ANNUAL REPORT 2017

CEMAT A/S
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COMPANY REG. (CVR) no.: 24 93 28 18

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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 in the best possible way for the shareholders.

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 Warsaw in 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/services and retail land to include it in the ongoing development of the district.

CeMat '70 has around 130 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	2017	2016	2015	2014	2013
Revenue	38,981	25,434	14,456	272,328	312,102
Earnings before interest, tax, depreciation and amortisation (EBITDA)	3,107	(12,682)	(8,976)	9,355	20,996
Operating profit/(loss) (EBIT)	3,107	(17,249)	(13,711)	(38,703)	(6,395)
Net financials	(331)	(7,501)	(12,534)	(10,900)	(6,315)
Profit/(loss) from discontinued operations	0	(50,050)	(63,313)	-	-
Profit/(loss) for the year	**(2,395)**	**(36,827)**	**(90,065)**	**(41,992)**	**(9,790)**
Of which attributable to parent company shareholders	(2,764)	(52,753)	(90,298)	(42,130)	(9,382)
Cash flows from operating activities	442	(65,396)	6,967	(6,318)	18,321
Cash flows from investing activities	(4,527)	382,894	(9,392)	(14,182)	(24,065)
Cash flows from financing activities	(114,343)	(191,524)	3,772	8,822	15,594
Share capital	4,997	10,883	132,029	132,029	132,029
Equity attributable to parent company shareholders	94,161	197,152	243,912	327,759	376,668
Equity attributable to non-controlling shareholders	15,953	25,489	16,782	16,585	17,286
Total consolidated equity	110,114	222,641	260,694	344,344	393,954
Total assets	134,221	247,645	549,410	633,213	656,624
Invested capital	111,451	105,552	440,069	522,564	557,011
Net interest-bearing debt/(Net interest asset)	0	0	182,462	180,616	158,469
Net working capital (NWC)	2,029	(563)	117,643	118,620	140,106
Financial ratios					
EBITDA margin (%)	8.0	(49.9)	(62.1)	3.4	6.7
EBIT margin/profit margin (%)	8.0	(67.8)	(94.8)	(14.2)	(2.0)
Return on invested capital (%)	2.8	(16.3)	(2.8)	(7.2)	(1.1)
Equity ratio (%)	82.0	89.9	47.4	54.4	60.0
Return on equity (%)	(1.4)	(15.2)	(4.5)	(11.4)	(2.4)
Current number of shares (thousands)	249,850	544,164	528,114	528,114	528,114
Earnings per share (DKK)	(0.01)	(0.10)	(0.17)	(0.08)	(0.02)
Price per share (DKK)	0.43	0.32	0.28	0.41	0.71
Average number of full-time employees	27	32	34	356	344

*) 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 2013 have not been restated and consequently also include the silicon business divested in 2016.

Comparative figures from 2016 have been restated due to following prior period errors: part of the translation reserve related to the divested silicon business in the amount of DKK 3,075 thousand was not reallocated to income statement, equity attributable to non-controlling interest was overstated by DKK 4,591 thousand, income tax in the amount of DKK 314 thousand and professional services in the amount of DKK 109 thousand were not recognised

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".

2017 – FIRST FULL YEAR IN REAL ESTATE BUSINESS

After sale of the silicon business in 2016 CeMat conducted in 2017 its normal activity in the real estate industry focusing on generating income from rent and sale of utilities to its tenants and on divesting its property located in Warsaw.

Strategy going forward
CeMat '70 is located in the north-western part of Warsaw in a developing residential and industrial/service 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 or 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.

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, internal roads and main entrance. CeMat is closely cooperating with ITME to find a strategy 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 five to seven years or more to fulfil the Group's objective.

Alternatively, if a buyer for CeMat A/S' approx. 87% shareholding in CeMat '70 can be found, the Group would be relieved of the problems of solving claims and changing the zoning. This would result in a lower selling price, but also reduced risk and an accelerated process.

