



ANNUAL REPORT 2016

CEMAT A/S

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CEMAT AT A GLANCE

Cemat A/S (formerly Topsil Semiconductor Materials A/S) is a listed holding company whose activities are operation, development and divestment of the Polish property company CeMat '70 S.A. in Warsaw. The objective of CeMat '70 is to prepare the company's assets for a divestment and sell them off.

CeMat '70 owns about 152,000 sqm of land and 41,000 sqm of buildings on the outskirts of Warsaw approximately 10 kilometres NW of the centre of the Bielany district. Of the 152,000 sqm, approximately 133,000 sqm. is suitable for development and sale. The area has undergone significant development over the past few years with a large number of housing units being established in the area. The land held by CeMat '70 is currently classified for industrial purposes. CeMat '70 is working to reclassify the land to residential and retail land to include it in the ongoing development of the district.

CeMat '70 has around 90 tenants. CeMat '70 engages in the letting of premises and land and the provision of utilities, including power, water and gas, and facility services etc. to its tenants.

FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK'000	2016	2015	2014	2013	2012
Revenue	25,434	14,456	272,328	312,102	289,567
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(12,573)	(8,976)	9,355	20,996	12,795
Operating profit/(loss) (EBIT)	(17,140)	(13,711)	(38,703)	(6,395)	13,913
Net financials	(7,501)	(12,534)	(10,900)	(6,315)	(3,728)
Profit/(loss) from discontinued operations	(46,975)	(63,313)	-	-	-
Profit/(loss) for the year	(33,329)	(90,065)	(41,992)	(9,790)	(24,670)
Of which attributable to parent company shareholders	(49,325)	(90,298)	(42,130)	(9,382)	(24,596)
Cash flows from operating activities	(65,396)	6,967	(6,318)	18,321	(3,827)
Cash flows from investing activities	382,894	(9,392)	(14,182)	(24,065)	(131,706)
Investments in property plant and equipment	191,524	3,772	8,822	15,594	122,886
Share capital	10,883	132,029	132,029	132,029	132,029
Equity attributable to parent company shareholders	192,914	243,912	327,759	376,668	387,828
Equity attributable to non-controlling shareholders	30,150	16,782	16,585	17,286	17,978
Total consolidated equity	223,064	260,694	344,344	393,954	405,806
Total assets	247,645	549,410	633,213	656,624	686,223
Invested capital	105,661	440,069	522,564	557,011	575,496
Net interest-bearing debt/(Net interest asset)	0	182,462	180,616	158,469	152,318
Net working capital (NWC)	(454)	117,643	118,620	140,106	142,504
Financial ratios					
EBITDA margin (%)	(49.4)	(62.1)	3.4	6.7	4.4
EBIT margin/profit margin (%)	(67.4)	(94.8)	(14.2)	(2.0)	4.8
Return on invested capital (%)	(6.2)	(2.8)	(7.2)	(1.1)	(2.7)
Contribution ratio (%)	67.7	70.9	48.1	46.3	47.6
Equity ratio (%)	90.0	47.4	54.4	60.0	59.1
Return on equity (%)	(13.8)	(4.5)	(11.4)	(2.4)	(5.9)
Current number of shares (thousands)	544,164	528,114	528,114	528,114	528,114
Earnings per share (DKK)	(0.06)	(0.17)	(0.08)	(0.02)	(0.05)
Price per share (DKK)	0.32	0.28	0.41	0.71	0.38
Average number of full-time employees	32	34	356	344	358

*) Financial highlights and key ratios for 2015 and 2016 have been restated to the effect that the divested activity is included under discontinued operations. The numbers for 2014 and prior years have not been restated and consequently also include the silicon business divested in 2016.

The financial highlights and key ratios have been prepared in accordance with "Recommendations and Financial Ratios". See the description in note 1 to the financial statements, "Accounting policies".

2016 – A YEAR OF TRANSFORMATION

The silicon business was sold in 2016

Towards the end of 2015, the Board of Directors decided to look into Topsil Semiconductor Materials A/S' possibilities of entering into a collaboration with a financially stronger partner.

This decision arose out of Topsil's continued struggle to deliver acceptable results in a tough market where product prices had fallen by 40% during the preceding years. Moreover, Topsil's position had been further weakened in 2014 because of a major customer complaint impacting operating profit by approx. DKK 30 million.

The wish to mitigate risks for shareholders was a significant factor in deciding to examine the possibilities for market consolidation.

The decision led to a structured process in which a number of potential investors (industrial and financial) were approached. Negotiations with potential buyers took place during the spring of 2016, and Topsil eventually sold the entire silicon business (in Denmark and Poland) to GlobalWafers Co. Ltd., a listed Taiwanese-based company, for a cash amount of DKK 355 million. As part of the deal, GlobalWafers also acquired the silicon business for the first six months of 2016, for which it paid compensation of DKK 52.5 million, taking the total selling price to DKK 405.7 million. The transaction was completed at 1 July 2016.

As the Topsil brand was linked to the silicon activities, the Group changed its name to Cemat A/S to align it with that of its new main business, i.e. the Warsaw-based real estate business operating under the name of CeMat '70 S.A.

Another consequence of spinning off the silicon business was the conclusion of severance agreements with the Management Board of Topsil Semiconductor Materials, leading to the resignation of all three members at end-September 2016. The Managing Director of CeMat '70, Mr Abdelmottaleb Doulan, was appointed new CEO of Cemat A/S. At the same time, the Board of Directors was downsized from six to three members and strengthened by the election of Ms Joanna Iwanowska-Nielsen, a Polish real estate professional.

The divestment of the silicon business remedied a very complex situation and eliminated the associated risks for shareholders. The Board of Directors considers the proceeds from the sale of DKK 407.5 million satisfactory.

After paying off its bank debt, the Group was left with cash resources of DKK 125-130 million. An extraordinary general meeting held in the autumn of 2016 resolved to pay back DKK 120 million of this amount to the shareholders in the form of a share buy-back programme. This programme will be implemented during Q1 2017 and the cash will be paid out in early April.

Strategy going forward

CeMat '70 is located in the north-western part of Warsaw in a developing residential area. Cemat A/S' long-term objective is to sell off the land in Warsaw, pay out the proceeds to the shareholders and then close down and sell the company.

Under the current real estate market conditions in Poland, the strategy is to sell as much as possible of the land for residential use. The typical buyer(s) could be developing companies designing, building and selling residential property. Alternatively, the land, or part of it, could be sold to service providers (retail, offices, institutions, etc.) or even for industrial and/or logistics purposes similar to the current use.

CeMat '70 has a close neighbour, the state-owned Institute of Electronic Materials Technology (ITME). The two companies have joint ownership as well as joint use of one particular plot and the building on it. One element of the strategy is to find a way to resolve this co-habitation situation to the effect that neither company can limit the development plans of the other.

To maximize the value of the land, the remaining claims from descendants of former owners must first be resolved. Also, the current industrial zoning must be changed to residential or mixed residential/service purposes.

As the process of resolving the claims and changing the zoning is expected to take a number of years, and the land is expected to be sold in steps, it may take six to eight years or more to fulfil the Group's objective.

Alternatively, if a buyer for Cemat A/S' approx. 78% shareholding in CeMat '70 can be found, the Group would be relieved of the problems of solving claims and changing the zoning. This would most likely result in a lower selling price, but also reduced risk and an accelerated process.

Cemat has engaged a real estate agent and external legal assistance to assist in the work.

Both options (long-term preparation and divestment of land and the shorter-term sale of shares) are being pursued.

In January 2017, the Group received an updated valuation report prepared by one of the leading international real estate companies operating in Warsaw. According to this report, the property has an "as is" fair value of PLN 62,950,000 (or approx. DKK 106 million) based on 100% of the property (or the shares).

A successful implementation of the strategy described above would probably result in a higher value, but the final value will depend on the structure and timing of a sale, the payment schedule, etc. Also, it is impossible to predict whether the residential market in Warsaw will remain as attractive as it currently is. Should the market suddenly undergo a significant negative development, the value may even fall below the level indicated in the valuation report.

Abdelmottaleb Doulan
CEO

Jens Borelli-Kjær
Chairman

OUTLOOK FOR 2017

CeMat '70 in Poland operates a real estate rental business, which includes the provision of utilities (power, gas, heating, etc.). All of the Group's sales income is generated by CeMat '70.

Cemat A/S, the parent company, has no income from sales. The operating expenses of Cemat A/S are limited to costs related to being listed in Denmark, Management (three directors and a part-time CEO), part-time secretarial support and external assistance (lawyers, auditors, etc.).

The revenue of CeMat '70 is expected to decrease by approx. 10% in 2017 due to a decline in utility sales. EBITDA is estimated at DKK 4 million, down approximately DKK 1 million on the result for the corresponding activities in 2016. However, a relevant comparison with 2016 is rendered difficult by the sale of the silicon business mid-year.

The guidance is based on an exchange rate of DKK 170/PLN 100.

The forward-looking statements in this annual report reflect Management's current expectations for certain future events and financial results. Forward-looking statements are inherently subject to uncertainty, and actual results may therefore differ materially from expectations.

Factors that may cause actual results to deviate materially from expectations include, but are not limited to, general economic developments, developments in the financial markets and changes in legislation, demand for the Group's products and competition.

THE PROPERTY BUSINESS

Cemat A/S is a listed holding company whose activities are operation, development and divestment of the Polish property company CeMat '70 S.A. in Warsaw.

The objective of CeMat '70 is to prepare the company's assets for a divestment and sell them off. CeMat '70 owns 152 thousand sqm of land and 41 thousand sqm of buildings on Wólczyńska 133 in the Bielany district. Of the 152 thousand sqm, approximately 133 thousand sqm. is suitable for development and sale. The land is located approximately 10 kilometres NW of the centre of Warsaw. Bielany has undergone significant development over the past years with a large number of housing units and new retail businesses being established in the area. The land held by CeMat '70 is currently classified for industrial purposes, but the company is working to reclassify the land to residential and services usage to include it in the ongoing development of the district.

The key issues and risks relating to divesting the real estate assets are:

- resolving the remaining claims regarding title to the land;
- re-classification of the land for residential and services purposes;
- entering into one or more sales/purchase contracts with buyers/developers;
- resolving the co-ownership of one major plot and its buildings with the Institute of Electronic Materials Technology (ITME); and
- changes in the financial attractiveness of the Warsaw real estate market.

Claims for title

The claims relate to disputes between former landowners (or their heirs) and the Polish state, which expropriated the land back in the 1970s. In order for CeMat '70 to sell the land, the company must have title to the land either in the form of actual ownership or of a perpetual usufruct right (PUR).

The 133 thousand sqm of land is split into different plots of land and strips of road of varying sizes. CeMat '70 today holds title to a number of plots/roads, in total 45% of the area, the remaining 55% is being claimed. CeMat '70 cannot apply for title to a plot of land or a strip of road as long as there are ongoing claims to the plot.

Claims are generally being handled in the legal system and there are several appeal possibilities, which means that the individual claims cases typically stay in the court system for a number of years. All finalised court cases involving CeMat '70 land have so far been won by the Polish State (and hence by CeMat '70).

According to Polish law, there is no deadline for when former landowners or their heirs can submit a claim to the Polish State to a specific plot of land or strip of road. However, once a plot of land or a strip of road is free of claims, CeMat '70 can apply for perpetual usufruct rights, and when that title is obtained, future claims have no impact on CeMat '70's possibilities for selling the land.

Up until approximately two years ago, the complexity and importance of these claims had been underestimated, but since October 2014, local legal advisers specialising in claims handling have been engaged as a strong locomotive to assist the company in solving pending claims as soon as possible.

Through its entire period of ownership, Cemat has been involved in a total of 12 claims cases. At end-2014, the Group was involved in eight pending cases with ownership being claimed by former owners or their families. Currently, only four claims cases remain to be closed by a court decision or a negotiated settlement.

Re-classification of the land for residential and services purposes

Land can be used for many purposes, the main segments being industry, logistics, retail, services, office and residential. The area around Wólczynska 133 has formerly hosted a lot of industry, but in recent years more and more land has been converted into retail, services and residential areas. There are thousands of people living in low and high rise apartment blocks in the vicinity of CeMat '70 and more apartments are currently under construction, largely driven by the net inflow of Poles from the countryside to the larger metropolitan areas, in particular to Warsaw.

From a sales price point of view, the currently most attractive option is to sell the land for residential purposes. However, on an area of land this size there will normally be a requirement from the authorities for a certain ratio of services (shops, child care, etc.), which is why CeMat '70 is in the process of preparing an application for mixed residential and services purposes for the entire area.

Before submitting an application for re-classification, environmental approval must be obtained for the land, describing not only any pollution on the land, but also how a planned number of new residents in the area will affect the surroundings in terms of supply of water, electricity, sewage, traffic, etc.

A number of investigative drillings have been carried out across the property and so far, despite some 40 years of industrial activities, no significant pollution has been identified.

Sale of land to developers

We are currently talking to a number of potential buyers who are interested in buying all or part of the land. Cemat has engaged a major real estate agent in Warsaw to ensure a professional process and access to all relevant potential buyers.

The potential buyers are typically local or international developers wishing to construct and sell residential units and who have the experience of doing so already in Poland. Once a developer has purchased land, he must obtain a building permit from the local authorities before construction can commence. Often, a final sale of land to a developer is subject to such building permit being obtained.

Resolving the co-ownership with ITME

Originally, CeMat '70 S.A. was established together with a sister company, a state-owned research facility named the Institute of Electronic Materials Technology (ITME). CeMat '70 was later privatised, whereas ITME remained state-owned.

Due to their common start, CeMat '70 and ITME today jointly own one particular plot and the large production/office building located on it. CeMat '70 owns 78%. Also, usage of the building is shared with a similar percentage split, but unfortunately in a not very coherent way, making separation quite complicated.

Before the plot and the building can be sold, a solution for separation must be found with ITME. Discussions on concrete solutions are ongoing.

Changes in the financial climate for the Warsaw real estate market

The current financial climate for construction and sale of residential units in Warsaw is reasonably attractive. However, there is a risk that the market will change, also for the worse, and

the longer it takes to realise the plans described above, the greater the risk that the financial climate will take a turn to the worse.

Currently, it is estimated to take 6-8 years before all land can be sold.

In February 2015, Cemat received an independent valuation report. The report sets the value of the land in its current form at PLN 63.5 million (DKK 108 million), and assuming all claims solved and title to the land and zoning for residential and services purposes in place, the valuation report indicated a market value of PLN 145.1 million (DKK 246 million).

In January 2017, the Group received an updated valuation report setting the fair value of the land in its current state at PLN 62.95 million (DKK 106 million).

It should be borne in mind that Cemat A/S only owns 77.66% of the shares in CeMat '70, and that there will be taxes and fees to be paid on proceeds from the sale of land of an estimated 25-30% in total.

Furthermore, CeMat '70 and ITME are in dispute about the ownership of a 5 thousand sqm plot of land near Warsaw's international airport. This land has been under ITME administration for more than 20 years. Both CeMat '70 and ITME applied more than 20 years ago for perpetual usufruct rights; neither of them were granted such rights. CeMat '70 and its legal advisers concluded last year, after re-examining the old files, that CeMat '70 should be given title to the land and re-applied. The first administrative instance eventually also decided in favour of CeMat '70, but the decision was contested by ITME and the case is now on its way through the court system. This plot of land is assumed to have a value of PLN 15-20 million (DKK 25-35 million), but it is very uncertain who will eventually be given title to the land.

FINANCIAL REVIEW

The activities of Cemat A/S comprise a listed holding company in Denmark with a property business in Poland operated through the 77.66%-owned subsidiary CeMat '70 S.A. There are no other business operations in the Danish listed company.

CeMat '70 owns 133 thousand sqm of land and 41 thousand sqm of buildings on Wólczynska 133 in the Bielany district, which is located approximately 10 kilometres NW of the centre of Warsaw. Bielany has undergone significant development over the past years with a large number of housing units and new retail businesses being established in the area. The land held by CeMat '70 is currently classified for industrial purposes, but the company is working to reclassify the land to residential and services usage to include it in the ongoing development of the district.

