activities within the business area. This allows us to establish 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 3% 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 interruptions. This can result in operational and financial losses as well as 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, movables, operating loss 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

Acquisitions are included in Solar's strategy. Focus is on possible acquisitions that support our strategy on profitable growth. We have developed standardised solutions for due diligence and subsequent integration into the group.

Reputation

A good reputation is strategically important to Solar as it inspires loyalty towards our company in employees, customers, suppliers, investors and other stakeholders. The group is determined to create a good reputation through reliable communication.

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 retention.

Financial risks

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

Currency risk

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.

Distribution of revenue on currencies

	2014	2013
EUR	30%	35%
DKK	26%	24%
NOK	19%	18%
SEK	22%	21%
PLN	3%	2%

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 Danish kroner depends on exchange rates.

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 net assets on currencies

	2014	2013
EUR	41%	43%
DKK	24%	25%
NOK	16%	15%
SEK	15%	14%
PLN	4%	3%

The distribution includes net assets for Solar Deutschland.

Management assessed that the effect of a 10% change in the exchange rates as at 31 December opposite DKK can be specified as follows:

Effect of recognition in subsidiaries of any change in foreign exchange rates of 10%

	Net profit for the year		Equity	
DKK million	2014	2013	2014	2013
NOK	4	9	27	33
SEK	1	3	25	28
PLN	0	0	6	6

Interest rate risk

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 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. Solar ensures 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 risks 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 Sverige AB and Solar Polska Sp. z o.o. generally take 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.

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
Rules of procedure for the Board of Directors and the Executive Board are in place, and the Board of Directors has set up an Audit Committee in keeping with EU legislation. The Audit Committee held six meetings in 2014 and also has six meetings planned for 2015.

The Audit Committee's most important tasks are:
- To monitor financial information in the annual and 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 Board of Directors.

Responsibilities and authority within key areas are defined in policies approved by the Board of Directors and/or the 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 Board of Directors 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 our subsidiaries' boards of directors which again brings control into focus throughout the group.

Solar has a whistleblower scheme available to employees, customers and others. It is an information system that makes it possible for employees and others to confidentially report breaches of Solar's code of conduct or suspicions of such a breach.

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.

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 policy and built-in IT controls as well as general controls help to ensure a fair presentation of financial reporting. Accounting handbooks and reporting instructions – including estimate and month-end closing 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.

Corporate social responsibility

We are mindful of people and the 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.

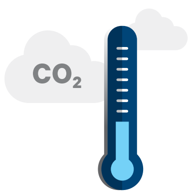
By joining, Solar became obliged to report on the activities which we are involved in within the Global Compact programme. The group reports on its CO_2 consumption and its compliance with ethical standards.

Corporate social responsibility report

As in previous years, we have prepared a separate report on our initiatives within corporate social responsibility. The report was submitted to UN's Global Compact and is available here: www.unglobalcompact.org/participant/10987-Solar-A-S.

The report is also published on our website at http://www.solar.eu/csr.

Carbon Disclosure Project



Solar has set up a reporting system for the company's CO_2 consumption. The system has been rolled out in most group enterprises. One area being measured is CO_2 emissions generated from the direct burning of fossil fuels, i.e. fuel consumption relating to company cars, forklifts, etc. Other areas measured include CO_2 emissions from purchased electricity and from goods distribution. All measurements are reported to the Carbon Disclosure Project.

Responsible suppliers

As a company we collaborate with responsible suppliers, several of whom have signed up to the Global Compact themselves. They are thereby obliged to follow the before-mentioned principles.

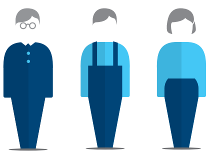
Furthermore, we have a clear supplier strategy and product policy that mean that we can stand by the products from our suppliers at any given time.

Code of Conduct

We have 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



The Solar Group's approach is for all employees in the individual enterprises to be treated in the same way, regardless of gender, age, race and religion so that all employees have equal opportunities when it comes to employment, employment terms, training and promotion.

The group views diversity as a strength for the business and thus wants to ensure a high degree of diversity but not at the expense of skills requested.

Solar will always hire the most qualified candidate regardless of this person's political, religious or personal orientation.

We have a number of initiatives aimed at promoting career development for both managers and specialists, hereby also offering fair opportunities for any given underrepresented gender to have the right prerequisites for growth and promotion to management level.

Employee development and recruitment

We focus actively on developing our employees and want to render visible that employees at all levels have the possibility to develop their career in Solar. Thus, we look at each individual employee's potential and believe that we can strengthen the degree of internal recruitment.

In the annual employee performance appraisal, we focus on development potential, performance, competence development, mobility and career plan.

In terms of management, career paths are made visible to all so that it is clear that management jobs are also obtainable for e.g. specialists or project workers.

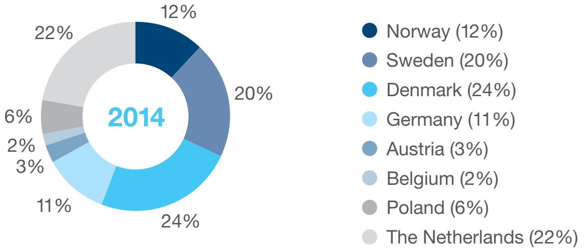
We have our own internal management training programme that ensures tools and competences for managing oneself and, thus, growing as a manager. We focus on all managers having both a local management role and shared responsibility to develop the company as a whole.

The group views diversity as a strength for the business and thus wants to ensure a high degree of diversity but not at the expense of skills requested.

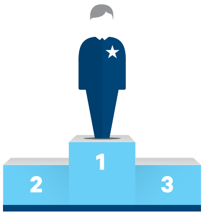
Geographical development

The geographical distribution of employees was basically unchanged in 2014. Employing 24% of our total staff, Denmark remained the country with the most employees, followed by the Netherlands at 22%.

Geographical distribution of employees:

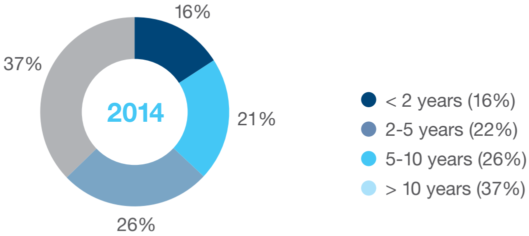


Age and seniority



In 2014, the average age of Solar's staff was 44. 37% of our employees have been with us for more than ten years, 26% for five to ten years, 21% for two to five years and 16% for less than two years.

Distribution of Solar employees' seniority:



Corporate governance

Solar wants transparency

Corporate governance recommendations
Overall, Solar views the May 2013 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. A complete description of Solar's stand on the individual points of the corporate governance recommendations is available at:
www.solar.eu/corporategovernance.

Openness and transparency
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.

Our intention is to provide a fair and always updated image of the company's position, financial situation and development opportunities and to make this information available to all the company's stakeholders at the same time.

Diversity
We find it important that the Board of Directors represents diversity of skills, age and gender and that we maintain a dynamic balance between continuity and renewal by a periodic turnover of board members.

Back in 2013, the Board of Directors adopted a diversity policy which includes a stated objective of the composition of the Board of Directors. Solar wants its board to be as diversely composed as possible, including an as equal as possible representation of the two genders, while still ensuring that the board represents the required skills on the whole.

Our objective is for no gender to be underrepresented on the Board of Directors after Solar's annual general meeting in 2017. Consequently, women must make up 40% of the board members elected by the annual general meeting, which is deemed a fair distribution by law. Currently, women make up 20% of Solar's board members elected by the annual general meeting, which is the same as last year.

Deviations
Solar complies with 43 of 47 recommendations but deviate from:

Recommendation on nomination of candidates for the Board of Directors.

Once a year, the Board of Directors reviews the skills and experiences of the board available to the company and considers what is needed. The Fund of 20th December, which is the majority shareholder and submits proposals for the composition of the Board of Directors, attaches importance to board members representing relevant skills in relation to the company's own skills and the needs described by the Board of Directors.

Recommendation on fixing an age limit for board members.

The age of the members of the Board of Directors is listed in Solar's annual report. Solar wishes to promote age diversity on the Board of Directors, but has no fixed retirement age for individual members. As Solar believes that skills are more important than age, there is no fixed retirement age for board members.

Recommendation on establishment of a nomination committee.

The Fund of 20th December, the majority shareholder, makes proposals for the composition of the Board of Directors. Due to this ownership structure with a majority shareholder, Solar has not established a permanent nomination committee tasked with nominating members of the Board of Directors. However, every year, the board evaluates the skill requirements of the Board of Directors. In connection with the appointment of members of the Executive Board, a temporary nomination committee is established.

Recommendation on establishment of a remuneration committee.

Solar has not established a remuneration committee in that the remuneration policy, including general guidelines for performance-related remuneration of the Executive Board, aims at being so simple that it can appropriately be assessed and approved by the full board. Negotiations concerning changes to the remuneration of the Executive Board are jointly conducted by the chairman and vice-chairman according to a mandate from the Board of Directors.

Evaluation
The chairman carries out the evaluation of the Board of Directors' work by means of a questionnaire survey. The purpose is to assess whether the overall skills of the Board of Directors match the company's current needs, the quality of material distributed to the 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. Based on previous years' evaluations, it was assessed that the Board of Directors needed more members with experience from our line of business. Thus, this part has been strengthened. The 2014 evaluation has not given rise to the introduction of additional measures.

Statutory corporate governance statement
Solar has chosen to make the statutory corporate governance statement, cf. Danish Financial Statements Act section 107b, available on the company's website. Please use this link to find the statutory corporate governance statement 2014:
www.solar.eu/corporategovernance.

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 Copenhagen and on www.solar.eu.

We hold meetings with investors and financial analysts. Investor meetings or similar events cannot be held during our IR quiet periods. These periods start on the 10th of every month following a closed quarter and end with the publication of the next quarterly or annual report. During such periods, no comments on financial results, expectations or market outlook will be issued by the company. The IR quiet periods are listed in the financial calendar.

Communicating with investors
Solar wants to be visible and accessible to both existing and potential institutional and private shareholders.

We need to know our target group to have the best possible dialogue with them. This is why we recommend shareholders that they register by name and email in the register of shareholders.

We communicate with shareholders at general meetings, through frequent announcements via Nasdaq 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.

Investor relation activities
We offer audio 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 2014, Solar took part in 82 investor and analyst meetings, which is a bit more than the previous year.

In 2014, Solar attended road shows in Copenhagen, Brussels, Paris, Zurich, Geneva and London.

We also took part in several other events, including SEB Nordic Seminar, ABG Sundal Collier Small & Mid Cap Seminar and Danske Bank Markets Copenhagen Winter Seminar.

Focus on private investors
From 2012 to 2014, we have had special focus on and intensified our efforts towards private investors. We participated in several events aimed at private investors planned together with Dansk Aktionærforening and Sparekassen Kronjylland in 2014.

Growing interest among foreign investors
Solar has professionalised our efforts and IR activities towards foreign investors and analysts. Consequently, we have gained an increasing number of foreign shareholders through the years; from 14.7% at the end of 2010 to 19.9% at the end of 2014. At the same time, the Solar share has picked up foreign analyst coverage.

Solar's shares
The Board of Directors 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 DKK 90 million A shares and nominally DKK 702 million B shares. The A shares are not listed. The B shares are listed on Nasdaq Copenhagen under the ID code DK0010274844 with the short designation SOLAR B and form part of the MidCap index and MidCap on Nasdaq Nordic.

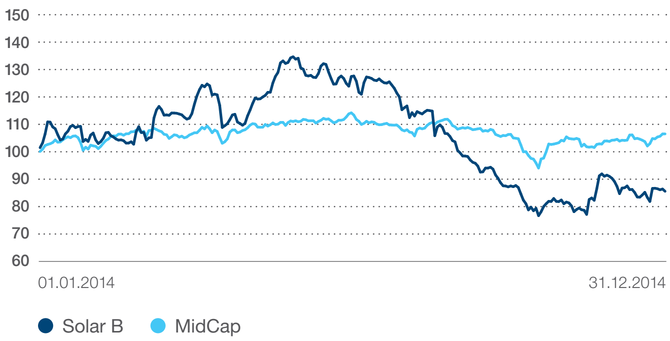
Share capital includes 900,000 A shares and 7,020,607 B shares.