CeMat has in 2016 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 2018, 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 61,390,000 (or approx. DKK 109.4 million) based on 100% of the property (or the shares).

A successful implementation of the strategy described above is expected to result in a higher value. It is managements expectation that the value of the properties to be transferred after tax and expenses might be two or three times the value compared to valuation in this Annual Report, 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 go up, fall down or remain as it currently is. Should the market suddenly undergo a significant negative development, the value may even fall below the current management's expectations.

Polish holding company CeMat Real Estate acquired in 2017 from one of the minority shareholders (Veolia) shares of CeMat'70 representing 9.43% of CeMat'70 share capital increasing its stake to 87.1%. The process of buying shares from minority shareholders is ongoing and will continue in 2018.

Doulan Abdelmottaleb CEO	Jens Borelli-Kjær Chairman

OUTLOOK FOR 2018

Property management
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 CEO) and external assistance (lawyers, auditors, etc.). Similarly, the Polish holding company CeMat Real Estate and two project companies W131 and W133 bear the costs of taxes and fees related to real estates, external accountant, tax advisor, lawyer, real estate agent and auditor services.

The revenue of the Polish property management business (CeMat '70) is expected to increase by approx. 4% in 2018 due to the increase of the number of tenants. EBITDA generated by CeMat'70 is estimated at DKK 8 million, up by approximately 11% in comparison to 2017. EBITDA for the group is expected to be around DKK 4 million

After deduction of capital expenditures (investment property), finance costs and income tax a net consolidated result of DKK 0 million is expected for 2018.

Potential changes in market value of the investment property can have a significant influence on 2018 results. As the market value depends on many factors, partly out of company's control it is very difficult to predict. Therefore it is assumed in the 2018 outlook that the fair value of the property will not change in comparison to the valuation made at the end of 2017.

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.

Divestment process
CeMat is now in the negotiation process with a potential buyer. It is expected that a preliminary purchase agreement may be signed in the first half year of 2018.

Due to complexity of the case, not regulated legal status of particular plots, lack of zoning, need to consolidate the whole property, etc. the potential agreement will be conditional and long term. It is expected the divestment process will take 5 – 7 years or even longer.

THE PROPERTY BUSINESS

CeMat A/S is a Danish 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 Wólczynska 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 in the Bielany district. 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;
- upcoming new claims;
- re-classification of the land for residential and services purposes;
- Solution/agreement with the Institute of Electronic Materials Technology (ITME) for the common building, roads and main entrance;
- entering into one or more sales/purchase contracts with buyers/developers;
- potential changes in Polish law regarding real property industry;
- changes in the financial attractiveness of the Warsaw real estate market;
- changes in exchange rates PLN/DKK

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 152 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 43% of the area, the remaining 57% is being claimed. CeMat '70 cannot obtain the 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 as it is today, 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 three 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. During 2017 a preliminary agreement pertaining waiver of claims was signed with one of the families, while three new claims were filed.

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 people 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 service 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
In 2017 CeMat was 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.

As at 31.12.2017 CeMat was in an advanced negotiation process with one specific potential buyer.

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 main entrance, internal roads and one particular plot with the large production/office building located on it where CeMat '70 owns approx. 71%. 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.

Potential changes in Polish law regarding real property industry
The Polish government is currently working on new law regarding real property industry. There is a risk that criteria for granting Development Order (so called "WZ") under the new law will be stricter than the current criteria, which could adversely influence the divestment process. It cannot be ruled out that those new acts will eventually enter into force

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 uncertainty.

Currently, it is estimated to take 5-7 years or even longer before all land can be sold.

In January 2018, CeMat received an independent valuation report. The report sets the value of the land in its current form at PLN 61.4 million (DKK 109.4 million). It is managements expectation that the value of the properties to be transferred after tax and expenses might be two or three times the value indicated in the valuation report, 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 go up, fall down or remain as it currently is. Should the market suddenly undergo a significant negative development, the value may even fall below the current management's expectations.