CeMat '70 engages in the letting of premises and land and the provision of utilities, including power, water and technical gases, and facility services etc. to its tenants. CeMat '70 has approximately 95 tenants and an occupancy rate of approximately 75%. Topsil GlobalWafers is the biggest tenant, and any major changes in the operations of Topsil GlobalWafers would affect CeMat '70 accordingly.

Divestment of the silicon business

The shareholders of Topsil approved the divestment of the silicon business to GlobalWafers Co. Ltd. at the extraordinary general meeting held on 17 June 2016, and the transaction was completed as at 1 July 2016. The selling price was DKK 355 million on a debt-free basis. As part of the deal, GlobalWafers also acquired the silicon business for the first six months of 2016, for which it paid compensation of DKK 52.5 million, taking the total selling price to DKK 405.7 million.

For reporting purposes, the divestment of the silicon business was completed as at 1 July 2016, at which date the deal was made, the shares transferred to GlobalWafers and the selling price received by Cemat. Under IFRS, this means that the Group's income statement, balance sheet and cash flow statement must be divided into continuing (property and holding operations) and discontinued (divested silicon business) operations. The comparative figures in the income statement have consequently been restated to reflect the continuing operations. Comparative balance sheet figures have not been restated and therefore reflect the business at 31 December 2015 and 31 December 2016, respectively.

Continuing operations

Revenue for 2016 amounted to DKK 25.4 million (2015: DKK 14.5 million), comprising rental income of DKK 9.7 million and sales of utilities, including power, water and technical gases, and facility services etc. to tenants of DKK 15.7 million.

Revenue numbers for the first six months of 2016 and comparative figures for full-year 2015 have been corrected to eliminate intra-group revenue in accordance with applicable financial reporting legislation. Adjusted for this elimination for accounting purposes, revenue was DKK 36.6 million (2015: DKK 36.2 million), comprising rental income of DKK 11.0 million and sales of utilities of DKK 25.6 million.

Direct production costs totalled DKK 8.2 million in 2016, up from DKK 4.2 million in 2015, consisting of costs for the purchase of utilities for resale to tenants.

Other external expenses amounted to DKK 10.2 million in 2016, compared with DKK 5.4 million in 2015, which numbers reflect intra-group eliminations for 12 months in 2015 and only six months in 2016 and an increase in the parent company's expenses of DKK 0.7 million in 2016.

Staff costs came to DKK 20,0 million in 2016, up from DKK 13.9 million in 2015. The increase was mainly caused by severance agreements with the former Management Board following the divestment of the silicon business.

In early July, severance agreements were concluded with the three members of the Management Board, and in August the Board of Directors was reduced to three members. Michael Hedegaard Lyng and Jørgen Frost have stepped down, and Joanna Iwanowska-Nielsen has joined the Board, bringing strong skills and expertise in the Polish and international property markets.

EBITDA for 2016 was a loss of DKK 12.6 million against a loss of DKK 9.0 million for 2015.

Depreciation and amortisation for 2016 was DKK 4.6 million, in line with the 2015 level.

In January 2017, the Group received an updated valuation report, according to which the fair value of the land in its current state is PLN 62.95 million (DKK 106 million). The valuation report is the basis for assessment of the marked value of the investment property which has resulted in a positive revaluation adjustment of the investment property of DKK 48.2 million in 2016. The adjustment is recognized in the profit and loss statement.

Net financials amounted to an expense of DKK 7.5 million in 2016, compared with an expense of DKK 13.2 million in 2015. All interest-bearing bank debt was repaid in connection with the divestment at 1 July 2016, and the Group currently has no interest-bearing debt besides a few finance leases in CeMat '70. There are no exchange rate effects of any significance in the continuing operations as they are mainly in Polish zloty.

Tax on profit/loss for the year was DKK (9.9) million and are mainly a result of the positive revaluation adjustment of the investment property.

The continuing operations posted a profit of DKK 13.6 million for 2016, compared with a loss of DKK 26.8 million in 2015.

The discontinued operations reported a loss of DKK 47.0 million.

Overall, Cemmat realised a loss after tax of DKK 33.3 million in 2016, compared with a loss of DKK 90.1 million in 2015.

CASH FLOWS AND INTEREST-BEARING DEBT

Cash flows from operating activities amounted to an inflow of DKK (65.4) million, and 2016 investments totalled DKK 382.9 million, influenced by the divestment of the silicon business. All bank debts were repaid following the sale of the silicon business.

At 30 June 2016, the Group's net interest-bearing debt was DKK 252.8 million, up DKK 70.3 million relative to 31 December 2015 (DKK 191.3 million). The Group's interest-bearing debt was repaid in full in July 2016, and cash flows from financing activities consequently amounted to an outflow of DKK 191.5 million.

BALANCE SHEET

Total assets amounted to DKK 247.6 million at 31 December 2016, primarily comprising investment property with an estimated market value of DKK 106.1 million and cash and cash equivalents of DKK 134.6 million.

For reporting purposes, the property in Poland is classified as investment property. Prior to the divestment of the silicon business, it was classified as domicile property. As a consequence, the measurement basis was changed from historical cost to estimated market value as at end-2016. Against this background, Management in January 2017 obtained an external valuation report from a leading international valuation expert operating in the Warsaw area. According to this report, the property has an "as is" fair value of PLN 62,950,000 (or approx. DKK 106 million) based on 100% of the property (or the shares).

EQUITY

Consolidated equity at 31 December 2016 stood at DKK 223.1 million, of which DKK 192.9 million was attributable to shareholders of Cemmat A/S and DKK 30.2 million to non-controlling interests in CeMat '70 S.A. The equity ratio was 90.0% at 31 December 2016.

Discontinued operations

The silicon market is still affected by price pressures, and this was reflected in the revenue for the first six months of 2016. Revenue totalled DKK 120.0 million in H1 2016, down from DKK 129.0 million in the same period of 2015.

Direct production costs amounted to DKK 74.2 million against DKK 66.1 million in H1 2015, and the contribution margin was 38.1% against 48.8% in the same period of 2015. The contribution margin was, among other things, adversely affected by persistent price pressure, mix effects and sales of remelt worth DKK 3.8 million at a loss.

Renegotiations of contracts with one of the Group's raw materials suppliers were completed at end-June 2016. Under the agreement, a lump sum of USD 5 million (DKK 33 million) was paid to be re-leased of the previous obligations. The lump sum is recognised in other external expenses.

Other external expenses and staff costs amounted to DKK 84.3 million for the first six months of 2016, up from DKK 51.6 million in H1 2015. The increase was mainly due to the lump sum paid to be released from the said raw materials contract.

The average number of full-time employees of the discontinued operations was 290 in Q2 2016, representing a year-on-year reduction by 18.

At 30 June 2016, net assets were written down to DKK 390 million, their expected selling price after costs etc., which resulted in a write-down of the carrying amounts by DKK 7.1 million in H1 2016.

Events after the balance sheet date

No significant events have occurred after the balance sheet date.

RISKS AND RISK MANAGEMENT

The Group's activities are exposed to a number of risks. Management believes that the key risks to consider in connection with an analysis of the Group and its activities are described below. The list of risks outlined below is not exhaustive and not prioritised. If these risks materialise, this may adversely affect the Group's development, results of operations, cash flows and financial position.

Risks relating to accounting estimates and judgments

The Group's investment property is measured at its estimated fair value in accordance with IAS 40 and IFRS 13, and any value adjustments are recognised in the income statement. Management has reviewed the updated valuation report received in January 2017 and its underlying assumptions. Management's valuation estimate is in line with that indicated in the report, and the fair value consequently reflects the value stated in the report.

As the property market is not in all respects as efficient and liquid as, for example, the equity market, there can be no assurance that a buyer willing to pay the fair value at which the property is stated in the financial statements can be found at any given time. In other words, properties are subject to a liquidity risk in a sales situation.

Risks relating to property operations

The Group's financial management focuses on the operating results generated by the property, and the Group draws up detailed budgets for its property management operations. The operating performance of the property is affected by external factors, including economic developments and developments in the property and retail markets. To this should be added a number of risks that are to varying degrees controlled by the Group, including tenants' capacity to pay, management of the property and developments in vacancy rates and temporary rent discounts.

These risk factors may to a greater or lesser degree impact adversely on results of operations, cash flows and financial position.

Adverse economic developments may cause demand for leased premises to decline. In the long term, this may cause a deterioration of letting conditions and put pressure on the rental income obtainable for individual leases.

An economic downturn also increases the risk that tenants and other contracting parties will not be able to fulfil their obligations, including to pay rent, and may result in higher vacancy rates and temporary rent discounts, lower earnings, heavier pressure on return rates.

Tenants may fail to fulfil their payment obligations, but the Group puts a lot of emphasis on attracting reliable and creditworthy tenants. Accordingly, when entering into a lease, the Group seeks as far as possible and relevant to determine the tenants' ability to pay. If in future one or more tenants are unable to fulfil their payment obligations, this could result in lower income and the incurrance of a loss on the tenant in question and resulting vacancy and costs in connection with, among other things, reletting and repairs.

The Group's three largest tenants account for about 68% of revenue, with the largest accounting for about 61% of consolidated revenue. The loss of one or more of the Group's largest customers would therefore have an adverse impact on consolidated revenue. The Group works to expand its customer base so as to mitigate its dependence on a few individual customers.

The above risks will affect the valuation of the property.

Risks relating to a divestment of the property business

The key issues and risks relating to divesting the real estate assets are:

- resolving the remaining claims regarding title to the land;
- re-classification of the land for residential and services purposes;
- entering into one or more sales/purchase contracts with buyers/developers;
- resolving the co-ownership of one major plot and its buildings with the Institute of Electronic Materials Technology (ITME); and
- changes in the financial attractiveness of the Warsaw real estate market.

All of the above risks may affect the ongoing sales process and the valuation of the property.

Financial risks

As a result of the Group's activities, its equity and results of operations are impacted by a number of different risk factors, mainly relating to changes in exchange rates and interest rate levels. See note 32 "Financial risks and financial instruments" for further information.

Capital resources

The Group's capital resources are reviewed regularly.

Based on the 2017 budget, Management believes that the existing capital resources and the expected future cash flows will be sufficient to maintain operations and finance planned initiatives.

The Group's budgets and, by extension, its future capital resources are inherently subject to risk since cash flow fluctuations may impact on the level of required and available capital resources.

Management believes that any negative deviations from budgeted cash flows can be countered on a timely basis through cash flow-enhancing activities.

Reference is made to note 31 to the financial statements on page 68 for a description of cash flows and capital resources.

Other risks

Other risks that may affect the Group's operations are related to insurance, the environment and staff.

As regards insurance, the Group has taken out insurance cover within a number of general areas. In the Group's opinion, this insurance provides satisfactory cover in respect of the Group's activities. There is a risk of insufficient insurance coverage of claims.

As regards the environment, the Group is of the opinion that its property is not contaminated. In connection with the Group's ongoing efforts to divest its property, a number of investigative drillings have been carried out across the property and so far, despite some 40 years of industrial activities, no significant pollution has been identified.

The Group generally strives to be regarded as an attractive workplace with a favourable working environment and development opportunities for all employees. The Group is of the opinion that there is no significant dependence on individuals in the Group and that staff changes will not lead to any operational or management risks.

STATUTORY REPORTS

Statutory report on corporate governance, see section 107b of the Danish Financial Statements Act

Cemat's statutory report on corporate governance, see section 107b of the Danish Financial Statements Act, covers the period 1 January – 31 December 2016.

The report consists of three elements:

- Corporate governance report
- Description of Cemat's management bodies
- An account of the main features of the Group's internal controls and risk management in relation to the financial reporting process.

Cemat's Board of Directors and Management Board continually work with corporate governance principles to ensure that the management structure and control systems are appropriate and satisfactory. The Board of Directors believes that clear management and communication guidelines help convey an accurate picture of Cemat.

Pursuant to section 107b of the Danish Financial Statements Act and clause 4.3 of the "Rules for issuers of Shares – Nasdaq Copenhagen", Cemat must report on how the Group addresses the recommendations published by the Committee on Corporate Governance in Denmark on 6 May 2013 and most recently updated in November 2014. The recommendations are available on the website of the Committee on Corporate Governance, www.corporategovernance.dk. In preparing the report, Cemat has adopted the "comply-or-explain" principle in relation to each individual recommendation. The Board of Directors believes that Cemat complies with the majority of the recommendations. Cemat complies with 38 of the 47 corporate governance recommendations.

The statutory report on corporate governance 2016, see section 107b of the Danish Financial Statements Act, may be found on Cemat's website at:

<https://static1.squarespace.com/static/576cfca9be659429ccf4d120/t/588a3491e4fcb519d7ddf852/1485452435875/Corporate+Governance+2016+-+UK+2017.pdf>

Statutory report on corporate social responsibility, see sections 99a and 99b of the Danish Financial Statements Act

Cemat divested its main activity in 2016 and, consequently, the former secondary activity is now the Group's main activity. Going forward, the Cemat Group is purely an investment property business. As a result, the number of employees has been sharply reduced and the environmental impacts are also significantly less than previously. Accordingly, Cemat A/S is in the process of drawing up new corporate social responsibility policies, including new human rights and environmental policies. At the balance sheet date, the Group therefore does not have a CSR policy.

The Group no longer reports under UN Global Compact.

This report focuses on Cemat's performance in the financial year 2016 (1 January - 31 December 2016).

Policy on diversity

Cemat regards a diverse workforce as an asset. We hire on the basis of talent and personality and offer equal opportunities to all employees, regardless of their background, religion, political conviction, gender or age. We encourage everyone to try to reach their full potential in accordance with their personal ambitions and goals.

We promote a work environment of respect and inclusion and expect our employees to be politically and religiously neutral when acting on behalf of the Group. We acknowledge the right to unionise and bargain collectively and do everything in our power to avoid discrimination.

Policy for the underrepresented gender in managerial positions

In selecting new candidates for Cemat's Board of Directors, it is important that candidates have specific professional competencies and qualifications from listed companies and international experience. In addition, diversity in terms of nationality, religion, political conviction, age and gender is taken into account. During potential recruitment processes, employees and external partners involved will be fully informed of the Group's diversity policy.

At year-end 2016, the total number of employees was 29, seven of whom were women. There were no women on the Management Board, while two women held managerial positions and one woman held a mid-level managerial position.

The current gender balance of Cemat's managerial positions is outlined below (numbers for 2015 have been restated to reflect the continuing business).

	2016	2015
Board of Directors, males	2	4
Board of Directors, females	1	0
Other managerial positions, males	2	2
Other managerial positions, females	2	2

A number of changes were made to the Board of Directors in 2016. Following the divestment of the silicon business, the Board of Directors was reduced from four to three members. In addition, two of the incumbent directors resigned, while a new (female) member with extensive experience within the real estate business joined the Board.

Representatives from Management and the members elected by the employees meet on a regular basis to discuss the general situation and working climate in Cemat. The minutes of these

meetings are communicated to local staff. Two of the five members of the Board of Directors of CeMat '70 have been elected by the employees.

No significant changes are planned for 2017. Instead, Cemmat will focus on continuing the good efforts already completed.

Policy on safety

Safety must be a priority for all Cemmat employees.

Cemmat believes that all injuries are preventable, all health risks are controllable and management is accountable. Cemmat also believes that a strong safety culture is an important tool for protecting our products and customers.

Literally speaking, we want our staff to go home from work as healthy as they were when they arrived at their work place. In order to attain this goal, it is a continuing objective to prevent injuries and work-related health risks through structured effective management, administration, education and training.

Pursuant to national legislation in Poland, a health and safety body has been established. The safety organisation consists of management and an H&S specialist who holds the overall responsibility for Cemmat's health and safety performance. The H&S specialist oversees compliance with applicable legislation and plans activities to minimize safety risks. The H&S specialist is also responsible for conducting workplace evaluations and implementing improvements.

SHAREHOLDER INFORMATION

Cemat strives to maintain an open and continual dialogue with its shareholders, prospective investors and the general public.

CEMAT'S SHARES

In 2016, the shares in the OMXC20 CAP index lost 2%, while the shares in the OMXC SmallCap index gained 12%. The price of Cemat's shares was DKK 0.320 per share at the end of 2016, equivalent to a 13% increase (from DKK 0.283).

The Group's market capitalisation at 31 December 2016 was DKK 174 million.