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, shares must be registered 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 2014, the price of Solar's B share was DKK 228 down from DKK 336 at the beginning of the year. This is a drop of approximately 14% over the year.

Share price development (index)



Dividend and return per share
At the annual general meeting, the Board of Directors will propose that dividend of DKK 7.00 per share be paid against DKK 12.00 in 2014.

Return per share of nominally DKK 100

	Total 2010-14	Average 2010-14	Year 2014	Year 2013
Increase in share price in DKK	-55.02	-11.00	-48.44	79.29
Dividends distributed in DKK	38.10	7.62	12.00	6.65
Return in DKK	-16.92	-3.38	-36.44	85.94

Shareholders
As at 31 December 2014, a total of 91.5% of the share capital was registered, distributed among 4,010 shareholders.

Solar's portfolio of treasury shares totalled 65,173 B shares or 0.8% of the share capital as at 31 December 2014.

Distribution of share capital and votes as at 31 December 2014 in %

Shareholders with 5% or more	Shares in %	Votes in %
The Fund of 20th December, Kolding, Denmark	15.6	57.5
Nordea Funds Oy, Danish Branch, Copenhagen, Denmark	10.7	5.3
Chr. Augustinus Fabrikker A/S, Copenhagen, Denmark	10.3	5.1
RWC Asset Management LLP, London, England	6.4	3.2
ATP, Hillerød, Denmark	5.0	2.5
Other shareholders		
Board of Directors and Executive Board incl. related parties	3.1	2.3
Other Danish shareholders	19.7	9.7
Foreign shareholders	19.9	9.8
Non-registered shareholders	8.5	4.2
Treasury shares	0.8	0.4

Annual general meeting
Solar A/S will hold its annual general meeting on Friday 27 March 2015 at 11:00 CET at the premises of Solar A/S, Industrivej Vest 43, 6600 Vejen, Denmark.

Shareholders can register for the annual general meeting on the investor portal, accessible via www.solar.eu.

The Board of Directors will submit the following proposals to the annual general meeting:
- Payment of DKK 7.00 in return per share outstanding of DKK 100
- Authority to make a decision concerning payment of extraordinary dividend of up to DKK15.00
- Authority to acquire treasury shares of up to 10% of the share capital
- Approval of remuneration of the Board of Directors in 2015.

Please see pages 32-33, where you find a presentation of our Board of Directors.

Financial calendar 2015

27 March	Annual general meeting
10 April – 7 May	IR quiet period
7 May	Quarterly report Q1 2015
10 July – 12 August	IR quiet period
12 August	Quarterly report Q2 2015
10 October – 5 November	IR quiet period
5 November	Quarterly report Q3 2015

Audio webcast
The presentation of Annual Report 2014 will be transmitted online on 25 February 2015 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
SEB

Investor contact
Charlotte Risskov Kræfting
Stakeholder Relations Manager

Tel: +45 79 300 257
E-mail: crk@solar.dk

Announcements 2014

Date	No.	Announcement
20.11.	18	Major shareholder announcement
18.11.	17	Quarterly report Q3 2014
19.09.	16	Major shareholder announcement
08.09.	15	Major shareholder announcement
25.08.	14	Financial calendar 2015
19.08.	13	Quarterly report Q2 2014
03.06.	12	Exercise of options in Solar A/S
02.06.	11	Solar A/S makes changes to its management team
15.05.	10	Quarterly report Q1 2014
11.04.	9	Course of annual general meeting (AGM) of Solar A/S
28.03.	8	Election of employee representatives for the Board of Directors of Solar A/S
24.03.	7	Major shareholder announcement
19.03.	6	Grant of options to the Executive Board and management team
19.03.	5	Exercise of options in Solar A/S
17.03.	4	Notice of annual general meeting
06.03.	3	New HR Director appointed in Solar A/S
05.03.	2	Share options to Executive Board and Management Team of Solar A/S
05.03.	1	Annual report 2013

Announcements 2015

Date	No.	Announcement
03.02.	1	Solar A/S enters into agreement concerning the divestment of assets in Solar Deutschland GmbH

Solar's management

Group Executive Board

Anders Wilhjelm (born 1966, joined 2014)
CEO

- Chairman of the boards of directors of all Solar Group subsidiaries
- Member of the board of directors in DAT-Schaub A/S and Fonden af 28. maj 1948

- Does not hold any Solar shares
- Does not hold any share options

- Remuneration: DKK 5m.

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

- Member of the boards of directors of all Solar Group subsidiaries

- Holds 1,269 Solar B shares, has not traded Solar shares in 2014
- Holds 8,745 share options, of which 1,951 were granted in 2014 Exercised 1,772 share options in 2014.

- Remuneration: DKK 2m.

Solar Management Team

Solar Management Team is made up of the Executive Board, our corporate directors and the CEDs of the Solar Group subsidiaries.

Solar Management Team is responsible for the day-to-day management of the Solar Group.

Jens Andersen (born 1968)
Senior Vice President, MD Denmark

Hugo Dorph (born 1965)
Senior Vice President, Commercial

Jan Willy Fjellvær (born 1961)
Senior Vice President, Sourcing, MD Norway

Lars Goth (born 1961)
Senior Vice President, Supply Chain, MD Austria

Tore Håkonsson (born 1964)
Senior Vice President, HR and Communications

Anders Koppel (born 1969)
Senior Vice President, MD Sweden

Joachim Malich (born 1963)
Senior Vice President, MD Germany

Dariusz Targosz (born 1969)
Senior Vice President, MD Poland

Martin Trampe (born 1955)
Senior Vice President, MD Benelux

Board of Directors

Jens Borum (born 1953, joined 1982)
Chairman

- Associate professor, University of Copenhagen
- M.Sc. 1980, PhD 1985
- Member of the Boards of Directors of the Fund of 20th December and Unisense Holding A/S

- Represents the Fund of 20th December and has long-time experience as chairman

- Remuneration 2014: DKK 606,250
- Holds 6,900 Solar A shares and 118,520 Solar B shares, has not traded Solar shares in 2014.

Agnete Raaschou-Nielsen (born 1957, joined 2012)
Vice chairman

- MSc in economics (1985) and PhD in economics (1988)
- Chairman of the boards of directors of Brødrene Hartmann A/S and Arkil Holding A/S plus one subsidiary
- Vice chairman of the boards of directors of Novozymes A/S, Dalhoff Larsen and Horneman A/S, the unit trusts Danske Invest, Danske Invest Select, Profil Invest, ProCapture and the capital trusts Danske Invest Institutional and AP Invest
- Member of the boards of directors of Aktieselskabet Schouw & Co., Icopal Holding A/S plus two subsidiaries 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

- Remuneration 2014: DKK 318,750
- Holds no Solar shares.

Lars Lange Andersen (born 1968, joined 2010)*

- Sales Manager

- Remuneration 2014: DKK 150,000
- Holds 93 Solar B shares, has not traded Solar shares in 2014.

Niels Borum (born 1948, joined 1975)

- M.Sc. in engineering 1973
- Chairman of the Board of Directors of the Fund of 20th December

- Represents the Fund of 20th December and has experience of IT and processes

- Remuneration 2014: DKK 237,500
- Holds 6,900 Solar A shares and 89,539 Solar B shares, has not traded Solar shares in 2014.

Ulrik Damgaard (born 1973, joined 2014)*

- Sales Manager

- Remuneration 2014: DKK 75,000
- Holds 60 Solar B shares, has not traded Solar shares in 2014.

Bent H. Frisk (born 1961, joined 2006)*

- Central Warehouse Manager

- Remuneration 2014: DKK 150,000
- Holds 60 Solar B shares, has not traded Solar shares in 2014.

Ulf Gundemark (born 1951, joined 2014)

- Holds an electrical engineering degree (1975) and has since gotten supplementary education at, among others, IFL and INSEAD
- Chairman of the board of directors of Ripasso Energy AB
- Board member in Papyrus AB, Constructor Group AS, Lantmännen Ekonomisk Förening, Scandi Standard Group AB and AQ Group AB

- Represents managerial experience from global and local businesses and holds significant knowledge of the trade and markets

- Remuneration 2014: DKK 137,500
- Holds no Solar shares.

* Employee-elected member.

Jens Peter Toft (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 boards of directors of Mipsalus Holding ApS and one subsidiary hereof
- Member of the boards of directors of Bitten og Mads Clausens Fond, Biludan Gruppen A/S and four subsidiaries hereof, the unit trusts Danske Invest, Danske Invest Select, Profil Invest, ProCapture and the capital units Danske Invest Institutional and AP Invest, Enid Ingemanns Fond, A/S Dampskibsselskabet D.F.K, Mols-Linien A/S, PNO Holding A/S and five subsidiaries hereof and Selskabet af 11. december 2008 ApS

- Represents experience of capital market transactions, financial matters, investments, organisation, general management and stock exchange matters

- Remuneration 2014: DKK 343,750
- Holds 1,250 Solar B shares, has not traded Solar shares in 2014.

Steen Weirsøe (born 1948, joined 2013)

- MSc in Economics & Business Administration 1973
- Member of the board of directors of Larsen og Ibsen Holding A/S

- Represents wide managerial and international experience and considerable experience and knowledge of retail and wholesaling related to the construction industry

- Remuneration 2014: DKK 237,500
- Holds 1,000 Solar B shares, has not traded Solar shares in 2014.

Board of Directors' affiliation with Solar

Ulf Gundemark, Agnete Raaschou-Nielsen, Jens Peter Toft and Steen Weirsøe 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.

Audit Committee

The Audit Committee has three members, who are elected by the Board of Directors among its members. The Board of Directors re-elected Jens Peter Toft and Jens Borum in April 2014. Newly elected for the Audit Committee was Agnete Raaschou-Nielsen.

Jens Peter Toft is chairman of the Audit Committee and has special accounting qualifications.

Election of employee representatives

An ordinary election of employee representatives was held in 2014. The election was carried out electronically in the period from 17-27 March 2014. The participation rate was 57.3%.

Newly elected for the Board of Directors was Ulrik Damgaard, while Lars Lange Andersen and Bent. H. Frisk were re-elected.

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.