It should be borne in mind that CeMat A/S only owns 87.09% of the shares in CeMat '70, and that there will be taxes and fees to be paid on proceeds from the sale of land and other costs of an estimated 25-30% in total.

Furthermore, CeMat '70 and ITME are in a 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 in 2016, 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 27-36 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 87.09%-owned subsidiary CeMat '70 S.A. There are no other business operations in the Danish listed company.

CeMat '70 owns 152 thousand sqm of land and of which 133 thousand sqm inside fence 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 (and its subsidiaries W131 and W133) have approximately 130 tenants and an occupancy rate of approximately 87%. Topsil GlobalWafers is the biggest tenant generating approximately 58% of revenue, and any major changes in the operations of Topsil GlobalWafers would affect CeMat '70 accordingly.

INCOME STATEMENT

Revenue for 2017 amounted to DKK 39.0 million (2016: DKK 25.4 million), comprising rental income of DKK 12.4 million and sales of utilities, including power, water and technical gases, and facility services etc. to tenants of DKK 26.6 million.

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

Direct production costs totalled DKK 20.5 million in 2017, up from DKK 8.2 million (DKK 19.4 million adjusted for intra-group eliminations) in 2016, consisting of costs for the purchase of utilities for resale to tenants.

Other external expenses amounted to DKK 10.4 million in 2017, compared with DKK 10.3 million in 2016.

Staff costs came to DKK 4,9 million in 2017, down from DKK 20.0 million in 2016. Staff costs from 2016 include one off items pertaining severance agreements with the former Management Board following the divestment of the silicon business of DKK 14.8 million.

EBITDA for 2017 was a profit of DKK 3.1 million against a loss of DKK 12.7 million for 2016.

In January 2018, the Group received an updated valuation report, according to which the fair value of the land in its current state is PLN 61.4 million (DKK 109,4 million) less by PLN 1,6 (DKK 2,8 million) million than last year. The valuation report is the basis for assessment of the market value of the investment property. Classification all of the Group’s fixed assets as an investment property means no depreciation has been recognised, in turn, the negative revaluation adjustment and capital expenditures have been recognised in the profit and loss.

Net financials amounted to an expense of DKK 0.3 million in 2017, compared with an expense of DKK 7.5 million in 2016. All interest-bearing bank debt was repaid in 2016 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.

Tax on profit/loss for the year was DKK (0.9) million and are mainly a result of the positive result of CeMat ‘70.

CeMat realised a loss after tax of DKK 2.4 million in 2017, compared with a loss of DKK 36.8 million in 2016. The figure from 2016 includes a loss of DKK 50.1 million from discontinued operations.

CASH FLOW STATEMENT

Cash flows from operating activities were an inflow of DKK 0.4 million in 2017.

Cash flows from investing activities were an outflow of DKK 4.5 million. Cash was spent on upgrading the company’s facilities, preparation of company’s properties for divestment and purchase of CeMat ’70 shares from minority shareholders.

Cash flows from financing activities were an outflow of DKK 114.3 million. Cash was spent on the share buyback programme, extraordinary dividend and financial lease repayments.

BALANCE SHEET

Total assets amounted to DKK 134.2 million at 31 December 2017, primarily comprising investment property with an estimated market value of DKK 109.4, receivables of DKK 7.9 million and cash and cash equivalents of DKK 16.9 million.

For reporting purposes, the property in Poland is classified as investment property. Management received in January 2018 an updated external valuation report from a leading international valuation expert operating in the Warsaw area. According to this report, the property had as at 31.12.2017 an "as is" fair value of PLN 61,390,000 (or approx. DKK 109.4 million) based on 100% of the property (or the shares).

Consolidated equity at 31 December 2017 stood at DKK 110.1 million, of which DKK 94.1 million was attributable to shareholders of CeMat A/S and DKK 16.0 million to non-controlling interests in CeMat '70 S.A. The equity ratio was 82.0% at 31 December 2017.