Total turnover in the share in 2016 was 479 million shares, which was 134% higher than in 2015, when 205 million shares were traded.

MASTER DATA

Stock exchange:	Nasdaq Copenhagen
Index:	OMXC SmallCap
Industry:	Property
ISIN:	DK0010271584
Symbol:	CEMAT
Share capital:	DKK 10,883,281.36
Denomination:	DKK 0.02
No. of shares:	544,164,068
Negotiable instruments:	Yes
Voting restrictions:	No

SHARE CAPITAL

At the extraordinary general meeting held on 5 August 2016, it was resolved to reduce Cemat A/S' share capital from a nominal value of DKK 132,028,539.25 to DKK 10,562,283.14 and to reduce the denomination of the shares from DKK 0.25 to DKK 0.02. On 3 November 2016, the share capital was increased in connection with Management's exercise of warrants to amount to DKK 10,883,281.36, equivalent to 544,164,068 shares of DKK 0.02 each. There is only one share class, and the share of the capital held corresponds to the share of votes.

The Board of Directors and the Management Board regularly assess whether the Group's capital and share structures are consistent with the interests of the shareholders and the Group.

SHAREHOLDER STRUCTURE

Cemat has 5,187 registered shareholders, who hold just under 78% of the registered share capital. A total of 166 registered shareholders live abroad. Between them, the two largest shareholders hold 20.4% of the registered share capital. A list of shareholders who have notified the Group that they hold 5% or more of the share capital and votes under section 29 of the Danish Securities Act is shown below.

Composition of shareholders at 27 Jan. 2017	Number of shares	Capital DKK	Capital %
EDJ-Gruppen	76.000.000	1.520.000,00	13,97
Formue Nord Markedsneutral A/S	34.982.418	699.648,36	6,43
	110.982.418	2.219.648	20,40

EDJ-gruppen consists of Eivind Dam Jensen and related parties together with companies controlled by Eivind Dam Jensen.

MANAGEMENT'S HOLDINGS OF CEMAT SHARES

At 31 December 2016, members of the Board of Directors and their related parties held 76,693,750 shares (nominal value DKK 1,533,875), corresponding to 14.1% of the share capital and a market value of DKK 24.5 million. No members of the Management Board hold any shares.

The shareholdings of the individual members of the Board of Directors and the Management Board and changes thereto during 2016 can be found on the Group's website under "About us/Management/Board of Directors" and "About us/Management/Management Board" and are specified in this annual report under "Board of Directors and Management Board".

TREASURY SHARES

Pursuant to section 198 of the Danish Companies Act, the Board of Directors is authorised to acquire treasury shares for a period of 18 months from the date of an annual general meeting. Cemat did not hold any treasury shares at 31 December 2016.

AUTHORISATIONS

Pursuant to the Articles of Association, the Board of Directors has been authorised by the general meeting of shareholders to issue up to 200 million new shares during the period until 22 April 2018 with pre-emptive rights to existing shareholders and up to 200 million new shares without pre-emptive rights to existing shareholders. The aggregate nominal increase of the share capital may not exceed DKK 4 million, which means that a maximum of 200 million new shares of DKK 0.02 each may be subscribed under the two authorisations.

In addition, the general meeting of shareholders has authorised the Board of Directors to issue the following warrants to executive officers of the Group:

Until 28 April 2019, 5,565,484 warrants, equivalent to a nominal value of DKK 111,309.68.

Until 25 April 2021, 40 million warrants, equivalent to a nominal value of DKK 800,000.

The Articles of Association were most recently updated on 2 November 2016.

CEMAT'S REGISTER OF SHAREHOLDERS IS MANAGED BY:

Computershare A/S
Kongevejen 418
2840 Holte, Denmark

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 8 March 2017 at 10.00 am at Cemat, Siliciumvej 1, 3600 Frederikssund, Denmark. Please note that this date is different from the one originally stated in the financial calendar, i.e. 20 February 2017.

Notices convening shareholders to annual and extraordinary general meetings and agendas for the meetings are sent via e-mail to shareholders who have so requested. Shareholders may register for general meetings and find relevant documents on the shareholder portal on the

Group website. In addition, Cemat inserts notices of annual and extraordinary general meetings in the Danish newspaper Berlingske Tidende.

DIVIDEND AND ALLOCATION OF PROFIT

The Board of Directors recommends to the Annual General Meeting that no dividend be declared in respect of the 2016 financial year. The Board of Directors recommends to the Annual General Meeting that the consolidated loss for the year of DKK 33.3 million be transferred to retained earnings.

INVESTOR QUERIES

Any questions and comments from shareholders, analysts and other stakeholders should be addressed to Jens Borelli-Kjær via the Investor Secretariat at e-mail: investor@Cemat.dk or tel.: +45 4736 5600.

ANNOUNCEMENTS IN 2016

2016 Announcement

- 31.03 Annual Report 2015
- 01.04 Notice to convene Annual General Meeting
- 20.04 Announcement
- 25.04 Decisions of Annual General Meeting 2015
- 26.04 Updated Articles of Association
- 04.05 Warrant programme for Management Board and executive officers
- 20.05 Agreement on sale of the silicon business
- 20.05 Postponement of interim report for Q1 2016
- 23.05 Updated Articles of Association
- 23.05 Warrant programme and updated Articles of Association
- 24.05 Major shareholder announcement
- 25.05 Notice to convene an Extraordinary General Meeting on 17 June 2016
- 31.05 Interim report – Q1 2016
- 01.06 Major shareholder announcement
- 15.06 Announcement of proxies
- 16.06 Offer for Topsil's silicon business
- 17.06 The Board's assessment of the offer from National Silicon Industry Group
- 17.06 Public offer from National Silicon Industry Group
- 17.06 Announcement of increased offer and voluntary public offer
- 17.06 Proceedings at Extraordinary General Meeting
- 18.06 Updated Articles of Association
- 20.06 Receipt of request for convening an Extraordinary General Meeting
- 23.06 New raw materials agreement
- 30.06 The Danish Business Authority has made a decision
- 01.07 Conclusion of the agreement with GlobalWafers
- 01.07 Notice to convene an Extraordinary General Meeting
- 04.07 Conclusion of severance agreements with the Management Board of Cemat A/S
- 08.07 Waiver of obligation to proceed with takeover of shares in Cemat A/S
- 14.07 Revised notice to convene an Extraordinary General Meeting
- 03.08 Information to the shareholders before the Extraordinary General Meeting
- 08.08 Proceedings at Extraordinary General Meeting held on 5 August

- 25.08 Interim report – Q2 2016
- 29.08 Notice to convene an Extraordinary General Meeting
- 13.09 Implementation of reduction of share capital
- 13.09 Updated Articles of Association
- 14.09 New CEO appointed
- 16.09 Major shareholder announcement
- 19.09 Cancellation of EGM
- 27.09 Notice to convene an Extraordinary General Meeting
- 27.09 Extension of period for exercise of warrants
- 20.10 Information to the shareholders
- 24.10 Resolution to authorise the Board of Directors
- 24.10 Proceedings at Extraordinary General Meeting
- 27.10 Major shareholder announcement
- 27.10 Major shareholder announcement
- 03.11 Exercise of warrants and capital increase
- 07.11 Major shareholder announcement
- 06.12 Awaiting announcement from SKAT
- 21.12 Financial calendar 2017/18
- 21.12 Indicative statement from SKAT

FINANCIAL CALENDAR 2017/2018

2017 Announcement

- 27.01 Annual Report 2016
- 08.03 Annual General Meeting
- 11.08 Interim report – H1 2017

Silent period

- 29.12.16 - 27.01.17
- 14.07.2017 - 11.08.2017

2018 Announcement

- 20.02 Annual Report 2017
- 19.03 Annual General Meeting

Silent period

- 22.01.18 - 20.02.18

BOARD OF DIRECTORS AND MANAGEMENT BOARD

Board of Directors



Jens Borelli-Kjær (born 1960)

Chairman
CEO

MSc (Physics), MBA (INSEAD),
B.Com. International Trade
Elected 2006, Chairman 2006

Chairman of Nomination Committee and Remuneration Committee 2012
Current term expires in 2017

No. of shares held in Cemmat (own and related parties): 693,750
(2015: 693,750)

Remuneration paid in 2016: DKK 450,000

Directorships and other managerial positions:

Chairman of the board of directors of UAB Vitral, Lithuania
CEO of CCMA APS, Vitral A/S and Vitral Ltd.

Special qualifications:

Management experience from international industrial companies (electronics, building materials and medical equipment). Special focus on production, product development and commercialisation



Eivind Dam Jensen (born 1951)

Deputy Chairman
CEO

Estate agent

Member of the Danish Association of Chartered Estate Agents, Diploma Administrator

Elected 2005, Deputy Chairman 2005

Member of the Nomination Committee 2012

Current term expires in 2017

No. of shares held in Cemmat (own and related parties):
76,000,000 (2015: 76,000,000)

Remuneration paid in 2016: DKK 315,000

Directorships and other managerial positions:

Owner of Ejendomsrådgiverfirma E. Dam Jensen
Chairman and CEO of A/S Eivind Dam Jensen

Special qualifications:

Purchase, sale, valuation and letting of commercial and investment properties and property management



Joanna L. Iwanowska-Nielsen (born 1968)

Member of the Board of Directors
 Real estate expert
 Degree in International Trade, Organisation and Management from the Warsaw School of Economics
 Elected 2016
 Current term expires in 2017

Remuneration paid in 2016: DKK 40,000

Directorships and other managerial positions:

Member of the board of directors of WildaNova
 Partner in NOLTA Consultants and NOLTA Career Experts
 Member of the EPI (European Property Institute) expert panel
 Member of Warsaw Women in Real Estate & Development
 No directorships in other Danish companies

No. of shares held in Cemat: 0

Special qualifications:

Experience with buying and selling real estate in Poland, Central and Eastern Europe and internationally (development, strategy, sale and project management for non-residential and residential property)

Management Board



Abdelmottaleb Doulan (born 1967)

CEO
 Degree in Engineering from Technological University of Lodz, Poland
 MBA (INSEAD France)
 Born in Tunisia
 Polish citizen
 Part of the Cemat Group for the past five years
 Employed with Cemat A/S in 2016

Directorships and other managerial positions:

A part of the Cemat Group since 2011, Abdelmottaleb Doulan is the CEO of the Polish property business CeMat '70 S.A. and of the divested company Topsil Semiconductors sp z o.o, Poland.

No. of shares held in Cemat: 0

STATEMENT BY THE MANAGEMENT

We have today presented the annual report of Cemat A/S for the financial year 1 January – 31 December 2016.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

In our opinion, the consolidated and parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities, equity and financial position at 31 December 2016 and of the results of the Group's and the parent company's operations and cash flows for the financial year ended 31 December 2016.

Furthermore, in our opinion, the Management's review gives a true and fair view of the developments in the activities and financial position of the Group and the parent company, the results for the year and of the Group's and the parent company's financial position in general and describes the significant risk and uncertainty factors that may affect the Group and the parent company.

We recommend that the annual report be approved by the shareholders in general meeting.

Frederikssund, 27 January 2017

MANAGEMENT BOARD

Abdelmottaleb Doulan

CEO

BOARD OF DIRECTORS

Jens Borelli-Kjær
Chairman

Eivind Dam Jensen
Deputy Chairman

Joanna L.
Iwanowska-Nielsen
Board member

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Cemmat A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Cemmat A/S for the financial year 01.01.2016 – 31.12.2016, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and cash flows for the financial year 01.01.2016 – 31.12.2016 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 2016. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of investment property	How the matter was addressed in our audit
The carrying amount of the Group's investment properties is DKK 106.1m. These properties consist of some landholdings and a rental property in Warsaw, Poland, and they are measured at fair value. According to note 14 to the consolidated financial statements, total fair value adjustments for the year represent a net income of DKK 48.1m, which has been recognised in profit or loss.	<p>We obtained an understanding of Management's process for and control over the valuation of the landholdings and the rental property in Poland.</p> <p>During our audit, we used local Polish property experts to challenge key assumptions in the valuation report.</p>

<p>We consider the fair value measurement a key audit matter because investment properties account for 42.8% of the Group's total assets and because of the substantial level of management judgement exercised in such measurement. Incorrect fair value measurement may have a material effect on the Group's assets, results and equity.</p> <p>Management has assessed the Polish properties to have a value of DKK 106.1m. This value is supported by an external valuation report received in January 2017 that has been prepared by a real estate agent in Warsaw who has worked with similar transactions.</p> <p>The valuation is based on current market conditions underlying the general price level and particularly the current use of the property, the condition of the buildings, the level of ownership, income generated by the property and zoning for the area.</p> <p>For further comments, refer to note 14 to the consolidated financial statements.</p>	<p>In this context, we recalculated values based on the number of square metres and compared prices with those of comparable landholdings in the area.</p>
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Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to

enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 27.01.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Bill Haudal Pedersen
State-Authorised Public Accountant

INCOME STATEMENT

1 JANUARY – 31 DECEMBER

PARENT COMPANY			GROUP		
2015	2016	DKK'000	Note	2016	2015
0	0	Revenue	3	25,434	14,456
0	0	Other operating income		423	0
0	0	Direct production costs		(8,205)	(4,203)
(2,140)	(2,848)	Other external expenses		(10,176)	(5,369)
(10,197)	(16,368)	Staff costs	4, 5, 6	(20,049)	(13,860)
(0)	0	Depreciation, amortisation and impairment	7	(4,567)	(4,735)
(12,337)	(19,216)	Operating profit/(loss) (EBIT)		(17,140)	(13,711)
0	38,193	Revaluation of investments in subsidiaries	15	0	0
0	0	Unrealized marked value revaluation investment property	14	48,161	0
744	0	Financial income	8	36	693
(13,365)	(8,048)	Financial expenses	9	(7,537)	(13,227)
(24,958)	10,929	Profit/(loss) before tax		23,520	(26,245)
5,330	0	Tax on profit/(loss) for the year	10	(9,874)	(507)
(19,628)	10,929	Profit/(loss) for the year from continuing operations		13,646	(26,752)
(402)	(4,037)	Profit/(loss) for the year from discontinued operations	11	(46,975)	(63,313)
(20,030)	6,892	Profit/(loss) for the year including discontinued operations		(33,329)	(90,065)
Distribution of profit/(loss) for the year:					
		Parent company shareholders		(49,325)	(90,298)
		Non-controlling interests		15,996	233
				(33,329)	(90,065)
(0.04)	0.01	Earnings per share for continuing and discontinued operations (DKK)	12	(0.06)	(0.17)
(0.03)	0.01	Diluted earnings per share for continuing and discontinued operations (DKK)	12	(0.06)	(0.16)
(0.04)	0.02	Earnings per share for continuing operations (DKK)	12	0.03	(0.05)
(0.03)	0.02	Diluted earnings per share for continuing operations (DKK)	12	0.03	(0.05)
0.00	(0.01)	Earnings per share for discontinued operations (DKK)	12	(0.09)	(0.12)
0.00	(0.01)	Diluted earnings per share for discontinued operations (DKK)	12	(0.09)	(0.11)

STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY – 31 DECEMBER

PARENT COMPANY				GROUP	
2015	2016	DKK'000	Note	2016	2015
(20,030)	6.892	Profit/(loss) for the year		(33,329)	(90,065)
		Items that may be reclassified to profit or loss:			
0	0	Foreign exchange adjustment, foreign entities		(9,830)	4,904
(20,030)	6.892	Comprehensive income for the year		(43,159)	(85,161)
		Distribution of comprehensive income for the year:			
(20,030)	6.892	Parent company shareholders		(56,527)	(85,358)
0	0	Non-controlling interests		13,368	197
(20,030)	6.892			(43,159)	(85,161)