Financial statements 2014

Contents

Summary for the Solar Group 2010-2014

Income statement (DKK million)	2014	2013	2012	2011	2010
Revenue	10,252	10,463	12,201	11,408	10,433
Earnings before interest, tax, depreciation and amortisation (EBITDA)	227	307	348	381	451
Earnings before interest, tax and amortisation (EBITA)	117	225	263	291	365
Earnings before interest and tax (EBIT)	-73	160	198	199	310
Financials, net	-49	-54	-42	-53	-46
Earnings before tax (EBT)	-122	106	156	146	264
Net profit for the year	-234	21	117	91	183
Balance sheet (DKK million)					
Non-current assets	1,324	1,814	1,907	1,943	1,828
Current assets	3,250	3,147	3,817	3,455	3,276
Balance sheet total	4,574	4,961	5,724	5,398	5,104
Equity	1,732	2,138	2,203	2,112	2,125
Non-current liabilities	655	771	1,070	1,141	1,216
Current liabilities	2,187	2,052	2,451	2,144	1,762
Interest-bearing liabilities, net	302	316	559	897	735
Invested capital	2,172	2,637	2,950	3,236	3,097
Net working capital, year-end	1,111	1,318	1,607	1,807	1,664
Net working capital, average	1,267	1,538	1,706	1,745	1,615
Cash flow (DKK million)					
Cash flow from operating activities, continuing activities	187	310	427	361	347
Cash flow from investing activities, continuing activities	-58	-9	-69	-512	-239
Cash flow from financing activities, continuing activities	-151	-291	-106	-172	-103
Net investments in intangible assets	-18	-10	-17	-31	-117
Net investments in property, plant and equipment	-41	-81	-52	-17	-48
Acquisition and disposal of subsidiaries and activities, net	1	82	0	-462	-77
Financial ratios (% unless otherwise stated)					
Revenue growth	-2.0	-5.9	11.1	9.3	-2.1
Organic growth	0.4	-5.4	-0.1	3.6	-4.8
Organic growth adjusted for number of working days	0.1	-5.0	0.9	-	-
Gross profit	21.2	21.8	21.2	21.1	21.4
EBITDA margin	2.2	2.9	2.8	3.3	4.3
EBITA margin	1.1	2.2	2.2	2.6	3.5
EBIT margin	-0.7	1.5	1.6	1.7	3.0
Effective tax rate	-47.2	17.3	33.0	37.8	30.5
Net working capital (year-end NWC)/revenue (LTM)	10.8	10.7	12.3	15.8	15.9
Net working capital (average NWC)/revenue (LTM)	12.4	13.2	13.7	15.3	15.4
Gearing (net interest-bearing liabilities/EBITDA), no. of times	1.3	1.0	1.6	2.3	1.6
Return on equity (ROE)	-12.1	1.0	5.6	4.3	9.1
Return on equity (ROE) excl. amortisation	-2.3	4.0	8.6	8.7	11.8
Return on invested capital (ROIC)	-4.3	4.5	4.5	3.8	7.0
Return on invested capital (ROIC) excl. amortisation	0.7	6.9	6.9	6.9	8.8
Adjusted market capitalisation/earnings before interest, tax and amortisation (EV/EBITA)	21.7	12.8	9.6	9.0	11.1
Equity ratio	37.9	43.1	39.2	39.0	41.6

Summary for the Solar group 2010-2014
– continued

Share ratios (% unless otherwise stated)	2014	2013	2012	2011	2010
Earnings in DKK per share outstanding (EPS)	-29.79	2.67	14.88	11.54	23.30
Earnings excl. amortisation in DKK per share outstanding (EPS)	-5.60	10.95	23.15	23.30	30.37
Intrinsic value in DKK per share outstanding	220.62	272.34	274.54	267.83	270.81
Cash flow from operating activities in DKK per share outstanding	23.77	39.46	54.34	45.93	44.15
Share price in DKK	288	336	257	224	422
Share price/intrinsic value in DKK	1.30	1.23	0.92	0.84	1.56
Dividend in DKK per share	7.00	12.00	6.65	5.20	10.00
Dividend in % of net profit for the year (payout ratio)	-	421.5	44.8	45.0	42.9
Price Earnings (P/E)	-9.7	125.7	17.2	19.4	18.1

Employees					
Average number of employees (FTE), continuing activities	2,898	2,943	3,505	3,200	2,955

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.
ROIC	Return on invested capital calculated on the basis of operating profit or loss less calculated tax.

In general, financial ratios are calculated in accordance with the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2010".

In general, restatements have been made of income statements, cash flows and key ratios concerning the discontinuing activities in Solar Deutschland GmbH 2013 and 2014 and concerning the divestment of Aurora Group Danmark A/S for 2012 and 2013, whereas these are not adjusted for previous years. In accordance with IFRS, the balance sheet has not been restated. The key ratio interest-bearing liabilities, net, has been adjusted for interest-bearing receivables relating to the divestment of Aurora Group Danmark A/S.

Effective from the presentation of Annual Report 2014, Solar has changed its presentation currency from EUR to DKK. Balance sheet items as at 1 January 2013 have been translated at a price of 746.040, while the 2013 income statement has been translated at a price of 745.794. Balance sheet items as at 1 January 2014 have been traslated at a price of 746.030, while the 2014 income statement has been translated at a price of 745.879. Apart from this, the change will not affect earnings before tax, net profit for the year or earnings per share.

Statement of comprehensive income 1 Jan. to 31 Dec.

Income statement

Note	DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
3	Revenue	10,252	10,463	2,657	2,728
	Cost of sales	-8,083	-8,181	-1,974	-1,981
	Gross profit	**2,169**	**2,282**	**683**	**747**
	Other operating income and costs	-3	11	35	-1
4	External operating costs	-446	-483	-60	-89
5	Staff costs	-1,470	-1,465	-451	-464
6	Loss on trade receivables	-23	-38	-2	-9
	Earnings before interest, tax, depreciation and amortisation (EBITDA)	**227**	**307**	**205**	**184**
7	Depreciation and write-down on property, plant and equipment	-110	-82	-37	-31
	Earnings before interest, tax and amortisation (EBITA)	**117**	**225**	**168**	**153**
7	Amortisation of intangible assets	-190	-65	-38	-37
	Earnings before interest and tax (EBIT)	**-73**	**160**	**130**	**116**
	Dividends from subsidiaries	-	-	2	55
8	Financial income	29	18	32	26
9	Financial expenses	-78	-72	-492	-119
	Earnings before tax (EBT)	**-122**	**106**	**-328**	**78**
10	Income tax	-58	-19	-40	-25
	Profit or loss from continuing activities	**-180**	**87**	**-368**	**53**
28	Profit or loss from discontinuing activities	-54	-66	0	0
11	**Net profit for the year**	**-234**	**21**	**-368**	**53**
12	Earnings in DKK per share outstanding (EPS) for the year	-29.79	2.67		
12	Diluted earnings in DKK per share outstanding (EPS-D) for the year	-29.79	2.67		
12	Earnings in DKK per share outstanding (EPS) from continuing activities for the year	-22.91	11.08		
12	Diluted earnings in DKK per share outstanding (EPS-D) from continuing activities for the year	-22.91	11.07		

Please see the note 28 on discontinuing activities for earnings per share outstanding (EPS) from discontinuing activities.

Other comprehensive income

	Group		Parent company	
DKK million	**2014**	**2013**	**2014**	**2013**
Net profit for the year	**-234**	**21**	**-368**	**53**
Other income and costs recognised:				
Items that cannot be reclassified for the income statement				
Actuarial gains / losses on defined benefit plans	-8	-2	0	0
Tax	-1	1	0	0
Items that can be reclassified for the income statement				
Foreign currency translation adjustments of foreign subsidiaries	-36	-64	-	-
Value adjustments of hedging instruments before tax	-43	43	-47	29
Tax on value adjustments of hedging instruments	10	-12	11	-7
Other income and costs recognised after tax	**-78**	**-34**	**-36**	**22**
Total comprehensive income for the year	**-312**	**-13**	**-404**	**75**

Balance sheet

Note	DKK million	Group 31.12.2014	Group 31.12.2013	Parent company 31.12.2014	Parent company 31.12.2013
	Assets				
13	Intangible assets	339	524	171	191
14	Property, plant and equipment	937	1,181	308	322
15	Deferred tax asset	43	63	0	0
15	Other non-current assets	5	46	1,352	1,843
	Non-current assets	**1,324**	**1,814**	**1,831**	**2,356**
16	Inventories	1,240	1,312	356	325
17	Trade receivables	1,303	1,454	313	322
	Receivables from subsidiaries	-	-	639	559
	Income tax receivable	10	40	3	28
	Other receivables	49	20	41	7
18	Prepayments	25	27	7	7
	Cash at bank and in hand	248	294	78	52
28	Assets held for sale	375	0	0	0
	Current assets	**3,250**	**3,147**	**1,437**	**1,300**
	Total assets	**4,574**	**4,961**	**3,268**	**3,656**
	Equity and liabilities				
19	Share capital	792	792	792	792
	Reserves	-162	-93	-87	-51
	Retained earnings	1,047	1,345	1,164	1,587
	Proposed dividend for the year	55	94	55	94
	Equity	**1,732**	**2,138**	**1,924**	**2,422**
20	Interest-bearing liabilities	501	574	268	304
22	Provision for pension obligations	19	22	1	1
23	Provision for deferred tax	122	155	65	73
24	Other provisions	13	20	0	0
	Non-current liabilities	**655**	**771**	**334**	**378**
20	Interest-bearing liabilities	81	68	45	43
	Trade payables	1,432	1,448	558	502
	Amounts owed to subsidiaries	-	-	140	99
	Income tax payable	18	18	4	0
25	Other payables	503	489	253	210
26	Prepayments	4	7	0	2
24	Other provisions	77	22	10	0
28	Liabilities fixed for sale	72	0	0	0
	Current liabilities	**2,187**	**2,052**	**1,010**	**856**
	Liabilities	**2,842**	**2,823**	**1,344**	**1,234**
	Total equity and liabilities	**4,574**	**4,961**	**3,268**	**3,656**

Cash flow statement

Note	DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
	Net profit or loss from continuing activities for the year	**-180**	**87**	**-368**	**53**
7	Depreciation, write-down and amortisation	300	147	75	68
	Changes to provisions and other adjustments	67	-26	-2	-7
8, 9	Financials, net	49	54	460	93
	Income tax	58	19	40	25
8	Financial income, received	10	6	17	19
9	Financial expenses, settled	-47	-49	-25	-26
	Income tax, settled	-31	-80	-6	-54
	Cash flow before change in working capital	**226**	**158**	**191**	**171**
	Change in inventories	-75	37	-30	-52
	Change in receivables	-5	193	15	49
	Change in non-interest-bearing liabilities	41	-78	59	-33
	Cash flow from operating activities, continuing activities	**187**	**310**	**235**	**135**
28	Cash flow from operating activities, discontinuing activities	-29	-71	0	0
	Cash flow from operating activities	**158**	**239**	**235**	**135**
13	Purchase of intangible assets	-18	-10	-18	-9
27	Purchase of property, plant and equipment	-47	-87	-23	-57
27	Disposal of property, plant and equipment	6	6	0	2
15	Investment in other non-current assets	0	0	0	-263
	Divestment of subsidiary	1*	82	1*	82
	Cash flow from investing activities, continuing activities	**-58**	**-9**	**-40**	**-245**
28	Cash flow from investing activities, discontinuing activities	-1	23	0	0
	Cash flow from investing activities	**-59**	**14**	**-40**	**-245**
	Repayment of non-current interest-bearing debt	-57	-239	-37	-36
	Loans to subsidiaries	-	-	-40	122
	Dividends distributed	-94	-52	-94	-52
	Cash flow from financing activities, continuing activities	**-151**	**-291**	**-171**	**34**
28	Cash flow from financing activities, discontinuing activities	0	1	0	0
	Cash flow from financing activities	**-151**	**-290**	**-171**	**34**
	Total cash flow	**-52**	**-37**	**24**	**-76**
	Cash at bank and in hand at the beginning of the period	226	272	9	85
	Foreign currency translation adjustments	-7	-9	0	0
	Cash at bank and in hand at the end of the period	**167**	**226**	**33**	**9**
	Cash at bank and in hand at the end of the period				
	Cash at bank and in hand	248	294	78	52
	Current interest-bearing liabilities	-81	-68	-45	-43
	Cash at bank and in hand at the end of the period	**167**	**226**	**33**	**9**

* First installment of the variable part of the selling price of Aurora Group Danmark A/S.