Restatement of the comparative figures due to divestment of the silicon business

In 2016 CeMat sold its silicon business to GlobalWafers in Taiwan. 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 had to be divided in 2016 into continuing (property and holding operations) and discontinued (divested silicon business) operations. The comparative figures from 2016 in the income statement and cash flow statement have therefore been restated to reflect the continuing operations.

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 2018 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 incurrence 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 67% of revenue, with the largest accounting for about 58% 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;
- upcoming new claims;
- re-classification of the land for residential and services purposes;
- Solution/agreement with the Institute of Electronic Materials Technology (ITME) for the common building, roads and main entrance;
- entering into one or more sales/purchase contracts with buyers/developers;
- potential changes in Polish law regarding real property industry;
- changes in the financial attractiveness of the Warsaw real estate market;
- changes in exchange rates PLN/DKK

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 28 "Financial risks and financial instruments" for further information.

Capital resources
The Group's capital resources are reviewed regularly.

Based on the 2018 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 28 to the financial statements for a description of cash flows and capital resources.

Other risks
Other risks that may affect the Group's operations are related to potential changes in Polish law, insurance, the environment and staff.

As regards changes in Polish law, there is a risk that criteria under new law currently being subject to works in the Polish Government will be stricter than the current criteria for granting Development Order (so called "WZ") decision, which could adversely influence the divestment process. The final wording of such bills has not been adopted. It cannot be ruled out that those new acts will eventually enter into force.

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 2017.

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 2017. 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 2017, see section 107b of the Danish Financial Statements Act, may be found on CeMat's website at:

https://static1.squarespace.com/static/576cfca9be659429ccf4d120/t/5a71df599140b79f3b95c0f3/1517412188965/Corporate+Governance+2017+-+UK.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, social conditions and employee conditions, measures to fight bribery and corruption 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 2017 (1 January - 31 December 2017).

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 2017, the total number of employees was 28 (including Board of Directors), six of whom were women. One woman was a member of Board of Directors, there were no women on the Management Board, while one women held managerial position.

The current gender balance of CeMat's managerial positions is outlined below.

	2017	**2016**
Board of Directors, males	2	2
Board of Directors, females	1	1
Other managerial positions, males	4	2
Other managerial positions, females	1	2

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 2018. Instead, CeMat will focus on continuing the good efforts already completed.

Policy on safety
Safety must be a priority for all CeMat employees. The accident rate in 2017 was zero.

CeMat believes that all injuries are preventable, all health risks are controllable and management is accountable. CeMat 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 CeMat'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 2017, the shares in the OMXC20 CAP index gained 12%, while the shares in the OMXC SmallCap index gained 13%. The price of CeMat's shares was DKK 0.430 per share at the end of 2017, equivalent to a 34% increase (from DKK 0.320).

The Group's market capitalisation at 31 December 2017 was DKK 107 million.

Total turnover in the share in 2017 was 141 million shares, which was 70% lower than in 2016, when 472 million shares were traded.

MASTER DATA

Stock exchange:	Nasdaq Copenhagen
Index:	OMXC SmallCap
Industry:	Property
ISIN:	DK0010271584
Symbol:	CEMAT
Share capital:	DKK 4,997,006.06
Denomination:	DKK 0.02
No. of shares:	249,850,303
Negotiable instruments:	Yes
Voting restrictions:	No

SHARE CAPITAL

On 27 January 2017, CeMat A/S announced an offer to the shareholders to buy back the Company's own shares at a fixed price of DKK 0,352 per share. At the end of the offer period, the Company has received 294,313,765 acceptances from shareholders representing 54.1% of the shares in the Company. Following the result of the share buyback the extraordinary general meeting of CeMat A/S adopted on 8 March 2017 a resolution to reduce the share capital of the company from nominally DKK 10,883,281.36 to nominally DKK 4,997,006.06. The capital reduction was effected by cancellation of the purchased own shares

The share capital consists of 249,850,303 shares of DKK 0.02 each. The shares have not been divided into classes and carry no special rights.