CASH FLOW STATEMENT

FOR 2016

PARENT COMPANY			GROUP		
2015	2016	DKK'000	Note	2016	2015
(12,337)	(19,216)	Operating profit/(loss) (EBIT) from continuing operations		(17,140)	(13,711)
(5,589)	(46,609)	Operating profit/(loss) (EBIT) from discontinued operations		(45,686)	(63,930)
(17,926)	(65,825)	Operating profit/(loss) (EBIT)		(62,826)	(77,641)
15,734	7,189	Depreciation, amortisation and impairment	7, 11	11,679	95,273
0	0	Fair value adjustment of investment property			
1,363	1,025	Share-based payment recognised in the income statement		1,025	1,511
17,653	(16,799)	Change in net working capital	26	(9,522)	2,079
2,207	1,970	Tax paid/received		1,693	1,506
0	0	Financial income received		36	28
(15,921)	(7,933)	Financial expenses paid		(7,481)	(15,789)
3,110	(80,373)	Cash flows from operating activities		(65,396)	6,967
(5,657)	(3,866)	Acquisition of intangible assets	13	(3,866)	(5,961)
(359)	(289)	Acquisition of property, plant and equipment	14	(2,097)	(3,674)
0	0	Sale of property, plant and equipment		0	243
0	388,857	Sale of non-current assets concerning silicon business	11	388,857	0
(6,016)	384,702	Cash flows from investing activities		382,894	(9,392)
3,604	0	Loans and credits raised		0	3,772
0	0	Finance lease repayments		(232)	0
0	(184,480)	Repayments of loans and credits		(191,292)	0
3,604	(184,480)	Cash flows from financing activities		(191,524)	3,772
698	119,849	Cash flows for the year		125,974	1,347
623	1,321	Cash and cash equivalents at beginning of year		8,830	6,903
0	0	Market value adjustment of cash and cash equivalents		(195)	580
1,321	121,170	Cash and cash equivalents at end of year	19	134,609	8,830

BALANCE SHEET

AS AT 31 DECEMBER 2016

PARENT COMPANY		ASSETS		GROUP	
2015	2016	DKK'000	Note	2016	2015
0	0	Goodwill		0	0
24,986	0	Completed development projects		0	25,019
10,712	0	Development projects in progress		0	10,712
0	0	Rights of use		0	13,877
0	0	Other intangible assets		0	0
35,698	0	Intangible assets	13	0	49,608
0	0	Investment property		106,115	0
121,466	0	Land and buildings		0	161,955
92,630	0	Plant and machinery		0	105,900
895	0	Other fixtures and fittings, tools and equipment		0	916
0	0	Property, plant and equipment under construction		0	4,049
214,991	0	Property, plant and equipment	14	106,115	272,820
55,616	93,339	Investments in subsidiaries	15	0	0
4,545	0	Other non-current receivables	16	573	4,545
60,161	93,339	Financial assets	13	573	4,545
852	0	Deferred tax asset	10	0	871
311,702	93,339	Non-current assets	3	106,688	327,844
86.801	0	Inventories	17	0	163,384
29,677	0	Trade receivables	18	5,727	36,558
10,939	0	Receivables from subsidiaries		0	0
5,712	0	Other receivables		526	8,902
1,970	0	Income tax receivable		95	2,014
1,072	0	Prepayments		0	1,878
49,370	0	Receivables	17	6,348	49,352
1,321	121,170	Cash and cash equivalents	19	134,609	8,830
137.492	121.170	Current assets		140,957	221,566
449,194	214,509	Assets		247,645	549,410

BALANCE SHEET

AS AT 31 DECEMBER 2016

PARENT COMPANY		EQUITY AND LIABILITIES		GROUP	
2015	2016	DKK'000	Note	2016	2015
132,029	10,883	Share capital	20	10,883	132,029
0	0	Translation reserve	21	(26,701)	(19,499)
4,443	0	Reserve for share-based payment	21	0	4,443
49,118	187,128	Retained earnings		208,732	126,939
185,590	198,011	Equity attributable to parent company shareholders		192,914	243,912
0	0	Equity attributable to non-controlling interests		30,150	16,782
185,590	198,011	Equity		223,604	260,694
0	0	Due to credit institutions	22	0	6,812
0	0	Finance lease liabilities	23	175	419
0	0	Other non-current liabilities		589	2,579
0	0	Deferred tax liabilities	10	16,602	1,113
0	0	Non-current liabilities		17,366	10,923
184,480	0	Due to credit institutions	22	0	184,480
0	0	Finance lease liabilities	23	244	232
31,343	2,132	Trade payables	24	3,879	50,160
10,560	13,630	Debt to subsidiaries		0	0
25,331	0	Prepayments received from customers		0	25,331
0	0	Income tax payable		264	0
11,686	736	Other payables	25	2,828	15,454
204	0	Deferred income		0	2,136
263,604	16,498	Current liabilities		7,215	277,793
263,604	16,498	Total liabilities		24,581	288,716
449,194	214,509	Equity and liabilities		247,645	549,410
		Operating lease liabilities	27		
		Charges, guarantees and contingent liabilities, contractual liabilities	28-30		
		Other notes without reference	31-38		

STATEMENT OF CHANGES IN EQUITY FOR 2016 (GROUP)

DKK'000	Share capital	Translation reserve	Reserve for share-based payment	Retained earnings	Equity attributable to parent company shareholders	Equity attributable to non-controlling interests	Total equity
Equity at 01.01.2015	132,029	(24,439)	2,932	217,237	327,759	16,585	344,344
Profit/(loss) for the year	0	0	0	(90,298)	(90,298)	233	(90,065)
Other comprehensive income	0	4,940	0	0	4,940	(36)	4,904
Comprehensive income	0	4,940	0	(90,298)	(85,358)	197	(85,161)
Share-based payment, see note 6	0	0	1,511	0	1,511	0	1,511
Share-based payment, forfeited warrants, see note 6	0	0	0	0	0	0	0
Equity at 31.12.2015	132,029	(19,499)	4,443	126,939	243,912	16,782	260,694
Equity at 01.01.2016	132,029	(19,499)	4,443	126,939	243,912	16,782	260,694
Profit/(loss) for the year	0	0	0	(49,325)	(49,325)	15,996	(33,329)
Other comprehensive income	0	(7,202)	0	0	(7,202)	(2,628)	(9,830)
Comprehensive income	0	(7,202)	0	(49,325)	(56,527)	13,368	(43,159)
Capital reduction, see note 20	(121,467)	0	0	121,467	0	0	0
Cash capital increase, see note 20	321	0	0	4,183	4,504	0	4,504
Share-based payment, see note 6	0	0	1,025	0	1,025	0	1,025
Share-based payment, exercised warrants, see note 6	0	0	(153)	153	0	0	0
Share-based payment, forfeited warrants, see note 6	0	0	(5,315)	5,315	0	0	0
Equity at 31.12.2016	10,883	(26,701)	0	192,914	197,979	30,150	223,064

STATEMENT OF CHANGES IN EQUITY FOR 2016 (PARENT COMPANY)

DKK'000	Share capital	Reserve for share-based payment	Retained earnings	Total equity
Equity at 01.01.2015	132,029	2,932	69,148	204,109
Comprehensive income for the year	0	0	(20,030)	(20,030)
Share-based payment, see note 6	0	1,511	0	1,511
Share-based payment, forfeited warrants, see note 6	0	0	0	0
Equity at 31.12.2015	132,029	4,443	49,118	185,590
Equity at 01.01.2016	132,029	4,443	49,118	185,590
Capital reduction, see note 20	(121,467)	121,467	0	
Cash capital increase, see note 20	321	0	4,183	4,504
Comprehensive income for the year			6,892	6,892
Share-based payment, see note 6		1,025	0	1,025
Share-based payment, exercised warrants, see note 6		(153)	153	0
Share-based payment, forfeited warrants, see note 6		(5,315)	5,315	0
Equity at 31.12.2016	10,883	0	187,128	198,011

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1. ACCOUNTING POLICIES

The consolidated and the parent company financial statements of Cemmat A/S for 2016 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of reporting class D entities (listed) as set out in the Danish Executive Order on Adoption of IFRSs issued in pursuance of the Danish Financial Statements Act and the rules and regulations of Nasdaq Copenhagen.

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

The consolidated financial statements and parent company financial statements have been prepared on the basis of the historical cost convention.

Implementation of new and revised standards and interpretations

New and revised standards and interpretations applying to financial years beginning on 1 January 2016 have been implemented in the annual report for 2016.

Standards and interpretations affecting the profit/loss for the year or the financial position

The implementation of new and revised standards and interpretations in the annual report for 2016 has not resulted in changes to the accounting policies.

Standards and interpretations affecting presentation and disclosure

The implementation of new and revised standards and interpretations in the annual report for 2016 has not resulted in changes to presentation or disclosure.

Standards and interpretations not yet in force

In Management's opinion, the application of new and revised standards and interpretations will not have a material impact on the annual reports for the coming financial years. In other respects, the accounting policies are consistent with last year's, as described in the following.

Consolidated financial statements

The consolidated financial statements consolidate the financial statements of the parent company, Cemmat A/S, and subsidiaries in which the parent company directly or indirectly holds more than 50% of the shares.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the parent company and those of the subsidiaries, which are all prepared in accordance with the Group's accounting policies.

On consolidation, items of the same nature are aggregated and intra-group income and expenses, intra-group balances and shareholdings are eliminated. Unrealised gains and losses on transactions between consolidated companies are also eliminated.

Financial statement items of subsidiaries are fully consolidated. The non-controlling interests' proportionate share of the profit/loss is included in the consolidated profit/loss and comprehensive income for the year and as a separate item under consolidated equity.

Non-controlling interests

On initial recognition, non-controlling interests are either recognised at their fair value or at their pro-rata share of the fair value of the acquired company's identifiable assets, liabilities and contingent liabilities. The choice of method is made individually for each transaction. The non-controlling interests are subsequently adjusted for their proportionate share of changes to the equity of the subsidiary. The comprehensive income is allocated to the non-controlling interests irrespective of the non-controlling interest consequently becoming negative.

Acquisition or sale of non-controlling interests in a subsidiary not resulting in loss of controlling influence is recognised in the consolidated financial statements as an equity transaction, and the difference between the remuneration and the carrying amount is allocated to the parent company's share of equity.

Foreign currency translation

On initial recognition, transactions denominated in currencies other than the individual company's functional currency are translated at the exchange rate ruling at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Exchange differences between the exchange rate at the transaction date and the exchange rate at the date of payment or the balance sheet date, respectively, are recognised in the income statement under financial items.

Property, plant and equipment and intangible assets, inventories and other non-monetary assets acquired in foreign currency and measured based on historical cost are translated at the exchange rates at the transaction date.

On recognition in the consolidated financial statements of entities whose financial statements are presented in a functional currency other than Danish kroner (DKK), the income statements are translated at average exchange rates for the respective months, unless these deviate materially from the actual exchange rates at the transaction dates. In that case, the actual exchange rates are used. Balance sheet items are translated at the exchange rates at the balance sheet date.

Exchange differences arising on the translation of foreign subsidiaries' opening balance sheet items to the exchange rates at the balance sheet date and on the translation of the income statements from average exchange rates to exchange rates at the balance sheet date are recognised in other comprehensive income.

Foreign exchange adjustments of receivables from or payables to subsidiaries which are considered part of the parent company's overall investment in the subsidiary in question are recognised in other comprehensive income in the consolidated financial statements, while they are recognised in the income statement of the parent company.

Share-based incentive schemes

Share-based incentive schemes in which employees can only opt to buy shares in the parent company (equity-settled schemes) are measured at the equity instruments' fair value at the grant date and recognised in the income statement under staff costs over the vesting period. The balancing item is recognised directly in equity.

The fair value of the equity instruments is determined using the Black-Scholes model based on the parameters indicated in note 6.

Employee shares are recognised at an amount calculated as the difference between the market price and the exercise price at the grant date.

Tax

Tax for the year, which consists of current tax and changes in deferred tax for the year, is recognised in the income statement with respect to the portion attributable to the profit/loss for the year and directly in equity with respect to the portion attributable to entries directly in equity.

Current tax payable and receivable is recognised in the balance sheet as the tax calculated on the taxable income for the year, adjusted for tax paid on account.

The calculation of the year's current tax is based on the tax rates and tax rules applicable at the balance sheet date.

Deferred tax is measured using the tax rates and tax rules that, based on legislation in force or in reality in force at the balance sheet date, are expected to apply in the respective countries when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changed tax rates or rules are recognised in the income statement, unless the deferred tax can be attributed to items previously recognised directly in equity. In the latter case, the change is also recognised directly in equity.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to the initial recognition of goodwill or the initial recognition of a transaction, apart from business combinations, and where the temporary difference existing at the date of initial recognition affects neither profit/loss for the year nor taxable income.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, unless the parent company is able to control when the deferred tax is to be realised and it is likely that the deferred tax will not crystallise as current tax within the foreseeable future.

Deferred tax is calculated based on the planned use of the individual asset and the settlement of the individual liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised in the balance sheet at the value at which the asset is expected to be realised, either through a set-off against deferred tax liabilities or as net tax assets to be offset against future positive taxable income. At each balance sheet date, an assessment is made as to whether it is likely that there will be sufficient future taxable income for the deferred tax asset to be utilised.

INCOME STATEMENT**Revenue**

Revenue is recognised in the income statement once delivery and transfer of the risk to the buyer have taken place.

Revenue is measured as the fair value of the consideration received or receivable. If interest-free credit has been granted for payment of the outstanding consideration extending beyond the usual credit period, the fair value of the payment is calculated by discounting future payments. The difference between the fair value and the nominal value of the consideration is recognised as financial income in the income statement over the extended credit period by using the effective interest method.

Revenue is stated exclusive of VAT, duties, discounts, etc. levied on behalf of a third party.

Other operating income and operating costs

Other operating income and costs comprise items of a secondary nature relative to the main activity of the Group, including gains and losses on sales of intangible assets and property, plant and equipment, if the selling price of the assets exceeds the original cost.

Production costs

Production costs comprise direct costs incurred in generating the revenue.

Other external expenses

Other external expenses include distribution, selling and advertising costs, administrative expenses, expenses for office premises, bad debts, etc. Other external expenses also comprise costs of development projects that do not qualify for recognition in the balance sheet.

Staff costs

Staff costs comprise wages and salaries and social security costs, pensions, share-based payment, etc. to the employees of the Group.

Financial items

Financial items comprise interest income and expenses, the interest element of finance lease payments, realised and unrealised foreign exchange gains and losses as well as surcharges and allowances under the Danish tax prepayment scheme.

DISCONTINUED OPERATIONS

Discontinued operations comprise material business areas or geographical areas that have been divested or are held for sale pursuant to an overall plan.

The profit/(loss) from discontinued operations is reported under a separate line item in the income statement comprising the operating profit/(loss) after tax from the operations in question and any gains or losses arising on fair value adjustment or divestment of the assets and liabilities relating to the operations.

BALANCE SHEET**Intangible assets**

Development projects concerning products and processes which are clearly defined and identifiable are recognised as intangible assets if it is probable that the product or the process will generate future economic benefits for the Group and the development costs of the individual asset can be measured reliably.

Other development costs are recognised as costs in the income statement as incurred.

On initial recognition, development projects are measured at cost. The cost of development projects comprises costs such as salaries and amortisation that are directly attributable to the development projects and are necessary to complete the project, calculated from the date when the development project first qualifies for recognition as an asset.

The Group recognises borrowing costs in the cost of qualifying assets with long manufacturing periods.

The amortisation base is cost. The cost of a total asset is split into smaller parts that are amortised separately if such components have different useful lives.

Completed development projects are amortised on a straight-line basis over their expected useful lives. The amortisation period is usually five

years, but may in certain cases be as long as 20 years if this longer amortisation period is deemed to be more representative of the Group's use of the developed product etc. Amortisation for the year is recognised in the income statement under "Depreciation and amortisation".

Development projects are written down to their recoverable amount where this is lower than the carrying amount, as described below. Development projects in progress are tested for impairment at least once a year.

Other intellectual property rights in the form of rights of use, patents and customer lists are measured at cost less accumulated amortisation and impairment losses. Other intellectual property rights are amortised on a straight-line basis over the remaining life of the asset. If the actual life of the asset is shorter than either the remaining term or the contract period, amortisation is provided over the shorter life of the asset.

Other intellectual property rights are written down to their recoverable amount where this is lower than the carrying amount, as described below.

Property, plant and equipment

Land and buildings, plant and machinery and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition and any preparation costs incurred until the date when the asset is available for use. In the case of assets produced by the Group itself, cost comprises costs that are directly attributable to the production of the asset, including materials, components, sub-suppliers and wages. For assets held under finance leases, the cost is the lower of the fair value of the asset and the present value of the future lease payments.