Statement of changes in equity
Group

DKK million	Share capital	Reserves for hedging transactions	Reserves for foreign currency translation adjustments	Retained earnings	Proposed dividends	Total
2014						
Equity as at 1 January	**792**	**-72**	**-21**	**1,345**	**94**	**2,138**
Foreign currency translation adjustments of foreign subsidiaries			-36			-36
Value adjustments of hedging instruments before tax		-43				-43
Actuarial gains/losses on defined benefit plans				-8		-8
Tax on value adjustments		10		-1		9
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	-33	-36	-9	0	-78
Net profit for the year				-289	55	-234
Comprehensive income	**0**	**-33**	**-36**	**-298**	**55**	**-312**
Dividend distribution					-94	-94
Other movements	**0**	**0**	**0**	**0**	**-94**	**-94**
Equity as at 31 December	**792**	**-105**	**-57**	**1,047**	**55**	**1,732**
2013						
Equity as at 1 January	**792**	**-103**	**43**	**1,415**	**52**	**2,199**
Adjustments owing to changes in accounting policies				4		4
Adjusted equity as at 1 January	**792**	**-103**	**43**	**1,419**	**52**	**2,203**
Foreign currency translation adjustments of foreign subsidiaries			-64			-64
Value adjustments of hedging instruments before tax		43				43
Actuarial gains/losses on defined benefit plans				-2		-2
Tax on value adjustments		-12		1		-11
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	31	-64	-1	0	-34
Net profit for the year				-73	94	21
Comprehensive income	**0**	**31**	**-64**	**-74**	**94**	**-13**
Dividend distribution					-52	-52
Other movements	**0**	**0**	**0**	**0**	**-52**	**-52**
Equity as at 31 December	**792**	**-72**	**-21**	**1,345**	**94**	**2,138**

Statement of changes in equity

Parent company

DKK million	Share capital	Reserves for hedging transactions	Reserves for foreign currency translation adjustments	Retained earnings	Proposed dividends	Total
2014						
Equity as at 1 January	**792**	**-50**	**-1**	**1,587**	**94**	**2,422**
Value adjustments of hedging instruments before tax		-47				-47
Tax on value adjustments		11				11
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	-36	0	0	0	-36
Net profit for the year				-423	55	-368
Comprehensive income	**0**	**-36**	**0**	**-423**	**55**	**-404**
Dividend distribution					-94	-94
Other movements	**0**	**0**	**0**	**0**	**-94**	**-94**
Equity as at 31 December	**792**	**-86**	**-1**	**1,164**	**55**	**1,924**
2013						
Equity as at 1 January	**792**	**-72**	**-1**	**1,628**	**52**	**2,399**
Value adjustments of hedging instruments before tax		29				29
Tax on value adjustments		-7				-7
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	22	0	0	0	22
Net profit for the year				-41	94	53
Comprehensive income	**0**	**22**	**0**	**-41**	**94**	**75**
Dividend distribution					-52	-52
Other movements	**0**	**0**	**0**	**0**	**-52**	**-52**
Equity as at 31 December	**792**	**-50**	**-1**	**1,587**	**94**	**2,422**

Note 1

1. Accounting policies

The financial statements and consolidated financial statements of Solar A/S for 2014 are 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 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 financial statements and consolidated financial statements have 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.

Change in presentation currency

In Annual Report 2014 and going forward, Solar will change the presentation currency from euro to Danish kroner. The change is a result of our wanting to reduce complexity in the presentation of accounts. More than half of our group revenue comes from countries outside the euro collaboration. The functional currencies in the group enterprises will still be the currency of the country in which that enterprise operates. The Annual Report is presented in Danish kroner rounded off to the nearest 1,000,000 Danish kroner.

The accounting effect of the change for the group is as follows:

	Group			
	2014		2013	
Million	EUR	DKK	EUR	DKK
Equity beginning of year, former policy	286.6		295.3	
Equity beginning of year, new policy		2,138		2,203
Comprehensive income, former policy	-41.9		-1.7	
Comprehensive income, new policy		-312		-13

A translation has been made of the balance sheet items as at 1 January 2013 at a price of 746.040, while the income statement for 2013 has been translated at a price of 745.794. Correspondingly, a translation has been made of the balance sheet items as at 1 January 2014 at a price of 746.030, while the income statement for 2014 has been translated at a price of 745.879. Apart from this, the change does not effect earnings before tax, profit or loss for the period, or earnings per share.

Implementation of new financial reporting standards

As of 1 January 2014, Solar implemented those new standards and interpretations approved by the EU that became effective in the financial year 2014 as well as any annual improvements on applicable IFRSs. The changes have no effect for Solar.

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 recognised 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 all temporary differentials except taxable temporary differentials on goodwill 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 enterprises. In case of enterprises sold or liquidated, income statement, cash flow statement and financial ratios are restated. However, balance sheet and balance sheet-related financial ratios are not restated.

Note 1

1. Accounting policies – continued

Translation of amounts in foreign currency

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

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

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

When recognising enterprises with a different functional currency than Danish kroner 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 adjustments.

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 Board and Board of Directors.

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.

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.

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 comprehensive income includes exchange rate adjustments, actuarial gains and losses, adjustments of investments in associates and hedging transactions.

Note 1

1. Accounting policies – continued

BALANCE SHEET

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

Customer-related intangible assets 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 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 residual value and reduced by any impairment. Residual value is determined at the time of acquisition and reassessed annually. If residual value exceeds the asset's carrying amount, depreciation will cease.

By changing the depreciation period or residual 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. Interest income 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.

Note 1

1. Accounting policies – continued

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.

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 other operational profit and loss 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.

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 differentials between accounting and tax-related amounts and provisions. Deferred tax is recognised at the local tax rate that any temporary differentials are expected to be realised at based on the adopted or expected adopted tax legislation on the balance sheet date.

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, inflation, pay level and life expectancy. The discount rate used is the effective interest rate on corporate bonds with high credit quality and with terms that correspond to that of the pension obligation. 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 to the extent that any surplus leads to a reduction in future contributions or repayment to the enterprise.

Results recognise current service costs based on actuarial estimates made at the beginning of the year. Differences between the calculated development of the pension activities and obligations and realised values calculated at year-end are termed actuarial gains and losses and are recognised as other comprehensive income.

The effect of a change in value in use as a consequence of the pension agreements made is recognised in the income statement at the modification date.

Provisions

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

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

Financial liabilities

Debt to credit institutions is recognised initially at the proceeds received net of transaction costs incurred.

Note 1

1. Accounting policies – continued

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. Prepayments are measured at cost.

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

Presentation of discontinuing activities
Discontinuing activities make up a considerable part of the enterprise if activities and cash flows can be clearly separated in an operational and accounting sense from the other parts of the enterprise and when the unit has either been disposed of or separated as held for sale.

Earnings after tax of discontinuing activities as well as gains / losses from any sale are presented in a separate line in the income statement with adjustment of the comparative figures. Notes include information on revenue, costs, value adjustments and tax for any discontinuing activities. Assets and related liabilities of discontinuing activities are recognised separately in the balance sheet without adjustment of comparative figures.

Fair value measurement
The group uses the fair value concept for recognition of certain financial instruments and in connection with some disclosure requirements. Fair value is defined as the price that can be secured when selling an asset or that must be paid to transfer a liability in a standard transaction between market participants (exit price).

Fair value is a marked-based and not enterprise-specific valuation. The enterprise uses the assumptions that market participants would use when pricing an asset or liability based on existing market conditions, including assumptions relating to risks. This means that the enterprise's intentions in owning the asset or liability is not taken into account when the fair value is determined.

Fair value measurement is based on conditions in the primary market. If a primary market does not exist, measurement is based on the most favourable market which is the market that maximises the price of the asset or liability less transaction and transport costs.

As far as possible, fair value measurement is based on market value in active markets (level 1) or alternatively on values derived from observable market information (level 2).

If such observable information is not available or cannot be used without significant modifications, recognised valuation methods and fair estimates are used as the basis of fair values (level 3).

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

As at 1 October 2014, Solar changed its segment reporting from geographical segmentation to business segmentation. The segmentation information has been prepared in accordance with the group's accounting policies.

The reporting on business segments follows the changed structure of Solar's internal management reporting to top operational management, the group executive board. The change is a consequence of the group's increased focus on utilising best practice across the geographical markets. The group executive board now uses business segmentation when allocating resources and following up on results.

The business segments comprise Installation, Industry and Others and are based on the customers' affiliation with the segments. Installation covers the installation of electrical and heating and plumbing components, while Industry covers industry, marine and offshore and utility and infrastructure. Others cover other small business areas, including retail and internet companies.

Segment earnings and costs contain the items that are directly attributable to the individual segment and the items that can be allocated to the individual segment on a reliable basis.

Note 1

1. Accounting policies – continued

Unallocated costs pertain to income and costs relating to the group's common functions.

Assets and liabilities are not included in the segment reporting.

No single customer makes up more than 10% of the total revenue.

Furthermore, Solar presents the geographical distribution of revenue and non-current assets divided on Denmark, Sweden, Norway, Benelux and other markets. Other markets cover Germany, Austria and Poland. The geographical distribution is based on the business units operating in these geographical areas.

The change of the segment reporting took place in Q4 2014, and it has not been practically possible to prepare business segmentation for 2013. Thus, Annual Report 2014, note 3, Segment information also contains a presentation of the previously applied geographical segmentation. Then, Solar reported on nine segments; 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. and P/F Solar Føroyar. Segment income and costs also contain the items that are directly attributable to the individual segment and the items that can be allocated to the individual segment on a reliable basis. Non-current assets in the segment include the assets that are applied directly in the operation of the asset, including intangible and tangible assets. Segment liabilities include liabilities deriving from the operation of the segment, including suppliers of goods and services and other debt.

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 the 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. In general, financial ratios are calculated in accordance with the "Recommendations and Financial Ratios 2010" of the Danish Society of Financial Analysts.

Note 2

2. Accounting estimates and assessments

When preparing the annual report in accordance with generally applicable principles, management make 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 and equity investments
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 of the consolidated financial statements.

As at 31 December 2014, the carrying amount of goodwill totalled DKK 148m (2013: DKK 269m). Please see note 13 for further information.

Software
Software is evaluated annually for indicators of a need for impairment. If a need to perform impairment is identified, an impairment test for the software is performed.

The impairment test is made on the basis of different factors, including the software's future application, the present value of the expected cost saving as well as interest and risks.

As at 31 December 2014, the carrying amount of software totalled DKK 170m (2013: DKK 189m). Please see note 13 for further information.

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

As at 31 December 2014, the carrying amount of write-down of inventories totalled DKK 39m (2013: DKK 46m)*. 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 is sufficient.

As at 31 December 2014, the carrying amount of write-down for meeting of loss on doubtful trade receivables totalled DKK 57m (2013: DKK 61m). 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 December 2014, the carrying amount of the deferred tax asset totalled DKK 43m (2013: DKK 63m). Please see note 15 for further information.

* Adjustments have been made for the divestment of Solar Deutschland.

Note 3

3. Segment information

In Q4 2014, Solar implemented a change in the segment reporting from geographical segmentation to business segmentation. The business segments include Installation, Industry and Others and are based on the customers' affiliation with the segments.

Installation covers installation of electrical and heating and plumbing products, while Industry covers industry, offshore and marine and utility and infrastructure. Others covers other small areas including retail and internet businesses.

DKK million	Installation	Industry	Others	Total
2014				
Revenue	7,281	2,396	575	10,252
Cost of sales	-5,767	-1,808	-508	-8,083
Gross profit	**1,514**	**588**	**67**	**2,169**
Direct costs	-319	-85	-8	-412
Earnings before indirect costs	**1,195**	**503**	**59**	**1,757**
Indirect costs	-531	-124	-29	-684
Earnings after indirect costs	**664**	**379**	**30**	**1,073**
Non-allocated costs				-846*
Earnings before amortisation (EBITDA)				**227**
Depreciation and amortisation				-300**
Earnings before interest and tax (EBIT)				**-73**
Financials, net				-49
Earnings before tax (EBT)				**-122**

* Non-allocated costs constitute costs for administrative staff and various costs for common expenses.
** See note 13 for specification on write-down of intangible assets per segment.

Geographical information

Solar A/S operates primarily on the Danish, Swedish, Norwegian and Benelux markets. In the below table, Others covers the remaining markets, which can be seen in the group structure on page 17. The below allocation has been made based on the products' place of sale.

DKK million	Revenue	Non-current assets
2014		
Denmark	2,657	1,831
Sweden	2,321	278
Norway	1,932	156
Benelux	2,672	339
Other markets + eliminations	670	-1,280
Total	**10,252**	**1,324**

The change in segment reporting took place in Q4 2014, and for practical reasons, it has not been possible to prepare the business segmentation for 2013. Therefore, Annual Report 2014 – segment information also contains a presentation of the segments based on the previously applied geographical segmentation.

Note 3

3. Segment information – continued

The division in the below segmentation is based on the individual subsidiary's home country and followed Solar's internal reporting structure until 30 September 2014.