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

One largest shareholder holds 30.8% 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	Number of shares	Capital DKK	Capital %
EDJ-Gruppen Kongensgade 34 6701 Esbjerg, Denmark	77,000,000	1,540,000.00	30.82

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 2017, members of the Board of Directors and their related parties held 77,693,750 shares (nominal value DKK 1,553,875), corresponding to 31.1% of the share capital and a market value of DKK 33.4 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 2017 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 2017.

CEMAT'S REGISTER OF SHAREHOLDERS IS MANAGED BY:

Computershare A/S
Lottenborgvej 26 D
2800 Kgs. Lyngby, Denmark

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 19 March 2018 at 2.00 pm at the office of DLA Piper Denmark, Radhuspladsen 4, 1550 Copenhagen V, Denmark.

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 2017 financial year. The Board of Directors recommends to the Annual General Meeting that the consolidated loss for the year of DKK 2.4 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 2017

2017	Announcement
27.01	Annual Report 2016 and change of financial calendar
27.01	Launch of buy-back offer in CeMat A/S
14.02	Result of share buy-back offer
14.02	Topsil GlobalWafers warns termination of tenancy agreement
08.03	Course of the annual general meeting
08.04	Board resolution on completion of the buy-back offer
11.04	Major shareholder announcement
12.04	Implementation of reduction of share capital and settlement of the buy-back offer
19.04	Major shareholder announcement
20.06	Payment of dividend
20.06	Correction Payment of dividend
11.08	Interim report 1 Half 2017
31.08	Acquisition of CeMat '70 S.A. minority shares
14.09	Market interest in purchasing of CeMat A/S' polish properties
23.09	Major shareholder announcement

FINANCIAL CALENDAR 2018/2019

2018	**Announcement**	**Silent period**
20.02	Annual Report 2017	22.01.2018 - 20.02.2018
19.03	Annual General Meeting	
14.08	Interim report – H1 2018	16.07.2018 - 14.08.2018

2019	**Announcement**	**Silent period**
21.02	Annual Report 2018	23.01.2019 - 21.02.2019
19.03	Annual General Meeting	

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 2018

No. of shares held in CeMat (own and related parties):
693,750 (2016: 693,750)

Remuneration paid in 2017: DKK 350,000

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 2018

No. of shares held in CeMat (own and related parties):
77,000,000 (2016: 76,000,000)

Remuneration paid in 2017: DKK 245,000

Directorships and other managerial positions:
Owner of Ejendomsmæglerfirma 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 2018

Remuneration paid in 2017: DKK 140,000

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

Doulan Abdelmottaleb (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 six 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.

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 2017.

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 2017 and of the results of the Group's and the parent company's operations and cash flows for the financial year ended 31 December 2017.

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.

Copenhagen, 20 February 2018

MANAGEMENT BOARD

Doulan Abdelmottaleb
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 Cemat A/S

Opinion
We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Cemat A/S for the financial year 1 January - 31 December 2017, which comprise income statement, total income statement, balance sheet, statement of changes in equity, cash flow statement, notes and a summary of significant accounting policies, for both the Group and the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

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

Our opinion is consistent with our extract from audit book to the audit committee and the board of directors.

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 Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our belief we have not performed any prohibited non-audit services, as stated in article 5, subarticle 1, in regulation (EU) no. 537/2014.

We were first appointed auditor of Cemat A/S on 8 March 2017 for the financial year 2017. We were appointed by a resolution of a general meeting for a total continuous period of 1 year until and including the financial year 2017.

Key Audit Matters
Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for the financial year 2017. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of investment properties
Key Audit Matter
The carrying amount of the Group's investment properties is DKK ('000) 109,422 at 31 December 2017, see note 13. Investments properties are measured at fair market value and the total fair market value adjustment of the year is a net income of DKK ('000) 4,254, see note 13 of the financial statements, which is recognised in the income statement. The properties consist in all material respects of a number of land plots and a rental property located in Warsaw, Poland.

We have assessed that the fair market valuation is a key issue in relation to our audit because investment properties constitute 82 % of the Group's total assets and because of the material estimates that Management has to make in connection with the measurement.