The Group recognises borrowing costs in the cost of qualifying assets with long manufacturing periods.

The depreciation base is cost less any residual value. The residual value is the amount expected to be obtainable in a sale of the asset, less costs to sell, if the asset already had the age and were in such condition as the asset is expected to be at the end of its useful life. The residual values used constitute 20-30% of cost. The cost of a total asset is split into smaller parts that are depreciated separately if such components have different useful lives.

Straight-line depreciation is provided based on the estimated useful lives of the assets as follows:

Buildings	20-50 years
Plant and machinery	10-20 years
Other fixtures and fittings, tools and equipment	3-6 years

Land is not depreciated. Depreciation methods, useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to their recoverable amount if this is lower than the carrying amount, see below.

Impairment of property, plant and equipment, intangible assets and investments in subsidiaries

Items of property, plant and equipment, intangible assets with determinable useful lives and investments in subsidiaries are reviewed for impairment at the balance sheet date. If indications of impairment are identified, the recoverable amount of the asset is determined to establish if the asset is impaired and to what degree. The recoverable amount of development projects in progress and goodwill is determined annually regardless of whether any indication of impairment has been identified.

If the asset does not generate any cash flows independently of other assets, the recoverable amount is calculated for the smallest cash-generating unit of which the asset forms part.

The recoverable amount is calculated as the higher of the fair value less costs to sell and the value in use of the asset or the cash-generating unit, respectively. In determining the value in use, the estimated future cash flows are discounted to their present value, using a discount rate reflecting current market assessments of the time value of money as well as risks that are specific to the asset or the cash-generating unit and which have not been taken into account in the estimated future cash flows.

If the recoverable amount of the asset or the cash-generating unit is lower than the carrying amount, the carrying amount is written down to the recoverable amount. For cash-generating units, the impairment loss is allocated in such a way that goodwill amounts are written down first, and any remaining impairment loss is allocated to other assets in the unit, although no individual assets are written down to a value lower than their fair value less expected costs to sell.

Impairment losses are recognised in the income statement. If impairment losses are subsequently reversed as a result of changes in the assumptions on which the calculation of recoverable amount is based, the carrying amount of the asset or the cash-generating unit is increased to the adjusted recoverable amount, not exceeding the carrying amount that the asset or cash-generating unit would have had, had the impairment loss not been recognised. Impairment losses relating to goodwill are not reversed.

Investment property

Investment property comprises properties owned for the purpose of receiving rent or obtaining capital gains.

On initial recognition, investment property is measured at cost, comprising the purchase price and any costs directly attributable to the acquisition.

Subsequently, investment property is measured at fair value, representing the price at which it is estimated that the property can be sold to an independent buyer at the balance sheet date. The fair value of the property is reassessed on an annual basis based on the calculated value in use of the expected future cash flows.

Adjustments of the fair value of investment property are recognised in the income statement in the financial year in which the change occurred.

Investments in subsidiaries

On initial recognition, investments in subsidiaries are measured at cost plus transaction costs. Where the recoverable amount of the investments is lower than cost, the investments are written down to this lower value.

Inventories

Inventories are measured at the lower of cost according to the FIFO method and net realisable value.

The cost of raw materials and consumables comprises the purchase price plus delivery costs. The cost of manufactured goods and work in progress comprises the cost of raw materials, consumables and direct labour as well as allocated fixed and variable indirect production costs.

Variable indirect production costs comprise indirect materials and wages and are allocated based on preliminary calculations of the goods actually produced. Fixed indirect production costs comprise maintenance costs and depreciation and impairment of the machinery and equipment used in the production process as well as general factory administration and management expenses. Fixed production costs are allocated on the basis of the normal capacity of the production plant.

The net realisable value of inventories is calculated as the expected selling price less completion costs and costs incurred in making the sale.

Receivables

Receivables comprise non-current deposits in connection with the purchase and sale of goods and receivables from sale of goods and services. Receivables are classified as loans and receivables, which are financial assets with fixed or determinable payments that are not quoted in an active market and are not derivative financial instruments.

On initial recognition, receivables are measured at fair value and subsequently at amortised cost, which usually corresponds to the nominal value less write-downs for bad debts. Write-downs are assessed individually.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Pension obligations etc.

The Group has entered into defined contribution plans and similar plans with a substantial part of the Group's employees. In case of defined contribution plans, fixed contributions are paid regularly to independent pension companies and the like. The contributions are recognised in the income statement over the vesting period. Payments due are recognised as a liability in the balance sheet. Other pension liabilities are defined contribution plans and statutory plans in foreign subsidiaries.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a consequence of past events during the financial year or prior years, and when it is likely that settlement of the obligation will require an outflow of the Group's financial resources. Warranty commitments cover commitments to repair faulty or defective products sold within the warranty period.

Provisions are measured as the best estimate of the costs required to settle the liabilities at the balance sheet date. Provisions with an expected term of more than a year after the balance sheet date are measured at present value.

Lease liabilities

Lease liabilities concerning assets held under finance leases are recognised in the balance sheet as liabilities and measured at the inception of the lease at the lower of the fair value of the leased asset and the present value of future lease payments.

On subsequent recognition, lease liabilities are measured at amortised cost. The difference between the present value and the nominal value of the lease payments is recognised in the income statement over the term of the lease as a financial expense.

Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

Other financial liabilities

Other financial liabilities comprise bank debt, trade payables and other payables to public authorities. On initial recognition, other financial liabilities are measured at fair value less transaction costs. In subsequent periods, financial liabilities are measured at amortised cost, applying the effective interest method, to the effect that the difference between the proceeds and the nominal value is recognised in the income statement as a financial expense over the term of the loan.

CASH FLOW STATEMENT

The consolidated cash flow statement is presented according to the indirect method and shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the year.

The cash effect of acquisitions and divestments of entities is shown separately under cash flows from investing activities. Cash flows from the acquisition of entities are recognised in the cash flow statement from the date of acquisition. Cash flows from the disposal of entities are recognised up to the date of disposal.

Cash flows from operating activities are presented according to the indirect method and stated as operating profit, adjusted for non-cash operating items and changes in working capital and financial income and expenses, less the income tax paid during the financial year attributable to operating activities.

Cash flows from investing activities comprise payments related to the purchase and sale of financial assets, including non-current prepayments for goods, subsidiaries as well as the purchase, development, improvement, sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or the composition of the parent company's share capital and related costs as well as the raising and repayment of loans, cash deposits, instalments on interest-bearing debt, acquisition of treasury shares and payment of dividends. Furthermore, cash flows regarding assets held under finance leases in the form of lease payments made are recognised.

Cash and cash equivalents comprise cash deposits.

Segment information

Following the divestment of the Group's silicon business, the Group's only segment is property management.

Key figures and financial ratios

Key figures and financial ratios have been defined and calculated in accordance with "Recommendations and Financial Ratios 2015" issued by the Danish Finance Society.

Financial ratios	Formula
EBITDA margin (%)	$\frac{\text{EBITDA}}{\text{Revenue}} \cdot 100$
EBIT margin (%) (Profit margin)	$\frac{\text{EBIT}}{\text{Revenue}} \cdot 100$
Return on invested capital (%)	$\frac{\text{EBIT}}{\text{Average invested capital}} \cdot 100$
incl. goodwill	Average invested capital
Contribution ratio (%)	$\frac{\text{Contribution margin}}{\text{Revenue}} \cdot 100$
Equity ratio (%)	$\frac{\text{Equity}}{\text{Total assets}} \cdot 100$
Return on equity (%)	$\frac{\text{Profit/loss for the year after tax}}{\text{Average equity}} \cdot 100$

Calculations of earnings per share and diluted earnings per share are specified in note 12.

Net working capital (NWC) is defined as the value of inventories, receivables and other operating assets less trade payables and other current operating liabilities. Cash and cash equivalents and deferred tax assets are not included in the net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities less interest-bearing assets, such as cash and cash equivalents.

Invested capital is defined as net working capital plus the carrying amount of non-current property, plant and equipment and intangible assets, less other provisions and non-current operating liabilities.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is defined as EBIT plus depreciation, amortisation and goodwill impairment of the year.

Contribution margin is defined as revenue less or plus changes in inventories of finished goods and work in progress, work performed for own account and recognised under assets and other operating income and expenses for raw materials and consumables.

2. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES

In applying the Group's accounting policies, as outlined in note 1, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities which cannot be immediately inferred from other sources.

The estimates and assumptions applied are based on historical experience and other factors that Management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the Group is subject to risks and uncertainties that may cause actual outcomes to deviate from such estimates. Cemats risks are described in "Risks and risk management" on pages 13-14 and in note 31 "Financial risks and financial instruments".

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognised in the reference period in which the change occurs and in future reference periods if the change affects the period in which it is made as well as subsequent reference periods.

Measurement of investment property

The Group's investment property is measured at its estimated fair value in accordance with IAS 40 and IFRS 13, and any value adjustments are recognised in the income statement. Management has reviewed the updated valuation report received in January 2017 and its underlying assumptions. Management's valuation estimate is in line with that indicated in the report, and the fair value consequently reflects the value stated in the report.

As the property market is not in all respects as efficient and liquid as, for example, the equity market, there can be no assurance that a buyer willing to

pay the fair value at which the property is stated in the financial statements can be found at any given time. In other words, properties are subject to a liquidity risk in a sales situation.

Investments in subsidiaries

Investments in subsidiaries are recognised in the parent company's financial statements at cost less any write-downs to the recoverable amount.

Management performed an impairment test of its investments, including in Cemmat'70 S.A which indicates a need for reversal of previous impairment charges. See note 15 to the financial statements for more information. For further information, see note 15 to the financial statements

Forward-looking statements

All forward-looking statements in this annual report reflect Management's current expectations for certain future events and financial results. Forward-looking statements are inherently subject to uncertainty, and actual results may therefore differ materially from expectations.

Factors that may cause actual results to deviate materially from expectations include, but are not limited to, general economic developments, developments in the financial markets and changes in the Polish real estate rental market. Changes in the political climate in Poland may also affect forecasts and results.

Tax asset utilisation

Deferred tax assets are recognised for all unutilised tax losses and differences to the extent it is considered likely that they can be utilised through taxable income within a foreseeable number of years.

The annual report is published in Danish and English. In the event of any discrepancy between the two versions, the Danish version shall prevail.

3. SEGMENT INFORMATION

Based on IFRS 8, Operating segments, the Cemat Group is assessed to have one segment comprising letting of premises and land and the provision of utilities to tenants, including power, water, technical gases, facility services, etc.

Other segment information:

A breakdown of revenue on letting and provision of utilities is shown below:

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
0	0	Letting	9,699	8,265
0	0	Utilities	15,735	6,191
0	0	Total	25,434	14,456

Revenue is generated by the Polish subsidiary Cemat'70 S.A., and the Group derives all of its revenue from Poland. There are no sales outside Poland. In accordance with applicable financial reporting legislation, intra-group revenue generated during the period until the divestment of the silicon business as at 1 July 2016 has been eliminated from the revenue stated above. Adjusted for this elimination, consolidated revenue amounted to DKK 36.6 million for 2016 and DKK 36.2 million for 2015.

Of the total consolidated revenue before elimination of intra-group revenue, DKK 25.1 million (2015: DKK 23.2 million) represents sales to three customers. The largest customer (Topsil GlobalWafers) accounts for about 61% of consolidated 2016 revenue (before correction for intra-group revenue). Revenue from the two other customers is below 10% of the total revenue.

Leases may be subject to non-cancellable periods and notice of termination. Of the current lease portfolio, three leases are subject to non-cancellable periods or notices of termination exceeding one year at the balance sheet date. Guaranteed revenue from these leases totals DKK 1.1 million.

Non-current assets by physical location:

PARENT COMPANY			GROUP	
2015	2015	DKK'000	2016	2015
0	0	Denmark	0	0
0	0	Poland	25,434	14,456
0	0	Total	25,434	14,456

4. STAFF COSTS

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
1,620	1,574	Directors' fees	1,576	1,620
5,506	10,949	Wages and salaries	13,382	8,267
0	0	Bonuses for executive officers	278	212
1,699	6,751	Bonuses for Management Board	6,751	1,699
0	(4,401)	Of which bonus granted as a result of divestment of silicon business (included in profit/(loss) from discontinued operations)	(4,401)	0
1,084	837	Share-based payment	1,025	1,084
282	654	Pension contributions, defined contribution plans	1,075	697
6	4	Other social security costs	365	281
10,197	16,368	Total	20,049	13,860
3	2	Average number of full-time employees	32	34

The calculation of the average number of full-time employees (FTE) is based on pension contributions for employees in the parent company (the ATP method (ATP: Danish Labour Market Supplementary Pension)), while the calculation of the average for subsidiaries is based on the number of employees at the end of each month.

Group and parent company

Remuneration of Board of Directors, Management Board and executive officers:

DKK'000	Board of Directors		Management Board		Other executive officers	
	2016	2015	2016	2015	2016	2015
Directors' fees	1,576	1,620	0	0	0	0
Salaries	0	0	10,049	5,506	0	0
Bonuses	0	0	6,751	1,699	0	0
Of which bonus granted as a result of divestment of silicon business (included in profit/(loss) from discontinued operations)	0	0	(4,401)	0	0	0
Pension contributions	0	0	654	282	0	0
Share-based payment	0	0	837	1,084	0	0
Total	1,576	1,620	14,790	8,571	0	0

The fee to the Chairman of the Board of Directors for the current term amounts to DKK 450 thousand (2015: DKK 450 thousand), the Deputy Chairman DKK 315 thousand (2015: DKK 315 thousand) and ordinary members DKK 180 thousand each (2015: DKK 180 thousand). Furthermore, the Chairman of the Audit Committee receives DKK 90 thousand (2015: DKK 90 thousand) and the other members of the Audit Committee each receive half this amount. There is no longer a separate Audit Committee following the divestment of the silicon business as at 1 July 2016, and the former Chairman has received DKK 26 thousand and the other members DKK 13 thousand each for the current term. The Board of Directors has collectively assumed the duties of the Audit Committee. The chairman of the Board of directors has received a fee of DKK 250 thousand for his extraordinary time associated with the sales of the silicon business.

In order to ensure that the Management Board remained intact throughout a potential negotiation process that might lead to the executives actually losing their jobs and to motivate them for the extraordinary workload (as the ordinary business was to be continued in parallel with the process), the following supplementary agreements were made in 2015 with each of the three members of the Management Board:

- The notice of termination of each member of the Management Board was extended by 12 months, and each member was guaranteed to be put on garden leave not later than three months after the completion of a potential sale or material change of the Company's business.
- Each member of the Management Board was promised that the Board of Directors could resolve to pay out an extraordinary bonus of between six and twelve months' salary if the company entered into an actual negotiating process.
- The Board of Directors expressed its intention that, if the Company was sold or material changes were made to the business of the Company, the Board of Directors would amend the terms of the warrants granted to each of the members of the Management Board to the effect that, no later than three months after a sale, they would be entitled to exercise the warrants granted, also if they had not yet vested.

The Board of Directors has subsequently allocated 12 months' bonus to each of the CEO and the CFO and 6 months' bonus to the CSO, and all three members of the Management Board have been terminated at the extended notices of termination of 24, 24 and 21 months, respectively. The aggregate cost to the Company for the Management Board in connection with the sale and the subsequent termination of the members of the Management Board is therefore approximately DKK 16 million.

5. PENSION PLANS

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
282	654	Pension contributions, defined contribution plans	1,075	697
282	654	Total	1,075	697

The Group has entered into defined contribution plans only. Under defined contribution plans, the employer pays regular contributions to an independent pension company, pension fund or the like, but bears no risk in relation to the future development of interest rates, inflation, mortality, disability, etc. as regards the amount that will eventually be paid to the employee.

6. SHARE-BASED PAYMENT

In 2012, 2013, 2014, 2015 and 2016, the Management Board and a number of executive officers were granted warrants to subscribe for shares in the parent company at a fixed strike price. The warrants are granted under an equity-settled share-based remuneration scheme. The value of the warrants is recognised in the income statement under staff costs on a straight-line basis from the grant date until the vesting date, which means that at the exercise date no further recognition is made in the income statement.