DKK million	Solar A/S parent company[1]	Solar Sverige AB	Solar Norge AS	Solar Nederland[2]	Claessen ELGB, Belgium	GFI GmbH Austria	Solar Polska Sp.z o.o.	P/F Solar Føroyar	Solar Deutschland[3]	Eliminations[4]	Continuing activities total	Discontinuing activities[5]	Solar Group
2014													
Revenue	2,657	2,321	1,932	2,431	241	398	297	24		-49	10,252	932	11,184
Other operating income and costs	35	0	0	0	0	0	0	0		-38	-3	0	-3
Solar 8000 costs	-6	-7	0	0	0	0	0	0		0	-13	0	-13
EBITA	168	31	63	-105	-2	-6	3	2		-37	117	-50	67
Financials, net	-460	-19	-11	-9	0	0	0	0		450	-49	-2	-51
EBT	-328	-8	40	-256	-2	-6	2	2		434	-122	-54	-176
Depreciation and amortisation incl. in EBT	-75	-34	-20	-187	-1	-2	-2	0		21	-300	-8	-308
Non-current assets	1,831	278	156	334	5	11	34	5	0	-1,330	1,324		1,324
Additions of non-current assets	42	6	9	7	1	0	0	0	0	0	65		65
Equity	1,924	264	283	331	57	38	69	12	86	-1,332	1,732		1,732
Liabilities	1,344	584	363	765	52	82	73	7	339	-767	2,842		2,842
Balance sheet total	3,268	848	646	1,096	109	120	142	19	425	-2,099	4,574		4,574
Organic growth %	-2.6	1.1	1.6	0.5	1.3	1.9	16.0	-5.3			0.4		
EBITA %[6]	6.3	1.4	3.3	-4.3	-0.9	-1.6	0.9	9.3			1.1		

1 Under the cost method.
2 Includes the enterprise Conelgro B.V.
3 In accordance with IFRS, this only includes balance sheet amounts, as income statement amounts are included under discontinuing activities.
4 Eliminations include an adjustment resulting from the translation from cost method to equity method. Intercompany revenue was DKK 49m (DKK 64m in 2013).
5 Includes Aurora Group and Solar Deutschland.
6 EBITA % has been calculated using absolute figures and is therefore not directly deductible.

Note 3

3. Segment information – continued

DKK million	Solar A/S parent company[1]	Solar Sverige AB	Solar Norge AS	Solar Nederland[2]	Claessen ELGB, Belgium	GFI GmbH Austria	Solar Polska Sp.z o.o.	P/F Solar Føroyar	Solar Deutschland[3]	Eliminations[4]	Continuing activities total	Discontinuing activities[5]	Solar Group
2013													
Revenue	2,728	2,414	2,036	2,440	238	391	255	25		-64	10,463	1,100	11,563
Other operating income and costs	-1	0	0	0	0	0	0	0		12	11	0	11
Solar 8000 costs	-17	-10	0	0	0	0	0	0		0	-27	0	-27
EBITA	153	64	88	-85	0	-1	-2	1		7	225	-70	155
Financials, net	-93	-20	-11	-12	0	0	0	0		82	-54	-3	-57
EBT	78	15	67	-111	0	-1	-3	1		60	106	-66	40
Depreciation and amortisation incl. in EBT	-68	-47	-18	-37	-1	-1	-2	0		27	-147	-22	-169
Non-current assets	2,356	309	166	597	6	12	35	5	95	-1,767	1,814		1,814
Additions of non-current assets	69	12	10	9	1	1	3	0	4	4	113		113
Equity	2,422	288	277	602	56	43	69	12	140	-1,771	2,138		2,138
Liabilities	1,234	658	428	682	51	80	71	6	283	-670	2,823		2,823
Balance sheet total	3,656	946	704	1,283	108	123	140	18	424	-2,441	4,961		4,961
Organic growth %	-11.0	-3.1	8.1	-10.2	-6.3	-3.4	-7.5	-4.7			-5.4		
EBITA %[6]	5.6	2.7	4.4	-3.5	-0.1	-0.1	-0.7	5.0			2.2		

1 Under the cost method.
2 Includes the enterprise Conelgro B.V.
3 In accordance with IFRS, this only includes balance sheet amounts, as income statement amounts are included under discontinuing activities.
4 Eliminations include an adjustment resulting from the translation from cost method to equity method. Intercompany revenue was DKK 49m (DKK 64m in 2013).
5 Includes Aurora Group and Solar Deutschland.
6 EBITA % has been calculated using absolute figures and is therefore not directly deductible.

Note 4

4. Auditor's fees

	Group		Parent company	
DKK million	**2014**	**2013**	**2014**	**2013**
PricewaterhouseCoopers				
Statutory audit	2	2	1	1
Other assurance engagements	0	0	0	0
Tax consulting	1	1	0	0
Other services	0	1	0	0
Total	**3**	**4**	**1**	**1**
Other auditors				
Statutory audit	0	1	0	0
Other assurance engagements	0	0	0	0
Tax consulting	0	0	0	0
Other services	4	1	3	1
Total	**4**	**2**	**3**	**1**

Note 5

5. Staff costs

	Group		Parent company	
DKK million	**2014**	**2013**	**2014**	**2013**
Salaries and wages etc.	1,222	1,213	412	422
Pensions – defined contribution	83	85	30	31
Pensions – defined benefit	5	3	0	-1
Costs related to social security	161	162	10	10
Share-based payment	-1	2	-1	2
Total	**1,470**	**1,465**	**451**	**464**
Average number of employees (FTE)	2,898	2,943	756	767
Number of employees at year-end (FTE)	2,882	2,900	734	765
Remuneration of Board of Directors				
Remuneration of Board of Directors	3	3	3	3
Remuneration of Executive Board				
Remuneration and bonus	8	7	8	7
Share-based payment	0	1	0	1
Total	**8**	**8**	**8**	**8**

We have prepared a remuneration policy that describes guidelines for determining and approving remuneration for the Board of Directors and Executive Board. The annual general meeting adopts the Board of Directors' remuneration for one year at a time. The Executive Board's remuneration is considered every two years. The Board of Directors 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 Board of Directors' chairman and vice chairman. Under section 139 of the Danish Companies Act, a complete remuneration policy for the Board of Directors and Executive Board will be presented for adoption at the annual general meeting.

Members of the Executive Board have 12 months' term of notice. When resigning, the CEO is entitled to 6 months' remuneration.

In 2014, remuneration of DKK 1m as well as a redundancy pay of DKK 5m were distributed to the Group CEO at the time. The redundancy pay was allocated in previuos periods.

Note 5

5. Staff costs – continued

	Executive Board	Others	Total
Share option plans			
No. of share options at year-end 2014			
Outstanding at the beginning of 2014	26,208	71,599	97,807
Granted in 2014	5,892	18,200	24,092
Transferred on change in the Executive Board	-21,583	21,583	0
Forfeited	-1,772	-15,139	-16,911[1]
Expired	0	-6,894	-6,894
Outstanding at year-end 2014	**8,745**	**89,349**	**98,094**
No. of share options at year-end 2013			
Outstanding at the beginning of 2013	22,420	55,864	78,284
Granted in 2013	8,147	30,217	38,364
Exercised	-4,359	-4,358	-8,717[2]
Forfeited	0	-10,124	-10,124
Outstanding at year-end 2013	**26,208**	**71,599**	**97,807**

DKK million	2014	2013
Market value estimated using the Black-Scholes model	1	3
Conditions applying to the statement of market value using the Black-Scholes model:		
Expected volatility	30%	33%
Expected dividends in proportion to market value	3%	2%
Risk-free interest rate	4%	4%

1 In Q1 2014, 7,541 share options were exercised. The share price at the exercise date was DKK 380.64. The exercise period for the remaining 9,370 options was prolonged, and the options were exercised in Q2 2014. The share price at the exercise date was DKK 441.64.

2 As at 31 March 2013, 8,717 share options remained from the 2009 granting. The exercise period for these options was prolonged. The options were exercised in Q2 2013. The share price at the exercise date was DKK 281.88.

Note 5

5. Staff costs – continued

Number of share options	Year of granting 2014	2013	2012	2011	2010
Specification of share options					
Executive Board					
Granted	5,892	8,147	7,159	5,076	4,054
Transferred on change of the Executive Board	-3,941	-5,431	-4,773	-3,384	-2,282
Exercised	0	0	0	0	-1,772
Total	**1,951**	**2,716**	**2,386**	**1,692**	**0**
Exercise price	**380.64**	**276.18**	**314.27**	**443.26**	**370.04**
Others					
Granted	18,200	30,217	33,112	14,350	22,034
Transferred on change of the Executive Board	3,941	5,431	4,773	3,384	2,282
Exercised on resignation of management employees	0	0	0	0	0
Forfeited on resignation of management employees	0	-6,011	-13,245	-4,803	-9,177
Exercised	0	0	0	0	-15,139
Total	**22,141**	**29,637**	**24,640**	**12,931**	**0**
Exercise price	**380.64**	**276.18**	**314.27**	**443.26**	**370.04**
Exercise period:					
10 banking days following the publication of the annual report in	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014

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

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

The liability concerning share options are included in the balance sheet under other payables.

Note 6-8

6. Loss on trade receivables

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Ascertained losses	21	44	8	10
Received on previously written-off trade receivables	-1	-3	-1	-2
	20	**41**	**7**	**8**
Change of write-down for bad and doubtful debts	3	-3	-5	1
Total	**23**	**38**	**2**	**9**

7. Depreciation, write-down and amortisation

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Buildings	36	32	10	9
Plant, operating equipment, tools and equipment	44	44	22	21
Leasehold improvements	4	7	1	1
Write-down on property, plant and equipment	28	21	3	0
Profit/loss from the sale of operating equipment etc.	-2	-22	1	0
Total depreciation and write-down on property, plant and equipment	**110**	**82**	**37**	**31**
Customer-related assets	18	30	1	1
Software	37	35	37	36
Write-down intangible assets*	135	0	0	0
Total amortisation of intangible assets	**190**	**65**	**38**	**37**

* In connection with the merger of Solar Nederland B.V. and Conelgro B.V., write-down of intangible assets at a total of DKK 125m was made, of which DKK 25m concerned customer-related assets. See note 13 for further information.

8. Financial income

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Interest revenue	10	6	17	19
Foreign exchange gains	19	12	15	7
Total	**29**	**18**	**32**	**26**
Financial income, received	**10**	**6**	**17**	**19**

Note 9-10

9. Financial expenses

	Group		Parent company	
DKK million	**2014**	**2013**	**2014**	**2013**
Interest expenses	47	48	25	26
Foreign exchange loss	31	23	16	11
Write-down on equity investments*	-	-	451	82
Other financial expenses	0	1	0	0
Total	**78**	**72**	**492**	**119**
Financial expenses, paid	**47**	**49**	**25**	**26**

* Write-down concerns Solar Nederland B.V., Solar Deutschland GmbH and Claessen ELGB (2013: Solar Polska Sp. z o.o. and Solar Deutschland GmbH). Please see note 15 for more information.

10. Income tax

	Group		Parent company	
DKK million	**2014**	**2013**	**2014**	**2013**
Current tax	61	69	40	37
Deferred tax	-3	-42	0	-3
Tax on profit or loss for the year	58	27	40	34
Adjustment of tax for previous years	0	1	0	1
Adjustment of deferred tax for previous years	0	0	0	0
Reduction of Danish income tax rate	0	-9	0	-10
Total	**58**	**19**	**40**	**25**
Statement of effective tax rate:				
Danish income tax rate	24.5%	25.0%	24.5%	25.0%
Non-taxable value of profit from subsidiaries	-	-	0.1%	-17.5%
Write-down on equity investments	-	-	-33.7%	26.0%
Tax base change for non-capitalised loss in subsidiaries	-39.4%	0.0%	-	-
Tax base change in Denmark	0.0%	-9.0%	0.0%	-12.5%
Non-taxable/deductible items in parent company	-7.1%	3.4%	-2.9%	9.3%
Non-taxable/deductible items and differing tax rates compared to Danish tax rate in foreign subsidiaries	-26.3%	-3.3%	-	-
Tax for previous years	1.1%	1.2%	0.0%	1.3%
Effective tax rate	**-47.2%**	**17.3%**	**-12.0%**	**31.6%**

Note 11-12

11. Net profit for the year

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Proposed distribution of net profit for the year:				
Proposed dividends in parent	55	94	55	94
Retained earnings	-289	-73	-423	-41
Net profit for the year	**-234**	**21**	**-368**	**53**
Dividend in DKK per share of DKK 100*	7.00	12.00	7.00	12.00

* Calculations are based on proposed dividend.