Measurement at fair market value involves considerable accounting estimates because Management estimates a number of preconditions, which have a material impact on the measurement. An incorrect fair market value measurement may have a considerable impact on the Group's assets, results, and equity.

The company's Management obtained in January 2018 a valuation report from an external valuation expert which supports the value recognised in the financial statements. The valuation report is prepared by a leading international estate agent in Warsaw.

The valuation is based on the following material preconditions:
- Minimum return on interest requirement
- Future market rent
- Future operating results
- Ownership

We refer to the further description in note 13 of the annual report.

Our audit measure
We have obtained an understanding of the Management's processes for and control of the measurement of the land plots and the rental property in Poland.

The most important preconditions forming basis for the valuation were verified during our audit. Moreover, a recalculation was performed of the model forming basis for the valuation. We have assessed whether the external valuation expert is assumed to possess the right competences and sufficient independence.

Moreover, we have assessed the adequacy and sufficiency of Management's note disclosures on investment properties.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements or the Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company 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 Parent Company Financial Statements.

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Parent Company 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company 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 submit a statement to those charged with governance that we have met relevant ethical requirements relating to independence and inform of all relations and other matters which may reasonably be conceived to influence our independence and, where relevant, associated security measures.

Based on the matters communicated to the Management we determine which matters were the most significant in connection with the audit of the Consolidated Financial Statements and the Parent Company Financial Statements for the period under review and consequently became the Key Audit Matters. We describe these matters in our Independent Auditor's Report, unless legal or other regulatory requirements prevent the publication of the matter, or in the very rare cases where we determine that the matter should not be communicated in our Independent Auditor's Report, because the negative consequences could reasonably be expected to be of more critical importance than the advantages that such communication would bring to the public interest.

Copenhagen, 19 February 2018

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Brian Olsen Halling
State Authorised Public Accountant
MNE no. 32094

INCOME STATEMENT
1 JANUARY – 31 DECEMBER

PARENT COMPANY				GROUP	
2016	**2017**	**DKK'000**	**Note**	**2017**	**2016**
0	0	Revenue	3	38,981	25,434
0	0	Other operating income		0	423
0	0	Direct production costs		(20,524)	(8,205)
(2,848)	(2,966)	Other external expenses		(10,457)	(10,285)
(16,368)	(983)	Staff costs	4, 5, 6	(4,894)	(20,049)
0	0	Depreciation, amortisation and impairment	7	0	(4,567)
(19,216)	**(3,949)**	**Operating profit/(loss) (EBIT)**		**3,107**	**(17,249)**
38,193	0	Revaluation of investments in subsidiaries	14	0	0
0	0	Unrealized market value revaluation investment property	13	(4,254)	48,161
0	4	Financial income	8	97	36
(8,048)	(1,778)	Financial expenses	9	(428)	(7,537)
10,929	**(5,723)**	**Profit/(loss) before tax**		**(1,478)**	**23,411**
0	0	Tax on profit/(loss) for the year	10	(917)	(10,188)
10,929	**(5,723)**	**Profit/(loss) for the year from continuing operations**		**(2,395)**	**13,223**
(4,037)	0	Profit/(loss) for the year from discontinued operations	11	0	(50,050)
6,892	**(5,723)**	**Profit/(loss) for the year including discontinued operations**		**(2,395)**	**(36,827)**
		Distribution of profit/(loss) for the year:			
		Parent company shareholders		(2,764)	(52,753)
		Non-controlling interests		369	15,926
				(2,395)	**(36,827)**
0.01	(0.02)	Earnings per share for continuing and discontinued operations (DKK)	12	(0.01)	(0.10)
0.01	(0.02)	Diluted earnings per share for continuing and discontinued operations (DKK)	12	(0.01)	(0.10)
0.02	(0.02)	Earnings per share for continuing operations (DKK)	12	(0.01)	(0.01)
0.02	(0.02)	Diluted earnings per share for continuing operations (DKK)	12	(0.01)	(0.01)
(0.01)	0.00	Earnings per share for discontinued operations (DKK)	12	0.00	(0.09)
(0.01)	0.00	Diluted earnings per share for discontinued operations (DKK)	12	0.00	(0.09)