	Number of warrants (‘000)	Weighted average strike price (DKK)
Warrants granted at 01.01.2015	37,266	0.63
Granted during the year	13,552	0.62
Forfeited due to termination of employment	0	0
Exercised during the year	0	0
Lapsed during the year	0	0
Warrants granted at 31.12.2015	50,818	0.62
Warrants granted at 01.01.2016	50,818	0.62
Granted during the year	21,614	0.34
Forfeited due to termination of employment	(56,383)	0
Exercised during the year	(16,049)	(0.28)
Lapsed during the year	0	0
Warrants granted at 31.12.2016	0	0

The weighted average term to maturity is 0 days (2015: 1,120 days).

	2016	2015
Number of exercisable warrants at year-end (‘000)	0	10,591
Number of exercisable warrants at the release of the full-year profit announcement (‘000)	0	26,460
Total fair value at 31 December of outstanding warrants (DKK’000)	0	5,918
Weighted average fair value per warrant	0	0.12
Weighted average strike price per warrant	0	0.62

In 2016, the fair value of warrants was recognised at DKK 1,025 thousand (2015: DKK 1,511 thousand).

6. SHARE-BASED PAYMENT (CONTINUED)

The grant year, strike price and exercise period for the individual grants are as follows:

Year of grant	Strike price	Exercise period	Granted	Adjusted number	Forfeited	Lapsed	Exercised	Not exercised
2012	0.56	2015-2017	10,590,560	0	(10,590,560)	0	0	0
2013	0.53	2016-2018	15,869,206	0	(15,869,206)	0	0	0
2014	0.84	2017-2019	10,806,498	0	(10,806,498)	0	0	0
2015	0.62	2018-2020	13,552,071	0	(13,552,071)	0	0	0
2016	0.34	2019-2021	21,613,879	0	(5,563,968)	0	(16,049,911)	0
Total			72,432,217	0	(56,382,203)	0	(16,049,911)	0

The fair values calculated at the grant date are based on the Black-Scholes model for valuation of warrants including dilution. Seven separate grants have been made, two in each of the years 2012 and 2014 and one in each of the years 2013, 2015 and 2016.

The assumptions applied in determining the fair value at the grant date of warrants granted during the year are as follows:

	Granted in 2016	Granted in 2015	Granted in 2014	Granted in 2013	Granted in 2012
Weighted average share price at grant	0.27	0.49	0.70	0.42	0.44
Weighted average strike price	0.34	0.62	0.84	0.53	0.56
Volatility, first grant	50.2%	45.4%	42.7%	43.0%	55.9%
Volatility, second grant	-	-	38.9%	-	62.7%
Expected duration	3	3	3	3	3
Expected dividend per share	0	0	0	0	0
Risk-free interest rate	0.0%	0.0%	0.0%	0.1%	0.4%
Warrants granted ('000)	21,614	13,552	10,806	15,869	10,591
Weighted average fair value per warrant	0.07	0.11	0.14	0.09	0.14
Total fair value (DKK '000)	1,515	1,515	1,492	1,428	1,483

The expected volatility is based on the historical volatility (calculated over the past year) adjusted for expected changes as a result of publicly available information. The fair value is based on exercise of the warrants at the earliest opportunity.

Warrants that have not been exercised are forfeited if the owner terminates his/her employment. Any warrants not exercised by expiry will lapse.

For the grant in 2012, each warrant held by the CEO entitles him to subscribe for one share with a nominal value of DKK 0.25 at a subscription price of DKK 0.40 per share plus an annual hurdle rate of 8%; for the other participants in the programme, the strike price is DKK 0.51 plus the same hurdle rate. For the grant in 2013, each warrant entitles the holder to subscribe for one share with a nominal value of DKK 0.25 at a subscription price of DKK 0.42 per share plus an annual hurdle rate of 8%. For the grant in 2014, each warrant entitles the holder to subscribe for one share with a nominal value of DKK 0.25 at a subscription price of DKK 0.70 per share plus an annual hurdle rate of 8%. For the grant to the CSO, each warrant entitles the holder to subscribe for one share with a nominal value of DKK 0.25 at a subscription price of DKK 0.45 per share plus the same hurdle rate. For the grant in 2015, each warrant entitles the holder to subscribe for one share with a nominal value of DKK 0.25 at a subscription price of DKK 0.49 per share plus an annual hurdle rate of 8%. For the grant in 2016, each warrant entitles the holder to subscribe for one share with a nominal value of DKK 0.25 at a subscription price of DKK 0.27 per share plus an annual hurdle rate of 8%.

For members of the Management Board, the warrants are forfeited on termination of the employment relationship, whether by resignation by the employee or termination by the Company. No member of the Management Board may exercise warrants equivalent to a total gain of more than 300% of his or her annual compensation (before tax) at the date of grant. For other executive officers, an upper limit of 100% applies.

As a consequence of the divestment of the silicon business, the Board of Directors has announced that the members of the Management Board, as part of their severance agreements, may exercise all their warrants. However, as only the warrants granted in the spring of 2016 are "in the money" at the price of DKK 0.352 per share, only these approximately 16 million warrants are relevant. All other warrants have been forfeited as a consequence of the divestment of the silicon business.

6. SHARE-BASED PAYMENT (CONTINUED)

In 2016, the following changes occurred in Management's holding of warrants:

Number of warrants	Holding 01.01.2016	Granted in the year	Forfeited in the year	Exercised in the year	Lapsed in the year	Holding 31.12.2016
Management Board	36,620,725	16,049,911	(36,620,725)	(16,049,911)	0	0
Other executive officers	14,197,610	5,563,968	(19,761,578)	0	0	0
Total	50,818,335	21,613,879	(56,382,303)	(16,049,911)	0	0

Warrants granted in 2012 may be exercised in the period from 26 April 2015 until 26 April 2017 twice a year within a four-week exercise window starting on the date of the announcement of either the financial statements or the half-year interim financial statements. Warrants granted in 2013 may be exercised in the period from 23 April 2016 until 23 April 2018 twice a year within a four-week exercise window starting on the date of the announcement of either the financial statements or the half-year interim financial statements. Warrants granted in 2014 may be exercised in the period from 29 April 2017 until 29 April 2019 twice a year within a four-week exercise window starting on the date of the announcement of either the financial statements or the half-year interim financial statements. Warrants granted to the CSO may be exercised in the period from 25 November 2017 until 25 November 2019 twice a year within a four-week exercise window starting on the date of the announcement of either the financial statements or the half-year interim financial statements. Warrants granted in 2015 may be exercised in the period from 27 April 2018 until 27 April 2020 twice a year within a four-week exercise window starting on the date of the announcement of either the financial statements or the half-year interim financial statements. Warrants granted in 2016 may be exercised in the period from 25 April 2019 until 25 April 2021 twice a year within a four-week exercise window starting on the date of the announcement of either the financial statements or the half-year interim financial statements.

7. DEPRECIATION, AMORTISATION AND IMPAIRMENT

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
0	0	Amortisation, intangible assets	182	190
0	0	Impairment, intangible assets	0	0
0	0	Depreciation, property, plant and equipment	4,385	4,545
0	0	Impairment, property, plant and equipment	0	0
0	0	Amortisation, grants, property, plant and equipment	0	0
0	0	Total	4,567	4,735

8. FINANCIAL INCOME

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
744	0	Interest from group entities	0	0
0	0	Interest on bank deposits etc.	36	23
0	0	Other interest	0	5
744	0	Interest income	36	28
0	0	Foreign exchange adjustments	0	665
744	0	Total	36	693

9 FINANCIAL EXPENSES

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
540	573	Interest to group entities	0	0
10,071	6,596	Interest on bank loans	6,641	10,335
0	0	Interest relating to finance lease liabilities	17	50
22	0	Other interest	0	47
10,633	7,169	Interest expenses	6,658	10,432
2,732	823	Fees, guarantees, etc.	823	2,795
0	56	Foreign exchange adjustments	56	0
13,365	8,048	Total	7,537	13,227

10. TAX ON THE PROFIT/LOSS FOR THE YEAR AND DEFERRED TAX

GROUP

The current tax for the financial year has been calculated at a tax rate of 22.0% for 2016 and 23.5% for 2015.

DKK'000	2016	2015
Current tax	0	992
Change in deferred tax including change in value	(10,003)	5,511
Adjustment of current tax relating to prior years	0	44
Adjustment of deferred tax relating to prior years	129	(472)
Total	9,874	6,075

Tax on the profit/loss for the year may be specified as follows:

Profit/(loss) before tax	(22,707)		(96,140)	
Tax at a rate of 22.0% (2015: 23.5%)	4,996	(22.0%)	22,593	(23.5%)
Effect of different tax rate in foreign entities	(373)	1.6%	(3,361)	3.5%
Tax base of non-deductible expenses and non-taxable income	7,434	(32.7%)	(8,464)	8.8%
Adjustment of current tax relating to prior years	0	0	44	0.0%
Adjustment of deferred tax relating to prior years	129	(0,6%)	(472)	0.5%
Value adjustment of deferred tax	(22,060)	97,1%	(4,031)	4.2%
Effect on deferred tax of change in tax rate	0	0	(234)	0.2%
Effective tax/tax rate for the year	(9,874)	43.5%	6,075	(6.3%)

10. TAX ON THE PROFIT/LOSS FOR THE YEAR AND DEFERRED TAX (CONTINUED)

GROUP

Breakdown of deferred tax for the Group stated in the balance sheet:

	2016	2015
Temporary differences in tax assets and liabilities		
Deferred tax asset, see balance sheet	0	871
Deferred tax liabilities, see balance sheet	(16,602)	(1,113)
Deferred tax, net	(16,602)	(242)

2016 DKK'000	Deferred tax 01.01.16	Recognised in income statement		Deferred tax 31.12.16
		2016	Foreign exchange adjustment 2016	
Intangible assets	(7,854)	7,854	0	0
Property, plant and equipment	(8,378)	(8,224)	0	(16,602)
Inventories	(1,681)	1,681	0	0
Trade receivables	(1,184)	1,184	0	0
Other payables etc.	6,192	(6,192)	0	0
Temporary differences	(12,905)	(3,697)	0	(16,602)
Tax loss carry-forwards	27,429	8,094	0	35,523
Unutilised tax losses	27,429	8,094	0	(35,523)
Value adjustment	(14,766)	(20,757)	0	(35,523)
Total	(242)	(16,360)	0	(16,602)

The Group does not expect to be able to utilise the portion of the tax loss related to the subsidiary in Poland within 3-5 years. Accordingly, no tax asset has been recognised in the consolidated balance sheet. Tax losses not recognised represent a value of approximately DKK 35 million at 31 December 2016. Furthermore, the Group has made an enquiry of the Danish tax authorities about the utilisation of tax losses for the period relating to the silicon business. If the outcome of this enquiry is in the Group's favour, the value of tax losses carried forward will increase by approximately DKK 13 million, which is expected to be written off like the rest of the tax losses..

2015 DKK'000	Deferred tax 01.01.2015	Recognised in income statement		Deferred tax 31.12.2015
		2015	Foreign exchange adjustment 2015	
Intangible assets	(8,900)	1,106	(60)	(7,854)
Property, plant and equipment	(13,055)	4,835	(158)	(8,378)
Inventories	(1,623)	(86)	28	(1,681)
Trade receivables	(1,015)	(152)	(17)	(1,184)
Other payables etc.	3,686	2,472	34	6,192
Temporary differences	(20,907)	8,175	(173)	(12,905)
Tax loss carry-forwards	25,823	1,367	239	27,429
Unutilised tax losses	25,823	1,367	239	27,429
Value adjustment	(10,586)	(4,031)	(149)	(14,766)
Total	(5,670)	5,511	(83)	(242)

In 2015, the Group did not expect to be able to utilise the portion of the tax loss related to the subsidiary in Poland within 3-5 years, and the value of this portion was therefore adjusted. The Group still expects to be able to utilise the remaining value of the capitalised tax losses in Poland of DKK 2,191 thousand.

10. TAX ON THE PROFIT/LOSS FOR THE YEAR AND DEFERRED TAX (CONTINUED)

PARENT COMPANY

The current tax for the financial year has been calculated at a tax rate of 22.0% for 2016 and 23.5% for 2015.

DKK'000	2016	2015
Current tax	0	1,970
Change in deferred tax	0	3,439
Adjustment of current tax relating to prior years	0	44
Adjustment of deferred tax relating to prior years	0	0
Total	0	5,453

Tax on the profit/loss for the year may be specified as follows:

Profit/(loss) before tax	(35,549)		(25,483)	
Tax at a rate of 22.0% (2015: 23.5%)	7,605	(22.0%)	5,989	(23.5%)
Tax base of non-deductible expenses and non-taxable income	7,434	(21.5%)	(346)	1.4%
Adjustment of current tax relating to prior years	0	0.0%	44	(0.2%)
Adjustment of deferred tax relating to prior years	(15,035)	43.5%	0	-
Effect of change in tax rate	0	0.0%	(234)	0.9%
Effective tax/tax rate for the year	0	0.0%	5,453	(21.4%)

2016		Recognised in income statement	
DKK'000	Deferred tax 01.01.2016	2016	Deferred tax 31.12.2016
Intangible assets	(7,854)	7,854	0
Property, plant and equipment	(3,383)	3,383	0
Inventories	(2,641)	2,641	0
Other payables etc.	764	(764)	0
Temporary differences	(13,114)	(13,114)	0
Tax loss carry-forwards	13,966	1,069	15,035
Unutilised tax losses	13,966	1,069	15,035
Value adjustment	0	(15,035)	(15,035)
Total	852	(852)	0

Tax losses are not expected to be utilised in full within a period of 3-5 years. Accordingly, no tax asset has been recognised in the parent company's balance sheet. Furthermore, the parent company has made an enquiry of the Danish tax authorities about the utilisation of tax losses for the period prior to the divestment of the silicon business. If the outcome of this enquiry is in the parent company's favour, the value of tax losses carried forward will increase by approximately DKK 13 million, which is expected to be written off like the rest of the tax losses.

2015	Deferred tax 01.01.2015	Recognised in income statement 2015	Deferred tax 31.12.2015
DKK'000			
Intangible assets	(7,079)	(775)	(7,854)
Property, plant and equipment	(6,182)	2,799	(3,383)
Inventories	(2,777)	136	(2,641)
Other payables etc.	405	359	764
Temporary differences	(15,633)	2,519	(13,114)
Tax loss carry-forwards	13,046	920	13,966
Unutilised tax losses	13,046	920	13,966
Value adjustments	0	0	0
Total	(2,587)	3,439	852

11. PROFIT/LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS

Cemat's main activity was sold to GlobalWafers Co. Ltd. as at 1 July 2016.