12. Earnings per share in DKK per share outstanding for the year

DKK million	Group 2014	Group 2013
Net profit for the year in DKK million	**-234**	**21**
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	10,525	1,288
Diluted number of shares outstanding	**7,865,959**	**7,856,722**
Earnings per share in DKK per share outstanding for the year	-29.79	2.67
Diluted earnings per share in DKK per share outstanding for the year	-29.79	2.67
Earnings per share from continuing activities in DKK per share outstanding for the year	-22.91	11.08
Diluted earnings per share from continuing activities in DKK per share outstanding for the year	-22.91	11.07

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

Note 13

13. Intangible assets

DKK million	Group: Customer-related assets	Group: Goodwill	Group: Software	Group: Total	Parent company: Customer-related assets	Parent company: Software	Parent company: Total
2014							
Cost as at 1/1	1,020	269	293	1,582	10	293	303
Foreign currency translation adjustments	-13	-11	0	-24	0	0	0
Disposals, discontinuing activities	-80	0	0	-80	0	0	0
Additions in the year	0	0	18	18	0	18	18
Disposals in the year	0	0	0	0	0	0	0
Cost as at 31/12	**927**	**258**	**311**	**1,496**	**10**	**311**	**321**
Amortisation 1/1	954	0	104	1,058	8	104	112
Foreign currency translation adjustments	-11	-	0	-11	0	0	0
Reversed amortisation, discontinuing activities	-80	-	0	-80	0	0	0
Write-downs in the year	25	110	0	135	0	0	0
Amortisation in the year	18	-	37	55	1	37	38
Amortisation of disposals in the year	0	-	0	0	0	0	0
Amortisation and write-downs as at 31/12	**906**	**110**	**141**	**1,157**	**9**	**141**	**150**
Carrying amount as at 31/12	**21**	**148**	**170**	**339**	**1**	**170**	**171**
Remaining amortisation period in number of years	**1-4**	**-**	**4-8**	**-**	**1**	**4-8**	**-**
2013							
Cost as at 1/1	1,127	274	290	1,691	10	284	294
Foreign currency translation adjustments	-7	-5	0	-12	0	0	0
Disposals, discontinuing activities	-100	0	-6	-106	0	0	0
Additions in the year	0	0	9	9	0	9	9
Disposals in the year	0	0	0	0	0	0	0
Cost as at 31/12	**1,020**	**269**	**293**	**1,582**	**10**	**293**	**303**
Amortisation 1/1	1,020	-	69	1,089	7	68	75
Foreign currency translation adjustments	-6	-	0	-6	0	0	0
Reversed amortisation, discontinuing activities	-90	-	0	-90	0	0	0
Amortisation in the year	30	-	35	65	1	36	37
Amortisation of disposals in the year	0	-	0	0	0	0	0
Amortisation as at 31/12	**954**	**-**	**104**	**1,058**	**8**	**104**	**112**
Carrying amount as at 31/12	**66**	**269**	**189**	**524**	**2**	**189**	**191**
Remaining amortisation period in number of years	**1-5**	**-**	**5-8**	**-**	**1-2**	**5-8**	**-**

Note 13

13. Intangible assets – continued

Goodwill
(Comparative figures for 2013 in brackets)

On 31 December 2014, 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 expectations as well as other assumptions approved by the Executive Board and Board of Directors with the necessary adjustments under IAS 36. Compared to earlier, goodwill is reallocated so that this follows the new segment reporting structure and the impairment tests conducted reflect this updated structure.

When performing an impairment test of cash-generating units, the recoverable amount (value in use), determined as the discounted value of expected future cash flows, is compared to the carrying amounts of the individual cash-generating units. Non-allocated costs are proportionately distributed between the individual segments and thus affect the individual impairment tests by the estimated total costs.

Overall, impairment tests made are based on the strategy approved by the Executive Board and Board of Directors. Budgets and expectations for the next 6 years (6 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.

As at 31 December 2014, net working capital accounted for 10.8% (10.7%) of revenue for the year. In impairment tests made, net working capital is considered in relation to 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's final assessment of the impairment tests made is based on an assessment of probable changes to the basic assumptions and that these will not result in the carrying amount of goodwill exceeding the recoverable amount.

Alvesta V.V.S.-Material AB
DKK 142m of the carrying amount of goodwill result from the acquisition of the Swedish enterprise Alvesta V.V.S.-Material AB in 2007 by Solar Sverige AB. The impairment test is based on the segment for installations in Sweden, which is estimated to be the lowest level of cash-generating units to which we can allocate.

The growth rate used in the impairment test for 2015 is 4% (4%), while the growth rate used in impairment tests for the years succeeding 2015 is 2-4% (4-6%).

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 (WACC) used to calculate the recoverable amount is 8.5% (8.5%), equalling a pre-tax discount rate of approx. 11% (11%). Cash flow used include any effect of related future risks, and therefore, such risks have not been added to the applied discount rates.

Conelgro B.V.
DKK 100m of the carrying amount of goodwill results from the acquisition of the Dutch enterprise Conelgro B.V. in 2011 by Solar Nederland B.V. After the integration of Conelgro into Solar Nederland, it is not possible to separate the expected future cash flows of the individual units. Therefore, the impairment test is conducted based on cash flows of the total company.

The growth rate used in the impairment test for 2015 is 1% (4%), while the growth rate used in impairment tests for the years succeeding 2015 is 1-2% (4-6%).

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 (WACC) used to calculate the recoverable amount is 8.5% (8.5%), equalling a pre-tax discount rate of approx. 11% (11%). Cash flow used includes any effect of related future risks, and therefore, such risks have not been added to the applied discount rates.

The result of the impairment test for goodwill related to Conelgro showed indications of a definite need of write-downs. It has therefore been decided to write down the goodwill value for Conelgro to DKK 0m. In connection to this, customer-related assets to Conelgro are also written down with DKK 25m to DKK 0m. Both goodwill and customer lists may be attributed to the installation segment.

Additionally, in regards to Claessens ELGB, write-downs of goodwill have been made with DKK 10m to DKK 0m which relate to the installation segment.

Besides the above mentioned, there has been no need for write-downs of the value of the carrying amount of goodwill.

Note 14

14. Property, plant and equipment

DKK million	Land and buildings	Plant, operating equipment, tools and equipment	Leasehold improve-ments	Assets under construction	Total
	Group				
2014					
Cost as at 1/1	1,533	616	83	30	2,262
Foreign currency translation adjustments	-28	-15	-3	0	-46
Assets held for sale	-60	0	0	0	-60
Disposals, discontinuing activities	-186	-54	-7	0	-247
Additions in the year	38	36	2	17	93
Disposals in the year	-56	-58	-4	-46	-164
Cost as at 31/12	**1,241**	**525**	**71**	**1**	**1,838**
Depreciation and write-down as at 1/1	475	539	67	0	1,081
Foreign currency translation adjustments	-5	-11	-1	0	-17
Reversed depreciation and write-down, discontinuing activities	-101	-53	-7	0	-161
Depreciation and write-down for the year	64	44	4	0	112
Depreciation and write-down on disposals	-56	-55	-3	0	-114
Depreciation and write-down as at 31/12	**377**	**464**	**60**	**0**	**901**
Carrying amount as at 31/12	**864**	**61**	**11**	**1**	**937**
2013					
Cost as at 1/1	1,581	647	80	9	2,317
Foreign currency translation adjustments	-37	-13	-3	-1	-54
Disposals, discontinuing activities	0	-6	0	0	-6
Additions in the year	19	39	7	29	94
Disposals in the year	-30	-51	-1	-7	-89
Cost as at 31/12	**1,533**	**616**	**83**	**30**	**2,262**
Depreciation and write-down as at 1/1	441	559	63	0	1,063
Foreign currency translation adjustments	-8	-13	-3	0	-24
Reversed depreciation and write-down, discontinuing activities	0	-4	0	0	-4
Depreciation and write-down for the year	58	46	8	0	112
Depreciation and write-down on disposals	-16	-49	-1	0	-66
Depreciation and write-down as at 31/12	**475**	**539**	**67**	**0**	**1,081**
Carrying amount as at 31/12	**1,058**	**77**	**16**	**30**	**1,181**

Note 14

14. Property, plant and equipment – continued

DKK million	Parent company Land and buildings	Plant, operating equipment, tools and equipment	Leasehold improve-ments	Assets under construction	Total
2014					
Cost as at 1/1	395	209	8	30	642
Foreign currency translation adjustments	0	0	0	0	0
Additions in the year	32	19	0	10	61
Disposals in the year	0	-2	-1	-39	-42
Cost as at 31/12	**427**	**226**	**7**	**1**	**661**
Depreciation and write-down as at 1/1	133	182	5	0	320
Foreign currency translation adjustments	0	0	0	0	0
Depreciation and write-down for the year	10	22	1	0	33
Depreciation and write-down on disposals	3	-2	-1	0	0
Depreciation and write-down as at 31/12	**146**	**202**	**5**	**0**	**353**
Carrying amount as at 31/12	**281**	**24**	**2**	**1**	**308**
2013					
Cost as at 1/1	378	238	7	4	627
Foreign currency translation adjustments	0	0	0	0	0
Additions in the year	17	12	2	29	60
Disposals in the year	0	-41	-1	-3	-45
Cost as at 31/12	**395**	**209**	**8**	**30**	**642**
Depreciation and write-down as at 1/1	124	200	5	0	329
Foreign currency translation adjustments	0	0	0	0	0
Depreciation and write-down for the year	9	21	1	0	31
Depreciation and write-down on disposals	0	-39	-1	0	-40
Depreciation and write-down as at 31/12	**133**	**182**	**5**	**0**	**320**
Carrying amount as at 31/12	**262**	**27**	**3**	**30**	**322**

Note 15

15. Other non-current assets

DKK million	Group: Deferred tax asset	Group: Other receivables	Group: Total	Parent company: Equity investments	Parent company: Other receivables	Parent company: Total
2014						
Cost as at 1/1	63	46	109	2,434	43	2,477
Foreign currency translation adjustments	0	0	0	0	0	0
Additions in the year	4	0	4	0	0	0
Disposals in the year	-24	-41	-65	0	-40	-40
Cost as at 31/12	**43**	**5**	**48**	**2,434**	**3**	**2,437**
Impairment as at 1/1	0	0	0	634	0	634
Foreign currency translation adjustments	0	0	0	0	0	0
Impairment for the year	0	0	0	451	0	451
Impairment as at 31/12	**0**	**0**	**0**	**1,085**	**0**	**1,085**
Carrying amount as at 31/12	**43**	**5**	**48**	**1,349**	**3**	**1,352**
2013						
Cost as at 1/1	42	9	51	2,252	6	2,258
Foreign currency translation adjustments	-1	0	-1	0	0	0
Additions in the year	23	38	61	263	38	301
Disposals in the year	-1	-1	-2	-81	-1	-82
Cost as at 31/12	**63**	**46**	**109**	**2,434**	**43**	**2,477**
Impairment as at 1/1	0	0	0	552	0	552
Foreign currency translation adjustments	0	0	0	0	0	0
Impairment for the year	0	0	0	82	0	82
Impairment as at 31/12	**0**	**0**	**0**	**634**	**0**	**634**
Carrying amount as at 31/12	**63**	**46**	**109**	**1,800**	**43**	**1,843**

Based on the result of impairment tests made in Solar Deutschland GmbH, Solar Nederland B.V. and Claessen ELGB, impairment was made of the parent company's equity investments as at 31 december 2014 of DKK 3m pertaining to Solar Deutschland GmbH, DKK 438m pertaining to Solar Nederland B.V. and DKK 10m pertaining to Claessen ELGB. In the impairment tests made, a discount factor of 8.5% (8.5%) after tax was used. In 2013, impairments of DKK 15m for Solar Polska Sp. z o.o. and DKK 67m for Solar Deutschland GmbH were made.