Comparative figures from 2016 have been restated due to following prior period errors: part of the translation reserve related to the divested silicon business in the amount of DKK 3,075 thousand was not reallocated to income statement (affected: profit/(loss) for the year from discontinued operations), income tax in the amount of DKK 314 thousand (affected: tax on profit/(loss) for the year),professional services in the amount of DKK 109 (affected: other external expenses) were not recognised, group's earnings per share (EPS) was not adjusted for result attributable to non-controlling interest. Before adjustment EPS and diluted EPS for continuing and discontinued operations was (0.06); EPS and diluted EPS for continuing operations was 0.03

STATEMENT OF COMPREHENSIVE INCOME
1 JANUARY – 31 DECEMBER

PARENT COMPANY				GROUP	
2016	**2017**	**DKK'000**	**Note**	**2017**	**2016**
6,892	(5,723)	Profit/(loss) for the year		(2,395)	(36,827)
		Items that may be reclassified to profit or loss:			
0	0	Foreign exchange adjustment, foreign entities		6,142	(5,239)
6,892	**(5,723)**	**Comprehensive income for the year**		**3,747**	**(42,066)**
		Distribution of comprehensive income for the year:			
6,892	(5,723)	Parent company shareholders		1,903	(55,364)
0	0	Non-controlling interests		1,843	13,298
6,892	**(5,723)**			**3,747**	**(42,066)**

Comparative figures from 2016 have been restated due to following prior period errors: part of the translation reserve related to the divested silicon business in the amount of DKK 3,075 thousand was not reallocated to income statement, equity attributable to non-controlling interest was overstated by DKK 4,591 thousand, income tax in the amount of DKK 314 thousand and professional services in the amount of DKK 109 thousand were not recognised

CASH FLOW STATEMENT
FOR 2017

PARENT COMPANY				GROUP	
2016	**2017**	**DKK'000**	**Note**	**2017**	**2016**
(19,216)	(3,949)	Operating profit/(loss) (EBIT) from continuing operations		3,107	(17,249)
(46,609)	0	Operating profit/(loss) (EBIT) from discontinued operations		0	(45,686)
(65,825)	**(3,949)**	**Operating profit/(loss) (EBIT)**		**3,107**	**(62,935)**
7,189	0	Depreciation, amortisation and impairment	7, 11	0	11,679
1,025	0	Share-based payment recognised in the income statement		0	1,025
(16,799)	(1,806)	Change in net working capital	23	(1,802)	(9,413)
0	0	Other (deposits, etc.)		300	0
1,970	0	Tax paid/received		(1,003)	1,693
0	0	Financial income received		102	36
(7,933)	(439)	Financial expenses paid		(261)	(7,481)
(80,373)	**(6,194)**	**Cash flows from operating activities**		**442**	**(65,396)**
(3,866)	0	Acquisition of intangible assets		(15)	(3,866)
(289)	0	Acquisition of property, plant and equipment		(1,348)	(2,097)
0	0	Capital expenditures, divestment of the investment property		(1,050)	0
0	0	Acquisition of shares in subsidiary		(2,114)	0
0	(1,193)	Loans granted		0	0
0	0	Sale of property, plant and equipment		0	0
388,857	0	Sale of non-current assets concerning silicon business	11	0	388,857
384,702	**(1,193)**	**Cash flows from investing activities**		**(4,527)**	**382,894**
0	0	Finance lease repayments		(226)	(232)
0	5,050	Loans and credits raised		0	0
(184,480)	(3,831)	Repayments of loans and credits		0	(191,292)
0	(9,994)	Dividends paid		(9,994)	0
0	(104,123)	Share buyback		(104,123)	0
(184,480)	**(112,898)**	**Cash flows from financing activities**		**(114,343)**	**(191,524)**
119,849	**(120,284)**	**Cash flows for the year**		**(118,427)**	**125,974**
1,321	121,170	Cash and cash equivalents at beginning of year		134,609	8,830
0	0	Market value adjustment of cash and cash equivalents		737	(195)
121,170	**886**	**Cash and cash equivalents at end of year**	**17**	**16,919**	**134,609**