The discontinued operations have affected the income statement as follows:

PARENT COMPANY			GROUP	
2015	2016	DKK	2016	2015
(525)	(45,478)	Profit/(loss) before tax for the period until transfer of control	(46,227)	(69,894)
123	(1,032)	Tax on profit/(loss) for the period	395	6,581
0	0	Write-down of non-current assets to fair value less expected costs to sell	0	0
0	42,473	Gain on sale of non-current assets held for sale	(1,143)	0
0	0	Recirculation of accumulated foreign exchange adjustment relating to foreign entities	0	0
0	0	Tax on gain on sale	0	0
(402)	(4,037)	Effect on profit/(loss) for the year, net	(46,975)	(63,313)

The operating profit/(loss) for the period until transfer of control may be specified as follows:

PARENT COMPANY			GROUP	
2015	2016	DKK	2016	2015
212,920	87,509	Revenue	119,978	272,846
(121,560)	(59,142)	Direct production costs	(74,229)	(150,457)
(81,215)	(67,787)	Other external expenses and staff costs	(84,323)	(95,781)
(15,734)	(7,189)	Depreciation, amortisation and impairment	(7,112)	(90,538)
(5,589)	(46,609)	Operating profit/(loss) (EBIT)	(45,686)	(63,930)
0	0	Impairment of investments in and receivables from subsidiaries	0	0
5,064	1,131	Financial items, net	(541)	(5,964)
(525)	(45,478)	Profit/(loss) before tax	(46,227)	(69,894)
123	(1,032)	Tax on profit/(loss) for the year	395	6,581
(402)	(46,510)	Profit/(loss) for the year from discontinued operations before profit on sale	(45,832)	(63,313)

The discontinued operations have affected the cash flow statement as follows:

PARENT COMPANY			GROUP	
2015	2016	DKK	2016	2015
		Cash flows from operating activities	(34,425)	23,635
		Cash flows from investing activities	(4,155)	(7,919)
		Cash flows from financing activities	0	0
		Cash flows for the year	(38,580)	15,716

The divestment of the discontinued operations may be specified as follows:

PARENT COMPANY			GROUP	
2015	2016	DKK	2016	2015
0	346,384	Carrying amount of silicon operations at 1 July 2016	390,000	0
0	42,473	Gain on sale	(1,143)	0
0	388,857	Selling price	388,857	0
Non-current assets				
-	27,400	Completed development projects	27,992	-
-	11,095	Development projects in progress	11,108	-
-	120,315	Land and buildings	120,447	-
-	87,985	Plant and machinery	94,935	-
-	690	Other fixtures and fittings, tools and equipment	698	-
-	0	Property, plant and equipment in progress	1,284	-
-	6,632	Other non-current receivables	6,632	-
-	470	Investments in subsidiaries	0	-
-	12,934	Deferred tax asset	12,956	-
Current assets				
-	73,330	Inventories	141,040	-
-	22,885	Receivables	32,032	-
-	1,765	Other receivables	5,032	-
-	24,305	Receivables from subsidiaries		
-	1,970	Income tax receivable	1,970	-
-	2,840	Prepayments	3,306	-
Non-current liabilities				
-	0	Other non-current liabilities	(1,977)	-
-	(13,114)	Deferred tax liability	(13,114)	-
Current liabilities				
-	(6,656)	Trade creditors	(23,064)	-
-	(12,720)	Prepayments received from customers	(12,720)	-
-	(14,706)	Other payables	(16,302)	-
-	(1,036)	Deferred income	(2,355)	-
0	346,384	Carrying amount of silicon business at 1 July 2016	390,000	0
0	42,473	Gain on sale	(1,143)	0
0	388,857	Selling price	388,857	0

12. EARNINGS PER SHARE

The calculation of earnings per share is based on the following:

PARENT COMPANY			GROUP	
2015	2016	DKK	2016	2015
(0.04)	0.01	Earnings per share for continuing and discontinued operations (DKK)	(0,06)	(0.17)
(0.03)	0.01	Diluted earnings per share for continuing and discontinued operations (DKK)	(0.06)	(0.16)
(0.04)	0.02	Earnings per share for continuing operations (DKK)	0.03	(0.05)
(0.03)	0.02	Diluted earnings per share for continuing operations (DKK)	0.03	(0.05)
0.00	(0.01)	Earnings per share for discontinued operations (DKK)	(0.09)	(0.12)
0.00	(0.01)	Diluted earnings per share for discontinued operations (DKK)	(0.09)	(0.11)
Earnings used in the calculation of earnings per share (DKK'000):				
(19,628)	10,929	Continuing operations (DKK'000)	13,646	(26,752)
(402)	(4,037)	Discontinued operations (DKK'000)	(46,975)	(63,313)
(20,030)	(54,730)	Continuing and discontinued operations (DKK'000)	(52,456)	(90,065)
Calculation of average number of shares used to calculate earnings per share:				
528,114	530,445	Average number of shares used to calculate earnings per share ('000)	530,445	528,114
50,818	0	Average dilutive effect of outstanding warrants ('000)	0	50,818
578,932	530,445	Average number of shares used to calculate diluted earnings per share ('000)	530,445	578,932

The average number of outstanding shares is calculated as the number of days prior to a capital increase multiplied by the number of shares in circulation. If several capital increases are made, the number of days between the capital increases multiplied by the number of shares in circulation during the relevant period is added together. The sum is divided by 365.

13. INTANGIBLE ASSETS GROUP

2016 DKK'000	Goodwill	Completed development projects	Development projects in progress	Rights of use	Other intangible assets	Total
Cost at 1 January 2016	17,394	66,051	10,712	15,193	1,143	110,493
Foreign exchange adjustments	(820)	(368)	0	(716)	(57)	(1,961)
Addition of assets developed in-house	0	0	3,866	0	0	3,866
Transfers to investment property	0	0	0	(14,477)	0	(14,477)
Disposals	(16,574)	(65,683)	(14,578)	0	(1,086)	(97,921)
Cost at 31 December 2016	0	0	0	0	0	0
Amortisation and impairment at 1 January 2016	(17,394)	(41,032)	0	(1,316)	(1,143)	(60,885)
Foreign exchange adjustments	820	366	0	62	51	1,299
Amortisation	0	(1,044)	0	(182)	0	(1,226)
Impairment	0	0	0	0	0	0
Transfers to investment property	0	0	0	1,436	0	1,436
Disposals	16,574	41,710	0	0	1,092	59,376
Amortisation and impairment at 31 December 2016	0	0	0	0	0	0
Carrying amount at 31 December 2016	0	0	0	0	0	0
2015 DKK'000	Goodwill	Completed development projects	Development projects in progress	Rights of use	Other intangible assets	Total
Cost at 1 January 2015	17,067	65,434	5,055	14,908	1,123	103,587
Foreign exchange adjustments	327	313	0	285	20	945
Addition of assets developed in-house	0	304	5,657	0	0	5,961
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Cost at 31 December 2015	17,394	66,051	10,712	15,193	1,143	110,493
Amortisation and impairment at 1 January 2015	0	(37,674)	0	(1,107)	(707)	(39,488)
Foreign exchange adjustments	0	(287)	0	(19)	(5)	(311)
Amortisation	0	(2,497)	0	(190)	(113)	(2,800)
Impairment	(17,394)	(574)	0	0	(318)	(18,286)
Disposals	0	0	0	0	0	0
Amortisation and impairment at 31 December 2015	(17,394)	(41,032)	0	(1,316)	(1,143)	(60,885)
Carrying amount at 31 December 2015	0	25,019	10,712	13,877	0	49,608

13. INTANGIBLE ASSETS (CONTINUED)

PARENT COMPANY

2016 DKK'000	Completed development projects	Development projects in progress	Other intangible assets	Total
Cost at 1 January 2016	58,253	10,712	56	69,021
Addition of assets developed in-house	0	3,866	0	3,866
Transfers	0	0	0	0
Disposals	(58,253)	(14,578)	(56)	(72,887)
Cost at 31 December 2016	0	0	0	0
Amortisation and impairment at 1 January 2016	(33,267)	0	(56)	(33,323)
Amortisation	(1,044)	0	0	(1,044)
Disposals	34,311	0	56	34,367
Amortisation and impairment at 31 December 2016	0	0	0	0
Carrying amount at 31 December 2016	0	0	0	0

All intangible assets have been sold to GlobalWafers Co. Ltd. as part of the divestment of the silicon business as at 1 July 2016

2015 DKK'000	Completed development projects	Development projects in progress	Other intangible assets	Total
Cost at 1 January 2015	58,253	5,055	56	63,364
Addition of assets developed in-house	0	5,657	0	5,657
Transfers	0	0	0	0
Disposals	0	0	0	0
Cost at 31 December 2015	58,253	10,712	56	69,021
Amortisation and impairment at 1 January 2015	(31,133)	0	(56)	(31,189)
Amortisation	(2,134)	0	0	(2,134)
Disposals	0	0	0	0
Amortisation and impairment at 31 December 2015	(33,267)	0	(56)	(33,323)
Carrying amount at 31 December 2015	24,986	10,712	0	35,698

14. PROPERTY, PLANT AND EQUIPMENT

GROUP

2016 DKK'000	Investment property	Land and buildings	Plant and machinery and equipment	Other fixtures and fittings, tools and equipment	Plant in progress	Total
Cost at 1 January 2016	0	192,024	265,540	10,700	4,049	472,313
Foreign exchange adjustments	0	(3,036)	(5,429)	0	(191)	(8,656)
Additions	0	125	1,016	0	956	2,097
Transfers	118,664	(61,472)	(41,691)	0	(1,024)	14,477
Disposals	0	(127,641)	(219,436)	(10,700)	(3,790)	(361,567)
Revaluation to market value	0	0	0	0	0	47,095
Cost at 31 December 2016	118,664	0	0	0	0	118,664
Depreciation and impairment at 1 January 2016	0	(30,069)	(159,640)	(9,784)	0	(199,493)
Foreign exchange adjustments	0	1,127	4,803	0	0	5,930
Depreciation	0	(3,943)	(6,322)	(185)	0	(10,451)
Transfers	(59,644)	25,691	32,517	0	0	(1,436)
Disposals	0	7,194	128,643	9,969	0	145,806
Revaluation to market value	47,095	0	0	0	0	47,095
Depreciation and impairment at 31 December 2016	(12,549)	0	0	0	0	(12,549)
Carrying amount at 31 December 2016	106,115	0	0	0	0	106,115
Of which assets held under finance leases	1,464	0	0	0	0	1,464

Fair value hierarchy information	Level 1	Level 2	Level 3	Dagsværdi at 31/12
2016				
Investment property	-	-	93,339	93,339
2015				
Investment property	-	-	-	-

The Polish property has an assessed value of DKK 106,115 thousand. The value is supported by an external valuation report received in January 2017, prepared by a leading international estate agent in Warsaw. The value represents the estate agent's assessment of the current fair value. In addition to the general price level in the market, the assessment is based on these main assumptions: the present use of the property, the state of the buildings, the percentage of ownership, the income generated by the property and the zoning of the area. Any changes to these, particularly the percentage of ownership (i.e. the positive or negative resolution of former owners' claims), changes in zoning (e.g. to residential) and the general price development of similar properties in the area, could favourably or adversely impact the property valuation.

2015 DKK'000	Investment property	Land and buildings	Plant and machinery and equipment	Other fixtures and fittings, tools and equipment	Plant in progress	Total
Cost at 1 January 2015	0	127,641	150,792	17,510	4,355	300,298
Additions	0	0	220	103	36	359
Transfers	0	0	4,391	0	(4,391)	0
Disposals	0	0	(4,988)	(6,852)	0	(11,840)
Cost at 31 December 2015	0	127,641	150,415	10,761	0	288,817
Depreciation and impairment at 1 January 2015	0	(3,939)	(53,251)	(15,750)	0	(72,940)
Depreciation	0	(2,236)	(9,522)	(968)	0	(12,726)
Disposals	0	0	4,988	6,852	0	11,840
Depreciation and impairment at 31 December 2015	0	(6,175)	(57,785)	(9,866)	0	(73,826)
Carrying amount at 31 December 2015	0	121,466	92,630	895	0	214,991
Of which assets held under finance leases	0	0	0	0	0	0

15. INVESTMENTS IN SUBSIDIARIES

PARENT COMPANY

2015	2016	DKK'000
55,503	55,616	Cost at 1 January
113	68	Addition warrants in subsidiaries
0	(538)	Divestment Topsil Japan
32,766	0	Conversion of debt into equity in Cemat Real Estate S.A. (formerly Topsil Semiconductor Materials S.A.)
(32,766)	0	Write-down of receivables in previous years
0	38,193	Reversal of previous impairment of investments
55,616	93,339	Value at 31 December

Investments in subsidiaries are valued at the parent company's proportionate share of the net asset value of the underlying subsidiary, which has resulted in a reversal of previous impairment charges of DKK 38,193 million. The reversal was made as a result of an external valuation of the value of the property obtained by management in connection with the valuation of the investment property in Poland. This valuation supports the reversal of previous impairment of investments, so that their value corresponds to the net asset value of the underlying subsidiary. For further information, see note 14 to the financial statements.

The Group's non-controlling interests concern the subsidiary Cemat'70 S.A. Non-controlling interests account for 22.34%, equivalent to DKK 1.5 million, of the Group's EBITDA (2015: DKK 1.1 million), DKK 1.1 million of the profit before tax (2015: DKK 0.1 million), DKK 33.5 million of the Group's assets (2015: DKK 15.9 million) and DKK 4.9 million of the Group's liabilities (2015: DKK 2.4 million).

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Domicile	Interest (%) 2016	Interest (%) 2015	Share of voting rights (%) 2016	Share of voting rights (%) 2015	Activity
Cemat Real Estate S.A.	Poland	100.00	100.00	100.00	100.00	Ownership share in Cemat'70 S.A.
Cemat'70 S.A.	Poland	77.66	77.66	77.66	77.66	Letting of commercial properties
W133 Sp. Z.O.O.	Poland	100.00	100.00	100.00	100.00	Holding of rights
W131 Sp. Z.O.O.	Poland	100.00	100.00	100.00	100.00	Holding of rights

Cemat Real Estate S.A. (formerly Topsil Semiconductor Materials S.A.) holds the ownership interest in Cemat'70 S.A, while Cemat'70 S.A. holds the ownership interests in W133 Sp. Z.O.O. and W131 Sp. Z.O.O.

16. OTHER NON-CURRENT RECEIVABLES

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
4,545	0	Prepayment of goods	0	4,545
0	0	Prepayment, settlement of claim of title to land	573	0
4,545	0	Total	573	4,545

Prepayment of goods related to the silicon business, which was sold during the financial year.

17. INVENTORIES

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
55,955	0	Raw materials and consumables	0	72,228
30,780	0	Work in progress	0	67,954
66	0	Manufactured goods and goods for resale	0	23,202
86,801	0	Total	0	163,384

Inventories related to the silicon business, which was sold during the financial year. Inventory write-downs amounted to DKK 0 thousand in the parent company and DKK 15,867 thousand in the Group in 2015.

18. TRADE RECEIVABLES

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
29,677	0	Trade receivables	6,428	37,753
0	0	Loss provisions included in the above receivables and recognised in "Other external expenses"	(701)	(1,195)
29,677	0	Total	5,727	36,558

All receivables against which provisions have been made are overdue by more than three months.

Overdue receivables for which provisions have not been made:

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
4,872	0	Overdue by up to 1 month	518	6,070
398	0	Overdue by 1 to 3 months	152	1,132
0	0	Overdue by more than 3 months	7	316
5,270	0	Total	677	7,518

Overdue receivables for which provisions have not been made, by geographical area:

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
4,306	0	Europe	677	5,742
796	0	USA	0	842
168	0	Asia	0	934
5,270	0	Total	677	7,518

A provision is made to reduce the carrying amount of receivables if the value is found to be impaired based on an individual assessment of each debtor's ability to pay, for example in case of suspension of payment, bankruptcy, etc., should this be deemed necessary. Receivables are written down to net realisable value, corresponding to the sum of expected future net payments received on the receivables.

The carrying amount of receivables equals their fair value.

Provision account for receivables:

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
494	0	Provision account at 1 January	1,195	1,558
(494)	0	Losses during the year	(153)	(494)
0	0	Reversed provisions	(500)	(790)
0	0	Provisions for the year to cover losses	159	921
0	0	Provision account at 31 December	701	1,195

19. CASH AND CASH EQUIVALENTS AS PER THE CASH FLOW STATEMENT

The Group's cash and cash equivalents primarily consist of bank deposits. No credit risk is deemed to be associated with cash and cash equivalents. Bank deposits carry floating rates of interest. The carrying amount equals the fair value of the assets.

20. SHARE CAPITAL

At the extraordinary general meeting held on 5 August 2016, it was resolved to reduce the Company's share capital from a nominal value of DKK 132,028,539.25 to a nominal value of DKK 10,562,283.14. The amount of the reduction will be transferred to a special reserve fund, see section 188(1)(iii) of the Danish Companies Act. At the same time, the denomination of each share was reduced from DKK 0.25 nominal value to DKK 0.02 nominal value.

As a result of the capital increase completed in connection with the exercise of warrants (16,049,911), the Company's share capital was increased by a nominal value of DKK 320,998.22 from DKK 10,562,283.14 to DKK 10,883,281.36 nominal value.

The share capital consists of 544,164,068 shares of DKK 0.02 each (2015: DKK 0.25). The shares have not been divided into classes and carry no special rights.