In all material aspects, disposals in the year for other receivables of DKK 40m is due to a vendor note deriving from the divestment of Aurora Group Danmark A/S becoming short-term and being included in other receivables. The fair value of this claim is considered a fair value measurement at level 3.

Note 16-17

16. Inventories

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
End products	**1,240**	**1,312**	**356**	**325**
Recognised write-down	-7	-15	0	-5

The main reasons for the 2014 income in write-down recognised in the income statement is sale and scrapping of products previously written down.

17. Trade receivables

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Maturity statement, trade receivables				
Not due	1,093	1,173	281	275
Past due for 1-30 days	195	240	30	36
Past due for 31-90 days	37	51	3	10
Past due for 91 days or more	35	51	6	13
	1,360	1,515	320	334
Write-down	-57	-61	-7	-12
Total	**1,303**	**1,454**	**313**	**322**
Write-down based on:				
Age distribution	38	26	5	2
Individual assessments	19	35	2	10
Total	**57**	**61**	**7**	**12**
Write-down as at 1/1	61	72	12	11
Foreign currency translation adjustment	-2	-2	0	0
Adjustment, discontinuing activities	-5	-3	0	0
Write-down for the year	18	10	2	3
Realised losses for the year	-8	-4	-2	-1
Reversed for the year	-7	-12	-5	-1
Write-down as at 31/12	**57**	**61**	**7**	**12**

Reference is made to the section on risks in Management review.

Note 18-19

18. Prepayments

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Prepaid:				
Rent	7	10	0	0
Insurance and subscriptions	1	6	0	4
Other costs	17	11	7	3
Total	**25**	**27**	**7**	**7**

19. Share capital

DKK million	Parent company 2014	Parent company 2013
Share capital as at 1/1	792	792
Share capital as at 31/12	**792**	**792**
Share capital is fully paid in and divided into the following classes:		
A shares, 40 shares at DKK 10,000	0	0
A shares, 2,240 shares at DKK 40,000	90	90
A shares, total	90	90
B shares 7,020,607 shares at DKK 100	702	702
Total	**792**	**792**

Share capital remained unchanged from 2010-2014.

Note 19

19. Share capital – continued

	Number of shares		Nominal value	
	2014	2013	2014	2013
A shares outstanding as at 31/12*	**900,000**	**900,000**	**90**	**90**
B shares outstanding				
Outstanding as at 1/1	6,955,434	6,955,434	695	695
Sale of treasury shares	0	0	0	0
B shares outstanding as at 31/12	**6,955,434**	**6,955,434**	**695**	**695**
Total shares outstanding as at 31/12	**7,855,434**	**7,855,434**	**785**	**785**

* A shares are included in units of DKK 100.

	Number of shares		Nominal value (DKK million)		Cost (DKK million)		Percentage of share capital	
	2014	2013	2014	2013	2014	2013	2014	2013
Treasury shares (B shares)								
Holding as at 1/1	65,173	65,173	7	7	26	26	0.8%	0.8%
Sale	0	0	0	0	0	0	0.0%	0.0%
Holding as at 31/12	**65,173**	**65,173**	**7**	**7**	**26**	**26**	**0.8%**	**0.8%**
Market value as at 31/12					**19**	**22**		

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

Note 20

20. Interest-bearing liabilities

	Group		Parent company	
DKK million	**2014**	**2013**	**2014**	**2013**
Non-current interest-bearing liabilities				
Debt to mortgage credit institutions	220	235	220	235
Debt to credit institutions	281	334	48	64
Employee bonds	0	5	0	5
Total	**501**	**574**	**268**	**304**
Maturity*	2016-37	2014-37	2016-37	2014-37
> 1 year < 5 years	261	326	69	101
> 5 years	240	248	199	203
Total	**501**	**574**	**268**	**304**
Distribution on currencies**				
EUR	268	299	268	299
DKK	0	5	0	5
NOK	41	45	0	0
SEK	192	225	0	0
Total	**501**	**574**	**268**	**304**
Interest rate in %	**3.5-6.0**	**2.0-6.0**	**5.2-5.8**	**2.0-5.8**
Outstanding interest swaps made for hedging floating-rate loans by which floating-rate loans are converted into fixed-rate loans:				
Principal amount	573	640	320	351
Fair value	136	93	116	69
Amounts recognised in other comprehensive income:				
Adjustment to fair value for the year	-12	78	-33	14
Realised during the year, recognised as financial income/expense	-31	-35	-14	15
Total	**-43**	**43**	**-47**	**29**

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 the balance sheet date.

* Outstanding interest rate swaps for hedging of floating-rate loans expire over the period 2016-37 (2014-37).
** The group's enterprises have raised loans in their respective functional currencies, while the parent company has also raised loans in euro.

Note 20

20. Interest-bearing liabilities – continued

	Group		Parent company	
DKK million	**2014**	**2013**	**2014**	**2013**
Current interest-bearing liabilities				
Bank loans and bank overdrafts	25	7	8	2
Debt to mortgage credit institutions	6	6	6	6
Debt to credit institutions	45	50	26	30
Employee bonds	5	5	5	5
Total	**81**	**68**	**45**	**43**
Distribution on currencies*				
EUR	48	37	33	32
DKK	8	11	9	11
PLN	2	0	0	0
SEK	23	20	3	0
Total	**81**	**68**	**45**	**43**
Interest rate in %	**1.3-6.0**	**0.8-6.0**	**1.3-5.8**	**0.8-5.8**

* The group's enterprises have raised loans in their respective functional currencies, while the parent company has also raised loans in euro.

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

	Group		Parent company	
DKK million	**2014**	**2013**	**2014**	**2013**
Distribution on floating-rate and fixed-rate liabilities				
Floating-rate	25	7	8	3
Fixed-rate incl. floating-rate loans hedged using interest rate swaps	557	634	305	344
Total	**582**	**641**	**313**	**347**
Earnings impact of any interest rate increase of 1%	**0**	**0**	**0**	**0**
Impact on equity of any interest rate increase of 1%	**40**	**29**	**35**	**23**
Undrawn credit facilities 31/12	**735**	**892**	**415**	**458**

Reference is made to Management review's risk management section on control of interest rate and currency risks.

Fair value of Solar's respective interest-bearing liabilities is seen as fair value measurement at level 2. Mortgage loans are valued based on underlying securities, while bank debt is calculated based on models for discounting to net present value. Non-observable market data is primarily made up of credit risks, which are seen as insignificant in Solar's case.

Note 21

21. Maturity statement for the group

DKK million	Fair value	Carrying amount	< 1 year	1-5 years	> 5 years	Total
31/12 2014						
Mortgage credit institutions	226	226	6	24	196	226
Credit institutions	326	326	45	237	44	326
Employee bonds	5	5	5	0	0	5
Bank debt	25	25	25	0	0	25
Trade payables	1,432	1,432	1,432	0	0	1,432
Other payables	602	602	602	0	0	602
Financial liabilities	**2,616**	**2,616**	**2,115**	**261**	**240**	**2,616**
Cash	248	248	248	0	0	248
Trade receivables	1,303	1,303	1,303	0	0	1,303
Other receivables	84	84	84	0	0	84
Financial assets	**1,635**	**1,635**	**1,635**	**0**	**0**	**1,635**
Net, total	**981**	**981**	**480**	**261**	**240**	**981**
Expected interest expense for the period			**30**	**84**	**98**	**211**
31/12 2013						
Mortgage credit institutions	241	241	6	24	211	241
Credit institutions	384	384	50	297	37	384
Employee bonds	10	10	5	5	0	10
Bank debt	7	7	7	0	0	7
Trade payables	1,448	1,448	1,448	0	0	1,448
Other payables	536	536	536	0	0	536
Financial liabilities	**2,626**	**2,626**	**2,052**	**326**	**248**	**2,626**
Cash	294	294	294	0	0	294
Trade receivables	1,454	1,454	1,454	0	0	1,454
Other receivables	119	119	87	32	0	119
Financial assets	**1,867**	**1,867**	**1,835**	**32**	**0**	**1,867**
Net, total	**759**	**759**	**217**	**294**	**248**	**759**
Expected interest expense for the period			**33**	**104**	**101**	**238**

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

Note 22

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.

The Solar Group's defined benefit plans are, in all material aspects, constituted by the subsidiaries Solar Norge AS, Conelgro B.V., Claessen ELGB NV and GFI GmbH (Austria). Overall, these pension plans are similar and primarily comprise a number of different pension plans and, to a smaller extent, anniversary plans and retirement benefit plans. The majority of this obligation covers lifelong retirement pensions

No major changes have been made to the method of accounting, and at the same time, no major risks are assessed as being associated with the group's defined benefit plans.

In 2013, Solar Nederland B.V. changed its pension liability from a defined benefit liability to a defined contribution liability.

	Group		Parent company	
DKK million	**2014**	**2013**	**2014**	**2013**
Present value of pension obligations	312	259	1	1
Fair value of plan assets	-293	-237	0	0
Deficit	19	22	1	1
Pension obligations (net) recognised in the balance sheet	**19**	**22**	**1**	**1**

The following specifications 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 specifications show the composition of pension assets and the most significant actuarial assumptions.

	Group		Parent company	
DKK million	**2014**	**2013**	**2014**	**2013**
Amounts recognised in income statement:				
Expected pension costs	5	7	0	-1
Calculated interest on obligations	10	9	0	0
Calculated interest revenue	-10	-9	0	0
Income from change in Solar Nederland B.V.	0	-4	0	0
Total	**5**	**3**	**0**	**-1**
Amounts recognised in the balance sheet:				
Obligations defined benefit pension plans etc.	19	22	1	1
Assets	0	0	0	0
Total	**19**	**22**	**1**	**1**
Actual return on the plan's assets	**59**	**-7**	**0**	**0**

Note 22

22. Provision for pension obligations – continued

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Development in present value of obligation:				
1/1	259	638	1	2
Foreign currency translation adjustments	-3	0	0	0
Adjustments relating to change in pension obligation	-2	-373	0	0
Expected pension costs	5	7	0	-1
Calculated interest on obligations	10	9	0	0
Benefits paid out	-9	-10	0	0
Actuarial gains and losses relating to change in demographic assumptions	-1	4	0	0
Actuarial gains and losses relating to change in financial assumptions	53	-16	0	0
Total 31/12	**312**	**259**	**1**	**1**
Development in fair value of pension assets:				
1/1	237	613	0	0
Foreign currency translation adjustments	-2	0	0	0
Adjustments relating to change in pension obligation	-1	-368	0	0
Calculated interest revenue	10	9	0	0
Administrative costs	0	-1	0	0
Paid in by the Solar Group	6	8	0	0
Paid in by staff	2	1	0	0
Pensions paid	-8	-9	0	0
Actuarial gains and losses	49	-16	0	0
Total 31/12	**293**	**237**	**0**	**0**

The group's expected payments to defined benefit pension plans in 2015 total DKK 3m (DKK 3m).

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Insurance policies for funding	**7**	**11**	**0**	**0**
Distribution of pension assets:				
Equity instruments	51	47	0	0
Debt instruments	197	147	0	0
Others	45	43	0	0
Total 31/12	**293**	**237**	**0**	**0**
Average actuarial assumptions:				
Discount rates	2.0-2.3%	2.5-4.1%	-	-
Pay increase rate	2.0-2.8%	1.5-3.8%	-	-
Pension increase rate	2.5%	2.5-3.5%	-	-

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

Note 22

22. Provision for pension obligations – continued

The table below shows the sensitivity of the pension obligations to changes in key assumptions for the statement of the obligation on the balance sheet date. In addition, the Solar Group is also exposed to general development in the market value of the assets.

	Group	
DKK million	**2014**	**2013**
Pension obligation	**312**	**259**
Sensitivity to discount rate:		
• Discount rate - 0.5 %	32	25
• Discount rate + 0.5 %	-22	-19
Sensitivity to pay increase rate:		
• Pay increase rate - 0.5 %	-3	-4
• Pay increase rate + 0.5 %	7	5
Sensitivity to pension increase rate:		
• Pension increase rate - 0.5 %	-14	-12
• Pension increase rate + 0.5 %	11	10
Pension obligations are expected to be payable as follows:		
• 0 - 1 year	8	7
• 1 - 5 years	37	31
• > 5 years	267	221
Total 31/12	**312**	**259**

The expected duration of the obligation at year-end 2014 is expected at 20.4 years (18.6 years) and may be divided as follows:

- Active employees 25.6 years (23.8 years)
- Retired employees 9.7 years (9.1 years).

Note 23

23. Provision for deferred tax

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
1/1	92	144	73	86
Foreign currency translation adjustments	-1	1	0	0
Recognised in equity	-9	-11	-11	-7
Ordinary tax recognised in income statement	-3	-42	0	-3
Adjustments, changed income tax rate	0	-9	0	-10
Other items	0	9	3	7
Total 31/12	**79**	**92**	**65**	**73**
Specified as follows:				
Deferred tax	122	155	65	73
Deferred tax assets	-43	-63	0	0
Total deferred tax, net	**79**	**92**	**65**	**73**
That can be further specified as follows:				
Expected used within 1 year	-4	8	-4	6
Expected used after 1 year	83	84	69	67
Total, net	**79**	**92**	**65**	**73**
Not recognised in balance sheet:				
Deferred tax assets	51	90	0	0

Deferred tax assets not recognised in the balance sheet are the part of tax losses where it is not considered sufficiently certain that the tax losses can be realised within a short time frame. In 2014, the not recognised tax assets may in all material respects be attributed to tax losses in the Netherlands, where the not recognised tax assets may be exercised until 2022. In 2013, the not recognised tax assets may in all material respects be attributed to tax losses in Germany, where the not recognised tax assets may be exercised indefinitely.

DKK million	1/1	Foreign curr. translation adjustments	Change in tax rate	Other adjustments	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Specification by balance sheet items:								
Property, plant and equipment	52	-1	0	-8	43	52	14	14
Inventories	-2	0	0	0	-2	-2	0	0
Provision to meet losses on receivables	-3	0	0	-3	-6	-3	-1	-1
Pension obligations	-4	0	0	0	-4	-4	0	0
Other items	49	-1	0	0	48	49	52	60
Total, net	**92**	**-2**	**0**	**-11**	**79**	**92**	**65**	**73**

Note 24-26

24. Other provisions

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Non-current				
Restructuring costs	1	0	0	0
Sundry	12	20	0	0
Total as at 31/12	**13**	**20**	**0**	**0**
Specification, non-current provisions:				
1/1	20	28	0	0
Reversed in the year	-8	-8	0	0
Provisions of the year	1	0	0	0
Total as at 31/12	**13**	**20**	**0**	**0**
Current				
Integration plan	48	0	0	0
Restructuring costs	29	22	10	0
Total as at 31/12	**77**	**22**	**10**	**0**

25. Other payables

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Staff costs	207	236	97	105
Taxes and charges	82	72	13	4
Hedging instruments	136	93	116	69
Other payables and amounts payable	78	88	27	32
Total	**503**	**489**	**253**	**210**

26. Prepayments

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Other prepayments	**4**	**7**	**0**	**2**

Note 27

27. Investments in property, plant and equipment, net

	Group		Parent company	
DKK million	**2014**	**2013**	**2014**	**2013**
Purchase of land and buildings	38	19	32	17
Purchase of plant, operating equipment, tools and equipment	36	39	19	12
Leasehold improvements	2	7	0	2
Hereof transferred from assets in progress	-46	-7	-38	-3
Assets under construction	17	29	10	29
Total additions	**47**	**87**	**23**	**57**
Sale of land and buildings	0	-14	0	0
Realisation of assets held for sale	0	-13	0	0
Sale of plant, operating equipment, tools and equipment	-6	-2	0	-2
Total disposals	**-6**	**-29**	**0**	**-2**
Total	**41**	**58**	**23**	**55**

Note 28

28. Acquisitions and divestment of operations

2014

Discontinuing activities

On 3 February 2015, Solar A/S entered into an agreement with Sonepar concerning the divestment of the activities in the subsidiary Solar Deutschland GmbH. The divestment is expected to generate a profit of DKK 50m.

The divestment of Solar Deutschland GmbH is made after considering several strategic alternatives, after which a divestment was considered the best solution.

The divestment of the activities in Solar Deutschland GmbH awaits approval from the relevant authorities and is expected to be finalised before the end of April 2015.

The discontinuing activities have impacted the income statement as follows:

DKK million	2014	2013
Revenue	932	959
Cost of sales	-792	-819
Gross profit	**140**	**140**
Costs	-192	-204
Earnings before interest and tax (EBIT)	**-52**	**-64**
Financials	-2	-2
Earnings before tax (EBT)	**-54**	**-66**
Tax on net profit or loss for the period	0	0
Net profit or loss for the period	**-54**	**-66**
Earnings from discontinuing activities in DKK per share outstanding (EPS)	-6.87	-8.40
Diluted earnings from discontinuing activities in DKK per share outstanding (EPS-D)	-6.87	-8.40
Cash flow from operating activities	-29	-50
Cash flow from investing activities	-1	23
Cash flow from financing activities	0	0
Total cash flows	**-30**	**-27**

Note 28

28. Acquisitions and divestment of operations – continued

Assets and liabilities held for sale concerning Solar Deutschland may be specified in principal items as follows:

DKK million	2014
Property, plant and equipment	86
Other non-current assets	0
Non-current assets	**86**
Inventories	109
Trade receivables	117
Other current assets	2
Current assets	**228**
Assets held for sale	**314***

* Assets held for sale in the balance sheet are also affected by DKK 61m concerning buildings for sale in Solar Nederland.

Deferred tax asset not recognised in the balance sheet of Solar Deutschland GmbH amounted to DKK 105m (2013: DKK 90m) at the end of the period.

Other non-current liabilities	4
Non-current liabilities	**4**
Trade payables	54
Other current liabilities	14
Current liabilities	**68**
Equity and liabilities held for sale	**72**

Note 28

28. Acquisitions and divestment of operations – continued

2013

Divestment of subsidiary

On 24 April 2013, Solar A/S sold the subsidiary Aurora Group Denmark A/S to Deltaco AB. The transfer price may constitute up to DKK 128m. The purchase price consists of a fixed part of DKK 113m and a variable part (earn out) which may at most amount to DKK 15m. In 2013 and 2014, the earn out is performance-based. The total expected selling price of DKK 121m entails an accounting gain of DKK 11m.

The discontinued activities have impacted the income statement as follows:

DKK million	2014	2013
Net profit or loss for the period	0	0
Expected gain from divestment of operations	-3	11
Impact on net profit or loss for the period	**-3**	**11**

Operating profit for the period up to the transfer of ownership is specified as follows:

Revenue	0	141
Cost of sales	0	-105
Gross profit	**0**	**36**
Costs	0	-35
Earnings before interest and tax (EBIT)	**0**	**1**
Financials	0	-1
Earnings before tax (EBT)	**0**	**0**
Tax on net profit or loss for the period	0	0
Net profit or loss for the period	**0**	**0**
Earnings for discontinued activities in DKK per share outstanding (EPS)	0.00	0.00
Diluted earnings for discontinued activities in DKK per share outstanding (EPS-D)	0.00	0.00
Cash flow from operating activities	0	-21
Cash flow from investing activities	0	0
Cash flow from financing activities	0	1
Total cash flows	**0**	**-20**
Divestment of discontinued activities is specified as follows:		
Carrying amount of net assets	0	116
Expected gain from disposal	0	11
- adjustment exchange rate reserve	0	-6
Expected selling price	**0**	**121**

For more information, please see note on segment information.

Note 29

29. Contingent liabilities and other financial liabilities

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
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	111	140	25	29
> 1 year < 5 years	206	286	33	43
> 5 years	31	44	8	11
Total	**348**	**470**	**66**	**83**
Operational leases and rent recognised in the income statement:				
Total	**78**	**101**	**24**	**28**
Company cars and office furniture and equipment are leased under operating leases The typical lease period is:				
No. of years	**1-7**	**1-7**	**2-4**	**2-5**
Rent obligations with non-cancellation periods of up to 10 years:				
Total	**267**	**363**	**29**	**36**
Collateral				
Assets have been pledged as collateral for bank arrangements at a carrying amount of:				
Land and buildings	426	716	281	262
Plant, operating equipment, tools and equipment	0	0	0	0
Current assets	533	582	0	0
Total	**959**	**1.298**	**281**	**262**
Mortgaging and guarantees				
As security for subsidiaries' bank arrangements guarantees have been issued for:				
Total	**-**	**-**	**757**	**741**
As security for subsidiaries’ liabilities guarantees have been issued for:				
Total	**-**	**-**	**514**	**473**

Contingent liabilities and other financial liabilities concerning the discontinuing activities in Solar Deutschland GmbH total DKK 49m of which DKK 15m falls due within 1 year. Operational leases and rent recognised in the income statement constitute DKK 15m and these are not recognised in the statement above.

Note 30-31

30. Related parties

Group and parent Solar A/S are 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 Board of Directors and Executive Board.

There have been no other transactions in the financial year with members of the Board of Directors and Executive Board than those which appear from note 5.

On the balance sheet date, the usual product balances derived from these transactions exist. These appear from the parent company's balance sheet.

The parent company has had the following significant transactions with related parties:

	Parent company	
DKK million	**2014**	**2013**
Sale of services to subsidiaries	**133**	**113**
Sale of goods to subsidiaries	**46**	**49**

Solar also invoices the Fund of 20th December for the performance of administrative services at DKK 20,000.

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 44 of this annual report. Moreover, the following new or amended standards have been issued in 2014:

- IFRS 7 on financial instruments, disclosures
- IFRS 9 on financial instruments, change to the number of categories
- IFRS 11 on jointly controlled arrangements
- IFRS 14 on regulatory deferral accounts
- IFRS 15 on revenue from contracts with customers
- IAS 16 on property, plant and equipment
- IAS 19 on employee benefits
- IAS 27 on separate financial statements
- IAS 39 on financial instruments – recognition and measurement
- Improvements on applicable standards.

These standards have not been adopted by the EU, with the exception of Improvements on applicable standards. Solar will continuously assess the impact but has not finished this assessment at present.

Statement by the Executive Board and the Board of Directors

The group's Board of Directors and Executive Board have today discussed and approved Annual Report for the financial year 1 January – 31 December 2014.

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

In our opinion, the consolidated financial statements and financial statements give a fair presentation of the group and parent company's assets, liabilities and equity, and financial position as at 31 December 2014 as well as the results of the group and parent company's activities and cash flow for the financial year 1 January – 31 December 2014.

Further, in our opinion, Management review gives a true and fair statement of the development of the group and parent company's activities 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, 25 February 2015

EXECUTIVE BOARD

Anders Wilhjelm
CEO

Michael H. Jeppesen
CFO

BOARD OF DIRECTORS

Jens Borum
Chairman

Agnete Raaschou-Nielsen
Vice chairman

Lars Lange Andersen

Niels Borum

Ulrik Damgaard

Bent H. Frisk

Ulf Gundemark

Jens Peter Toft

Steen Weirsøe

The independent auditor's report

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 2014. 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 2014 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 2014 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.

The Triangle Region, 25 February 2015

AUDITORS

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Lars Almskou Ohmeyer
State Authorised Public Accountant

Jan Bunk Harbo Larsen
State Authorised Public Accountant

Thank you to the following employees, whose portraits are in the annual report:

Rasmus Balsgaard Nielsen
Julie Huglow
Adam Dymek
Martin Cumiskey
Katarzyna Kotkowska
Peter Christensen
Elin Leister Duna
Rafał Karlinski
Adrianna Otto
Erlend Jemtland
Martin Christensen
Amalie Sandfeldt
Mette Brix
Hossein Nadri
Gabriela Kruszynska
Hans Christian Vieland Christensen
Homayun Watendost
Daniel Thor Christensen
Trude Rød
Kasper Eugen Hansen
Marta Michalska
Claus Müller

Solar A/S
Industrivej Vest 43
DK-6600 Vejen
Tel. +45 79 30 00 00
CVR no. 15908416

www.solar.eu
http://www.linkedin.com/company/solar-as

solar
stronger together