'000	2016	2015
Number of shares at 1 January	528,114	528,114
Capital increase	16,050	-
Number of shares at 31 December	544,164	528,114

DKK'000

Denomination, nom. value DKK 0.25	132,029	132,029
Capital reduction from nom. value DKK 0.25 to DKK 0.02	(121,467)	-
Capital increase	321	-
Total	10,883	132,029

21. OTHER RESERVES

The translation reserve comprises all foreign exchange adjustments arising on translation of the financial statements of entities with other functional currencies than DKK.

The reserve for share-based payment comprises the accumulated value of vested warrants (equity-settled schemes) measured at the fair value of the equity instruments at the grant date and recognised over the vesting period. The reserve is dissolved as the employees exercise their vested warrants or the warrants expire without being exercised.

23. FINANCE LEASE LIABILITIES

GROUP

The Group leases production equipment in the form of machinery and plant on finance leases if the terms are favourable and ensure continued financial flexibility for the Group. The average lease term is 4.5 years. All leases have a fixed payment profile and none of the leases include conditional lease payment clauses. The leases are terminable during the lease term against financial compensation. The Group has guaranteed the assets' residual values at the end of the lease term and must assign a buyer for the assets.

	Minimum lease payments, DKK 000		Present value of minimum lease payments, DKK'000	
	2016	2015	2016	2015
Finance lease liabilities fall due as follows:				
Within 1 year from the balance sheet date	244	232	244	232
Between 1 and 5 years from the balance sheet date	175	419	175	419
More than 5 years from the balance sheet date	0	0	0	0
At 31 December	419	651	419	651
Amortisation premium for future recognition	0	0	0	0

The financial lease liabilities comprise machinery. The carrying amount equals the fair value of the liabilities.

2016	Fixed or floating Expiry interest rate		Present value of minimum lease payments, DKK'000	Fair value DKK'000
	Lease liability	2018	Floating	419
Total			419	419

2015	Fixed or floating Expiry interest rate		Present value of minimum lease payments, DKK'000	Fair value DKK'000
	Lease liability	2018	Floating	651
Total			651	651

24. TRADE PAYABLES

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
31,343	2,132	Amounts owed to suppliers for goods and services delivered	3,879	50,160
31,343	2,132	Total	3,879	50,160

The carrying amount equals the fair value of the liabilities. Amounts owed to suppliers fall due within one year.

25. OTHER PAYABLES

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
239	0	Wages and salaries, tax at source, social security contributions, etc. payable	632	865
6,145	0	Holiday pay obligation etc.	173	7,555
1,257	0	VAT and other indirect taxes payable	178	1,257
4,045	736	Other payables	1,845	5,777
11,686	736	Total	2,828	15,454

The carrying amount of payables in respect of payroll, tax deducted at source, social security contributions, holiday pay etc., VAT and other indirect taxes and other payables corresponds to the fair value of these liabilities. Holiday pay obligations etc. represent the Group's obligation to pay wages and salaries during holidays in the next financial year, to which the employees have earned entitlement as at the balance sheet date. All items under other payables are expected to be settled within one year.

26. CHANGE IN NET WORKING CAPITAL

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
(3,030)	86,801	Change in inventories	163,384	(7,279)
5,630	36,461	Change in receivables	41,085	8,823
7,133	(65,676)	Change in trade payables and other payables	(86,374)	535
7,920	14,009	Change in balances with subsidiaries	0	0
17,653	71,575	Total	118,095	2,079

27. OPERATING LEASE LIABILITIES

It is the parent company's policy to lease cars and certain operating equipment on operating leases. The leases have been entered into for terms of 3-5 years with fixed lease payments that are subject to annual index adjustments.

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
		Operating lease payments may be specified as follows:		
694	0	Within 1 year	247	1,458
1,007	0	Between 1 and 5 years	177	2,828
0	0	More than 5 years	0	0
1,701	0	Total	424	4,286

For the parent company, an amount of DKK 333 thousand has been recognised in respect of operating leases for 2016 (2015: DKK 1,030 thousand).

For the Group, an amount of DKK 607 thousand has been recognised in respect of operating leases for 2016 (2015: DKK 1,560 thousand).

28. CHARGES

All collateral provided for balances with the Group's principal bankers was released in connection with the repayment of bank debts as a result of the divestment of the Group's silicon business. Accordingly, no charges exist at 31 December 2016.

29. GUARANTEES AND CONTINGENT LIABILITIES

In connection with the sale of the silicon business to GlobalWafers Co. Ltd., Cemat has issued guarantees and representations which are customary for this type of transaction. In Poland, discussions are under way with the authorities about the transfer of EU subsidies received to the new owner of the silicon business. An adverse outcome of these discussions could result in a loss of approximately PLN 2 million for the Cemat Group.

Furthermore, no guarantees or sureties have been issued to third parties.

30. OTHER CONTRACTUAL COMMITMENTS

Raw materials suppliers

At the balance sheet date, the Group had no minimum commitment to raw materials suppliers (in 2015, the commitment amounted to DKK 164.1 million for the period to 31 December 2017)

31. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
29,677	0	Trade receivables	5,727	36,558
10,939	0	Intra-group receivables	0	0
5,712	0	Other receivables, current	621	8,902
4,545	0	Other receivables, non-current	573	4,545
1,321	121,170	Cash and cash equivalents	134,609	8,830
52,194	121,170	Loans, advances and receivables	141,530	58,835
184,480	0	Debt to credit institutions, current	0	184,480
0	0	Debt to credit institutions, non-current	0	6,812
10,560	13,630	Debt to subsidiaries	0	0
25,331	0	Prepayments received, current	0	25,331
1,440	0	Prepayments received, non-current	0	0
0	0	Finance lease liabilities, current	244	232
0	0	Finance lease liabilities, non-current	175	419
0	0	Other non-current liabilities	589	2,579
31,343	2,132	Trade payables	3,879	50,160
11,686	736	Other payables	2,828	15,454
263,400	16,498	Financial liabilities, measured at amortised cost	7,715	285,467

The Group's risk management policy

Risk management is an integral part of the day-to-day business management and is subject to continuous review by Management. Management believes that all material risks, apart from financial risks, concern supplier and customer relations. Due to the nature of its operations and capitalisation, the Group is not particularly exposed to fluctuations in exchange rates and interest rates. The Group pursues a low-risk profile, with currency, interest rate and credit risks arising only in connection with commercial relations. It is the Group's policy not to actively speculate in financial risks.

The Group manages its financial risks by means of a model for managing its cash budgeting covering a period of 1 year.

Currency risk

Currency risk constitutes the risk of losses (or the possibility of gains) when exchange rates change. Currency risk arises when income and expense items in foreign currency are recognised in profit or loss or from value adjustment of balance sheet items denominated in other currencies.

The Group's sales are primarily settled in PLN and cost items are typically settled in DKK or PLN. The Group does not use derivative financial instruments to hedge currency risks from cash flows or balance sheet items. Instead, the Group uses foreign currency to settle same-currency debt items, which generally reduces the currency risk.

31. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

Unhedged net position at balance sheet date:

GROUP

2016	Cash, deposits and securities DKK'000	Receivables DKK'000	Liabilities DKK'000	Net position, DKK'000	Of which hedged DKK'000	Unhedged net position, DKK'000
Currency						
EUR	0	0	0	0	0	0
PLN	13,439	6,253	(4,847)	14,845	0	14,845
DKK	121,170	0	(2,868)	118,302	0	118,302
Other currencies	0	0	0	0	0	0
Total	134,609	6,253	(7,715)	133,147	0	133,147

2015	Cash, deposits and securities DKK'000	Receivables DKK'000	Liabilities DKK'000	Net position, DKK'000	Of which hedged DKK'000	Unhedged net position, DKK'000
Currency						
USD	1,719	12,486	(31,529)	(17,324)	0	(17,324)
EUR	8,321	23,349	(30,248)	1,422	0	1,422
JPY	537	227	(78)	686	0	686
PLN	5,441	6,427	(19,942)	(8,074)	0	(8,074)
DKK	9	92	(202,560)	(202,459)	0	(202,459)
Other currencies	0	227	(1,110)	(883)	0	(883)
Total	16,027	42,808	(285,467)	(226,632)	0	(226,632)

DKK'000

2016

2015

Equity sensitivity to exchange rate fluctuations

Impact if the USD exchange rate were DKK 0.50 lower than the actual rate

0 1,200

Impact if the PLN exchange rate were DKK 0.20 lower than the actual rate

900

Profit sensitivity to exchange rate fluctuations

Impact if the USD exchange rate were DKK 0.50 lower than the actual rate

0 1,200

Impact if the PLN exchange rate were DKK 0.20 lower than the actual rate

900

31. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

PARENT COMPANY

2015 Currency	Cash, deposits and securities DKK'000	Receivables DKK'000	Liabilities DKK'000	Net position, DKK'000	Of which hedged DKK'000	Unhedged net position, DKK'000
USD	0	0	0	0	0	0
EUR	0	0	0	0	0	0
JPY	0	0	0	0	0	0
PLN	0	0	(13,630)	(13,630)	0	(13,630)
DKK	121,170	0	(2,868)	118,302	0	118,302
Other currencies	0	0	0	0	0	0
Total	121,170	0	(16,498)	104,672	0	104,672

2015 Currency	Cash, deposits and securities DKK'000	Receivables DKK'000	Liabilities DKK'000	Net position, DKK'000	Of which hedged DKK'000	Unhedged net position, DKK'000
USD	71	19,856	(21,018)	(1,091)	0	(1,091)
EUR	8,309	23,488	(28,175)	3,622	0	3,622
JPY	129	13	(3)	139	0	139
PLN	0	0	(10,560)	(10,560)	0	(10,560)
DKK	9	92	(202,560)	(202,459)	0	(202,459)
Other currencies	0	227	(1,084)	(857)	0	(857)
Total	8,518	43,676	(263,400)	(211,206)	0	(211,206)

PARENT COMPANY

DKK'000	2016	2015
Equity sensitivity to exchange rate fluctuations		
Impact if the USD exchange rate were DKK 0.50 lower than the actual rate	0	100
Profit sensitivity to exchange rate fluctuations		
Impact if the USD exchange rate were DKK 0.50 lower than the actual rate	0	100

Interest rate risk

The Group's interest rate exposure is primarily attributable to interest-bearing bank deposits.

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
		Equity sensitivity to interest rate fluctuations		
+/- 1,800	+/- 1,200	Impact if the effective interest rate were +/- 1%	+/- 1,300	+/- 1,800
		Profit sensitivity to interest rate fluctuations		
+/- 1,800	+/- 1,200	Impact if the effective interest rate were +/- 1%	+/- 1,300	+/- 1,800

31. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

The Group's credit risks associated with financial activities correspond to the amounts recognised in the balance sheet. The Group assesses the need for insurance on individual debtors on an ongoing basis. This assessment is based on the individual debtor's present and expected future commitment to the Group.

The primary credit risk of the Group is associated with trade receivables. No special credit risks are found to exist in this regard.

Capital management

The Group evaluates the need to adapt its capital structure on an ongoing basis. Management believes that the financing of the Group's future operations will be secured with the existing financial resources and cash flows from operating activities.

As regards the free cash flow generated by the Group, first priority is to allocate free cash flows to the Group's continued expansion and shareholder dividends.

For the Group, equity as a percentage of total equity and liabilities at the end of 2016 was 90.0% (2015: 46.1%). The realised return on equity for the Group for 2016 was (13.8%) (2015: 34.8%).

The Group's financial gearing at the balance sheet date is calculated as follows:

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
184,480	0	Credit institutions/bank debt	0	191,292
(1,321)	(121,170)	Cash and cash equivalents	(134,609)	(8,830)
183,159	(121,170)	Net interest-bearing debt	(134,609)	182,462
185,590	198,011	Equity	223,064	260,694
0.99	(0.61)	Financial gearing	(0.60)	0.70

Liquidity and capital resources

At Group level, free cash and cash equivalents amounted to DKK 134.6 million at 31 December 2016, of which DKK 11.3 million are attributable to Cemmat 70 S.A.

Based on expectations for 2017, Management believes that the existing capital resources and the expected future cash flows will be sufficient to maintain operations and finance planned investments.

The Group's budgets, and consequently also its future capital resources, are inherently subject to risk since the extent and timing of cash flow fluctuations will have an impact on the Group's capital resources. Management believes that any negative deviations in its operations relative to budgeted cash flows can be mitigated on a timely basis by cash flow-enhancing measures.

At 31 December 2016, financial liabilities of DKK 0.1 million were due for payment between 6 and 12 months (2015: DKK 18.8 million). Of the long-term liabilities, DKK 0.2 million falls due between 1 and 5 years (2015: DKK 9.8 million). Other liabilities fall due within 6 months.

32. FEE FOR AUDITORS APPOINTED BY THE GENERAL MEETING

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
375	339	Audit of annual report	377	580
62	28	Tax advisory services	79	138
0	0	Assurance engagements other than audits	0	0
255	1,680	Non-audit services	1,680	435
692	2,047	Total	2,135	1,153

33. RELATED PARTIES

The Group has no related parties exercising control.

The Group has the following related parties:

- Ejendomsaktieselskabet Bangs Gård, owned by shareholder and Deputy Chairman
- Frost Invest A/S, owned by a former member of the Board of Directors
- CCMA ApS, owned by a member of the Board of Directors

The Group had no transactions with related parties in 2016.

The parent company has the following related parties:

- Cemat Real Estate S.A. (formerly Topsil Semiconductor Materials S.A.), subsidiary in Poland
- Cemat'70 S.A., subsidiary in Poland
- Topsil Semiconductor Materials KK, subsidiary in Japan (sold as part of divestment of silicon business)
- Ejendomsaktieselskabet Bangs Gård, owned by shareholder and Deputy Chairman
- Frost Invest A/S, owned by a former member of the Board of Directors
- CCMA ApS, owned by a member of the Board of Directors

The parent company had transactions with the following related parties in 2015 and 2016:

- Cemat Real Estate S.A. (formerly Topsil Semiconductor Materials S.A.), subsidiary in Poland
- Cemat'70 S.A., subsidiary in Poland
- Topsil Semiconductor Materials KK, subsidiary in Japan (sold as part of divestment of silicon business)

34. RELATED PARTY TRANSACTIONS

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
68,223	0	Subsidiaries, sale of goods	0	0
125,159	0	Subsidiaries, purchase of goods	0	0
744	0	Subsidiaries, interest income	0	0
540	573	Subsidiaries, interest expenses	0	0
194,666	573	Total transactions	0	0

Other management remuneration etc. is stated separately in connection with note 4, "Staff costs" All related party transactions have been carried out on an arm's length basis.

PARENT COMPANY			GROUP	
2015	2016	DKK'000	2016	2015
16,132	0	Subsidiaries, debtor receivable	0	0
29,297	0	Subsidiaries, loans	0	0
(34,490)	0	Subsidiaries, creditor payable	0	0
(10,560)	(13,630)	Subsidiaries, loans	0	0
379	(13,630)	Total outstanding amount	0	0

35. SHAREHOLDER INFORMATION

The parent company has registered the following shareholders holding more than 5% of the voting rights or nominal value of the share capital:

Composition of shareholders	Number of shares	Capital DKK	Capital %
EDJ-Gruppen Bangs Gård, Kongensgade 34, 4th floor, 6700 Esbjerg, Denmark	76,000,000	1,520,000.00	13.97
Formue Nord Markedsneutral A/S Nytorv 11, 4th floor 9000 Aalborg, Denmark	34,982,418	699,648.36	6.43

36. BOARD OF DIRECTORS AND MANAGEMENT BOARD

The Board of Directors and Management Board of Cemat A/S hold shares in Cemat A/S.

Shares (own and related parties*)	Shareholding, nominal value, DKK'000	
	2016	2015
Jens Borelli-Kjær, Chairman	14	173
Eivind Dam Jensen (EDJ-Gruppen), Deputy Chairman	1,520	19,000
Total	1,534	19,173

* Related parties are Management's close family and companies in which they hold managerial positions or directorships.

The nominal value of the above holdings was reduced in 2016 as a result of the capital reduction. The number of shares is unchanged compared with 2015.

37. EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after the balance sheet date.

38. APPROVAL OF THE ANNUAL REPORT FOR PUBLICATION

The Board of Directors approved this annual report for publication at a board meeting held on 27 January 2017. The annual report will be presented to the shareholders of the parent company for approval at the annual general meeting to be held on 8 March 2017.