BALANCE SHEET
AS AT 31 DECEMBER 2017

PARENT COMPANY		ASSETS		GROUP	
2016	**2017**	**DKK'000**	**Note**	**2017**	**2016**
0	0	Investment property		109,422	106,115
0	0	**Property, plant and equipment**	**13**	**109,422**	**106,115**
93,339	93,339	Investments in subsidiaries	14	0	0
0	0	Other non-current receivables	15	596	573
93,339	**93,339**	**Financial assets**		**596**	**573**
0	**0**	**Deferred tax asset**	**10**	**0**	**0**
93,339	93,339	**Non-current assets**		**110,017**	**106,688**
0	0	Trade receivables	16	6,525	5,727
0	1,205	Receivables from subsidiaries		0	0
0	0	Other receivables		759	526
0	0	Income tax receivable		0	95
0	**1,205**	**Receivables**		**7,284**	**6,348**
121,170	**886**	**Cash and cash equivalents**	**17**	**16,919**	**134,609**
121,170	**2,090**	**Current assets**		**24,203**	**140,957**
214,509	95,429	**Assets**		**134,221**	**247,645**

BALANCE SHEET
AS AT 31 DECEMBER 2017

PARENT COMPANY		EQUITY AND LIABILITIES		GROUP	
2016	**2017**	**DKK'000**	**Note**	**2017**	**2016**
10,883	4,997	Share capital	18	4,997	10,883
0	0	Translation reserve	19	(14,368)	(19,035)
187,128	73,174	Retained earnings		103,532	205,304
198,011	**78,171**	**Equity attributable to parent company shareholders**		**94,161**	**197,152**
0	**0**	**Equity attributable to non-controlling interests**		**15,953**	**25,489**
198,011	**78,171**	**Equity**		**110,114**	**222,641**
0	0	Finance lease liabilities	20	0	175
0	0	Other non-current liabilities		815	589
0	0	Deferred tax liabilities	10	17,629	16,602
0	**0**	**Non-current liabilities**		**18,443**	**17,366**
0	0	Finance lease liabilities	20	213	244
2,132	361	Trade payables	21	3,395	3,988
13,630	16,196	Debt to subsidiaries		0	0
0	0	Income tax payable		196	578
736	701	Other payables	22	1,860	2,828
16,498	**17,258**	**Current liabilities**		**5,663**	**7,638**
16,498	**17,258**	**Total liabilities**		**24,106**	**25,004**
214,509	**95,429**	**Equity and liabilities**		**134,221**	**247,645**
		Operating lease liabilities	24		
		Charges, guarantees and contingent liabilities, contractual liabilities	25-27		
		Other notes without reference	28-35		

Comparative figures from 2016 have been restated due to following prior period errors: part of the translation reserve related to the divested silicon business in the amount of DKK 3,075 thousand was not reallocated to income statement (affected: translation reserve / retained earnings), equity attributable to non-controlling interest was overstated by DKK 4,591 thousand (affected: translation reserve / equity attributable to non-controlling interests), income tax in the amount of DKK 314 thousand (affected: income tax payable) and professional services in the amount of DKK 109 (affected: trade payables) were not recognised.

STATEMENT OF CHANGES IN EQUITY
FOR 2017 (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 01.01.2016	**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 18	(121,467)	0	0	121,467	0	0	0
Cash capital increase, see note 18	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**	**208,732**	**192,914**	**30,150**	**223,064**
Correction of prior period error *)	0	7,666	0	(3,428)	4,238	(4,661)	(423)
Restated equity at 31.12.2016	**10,883**	**(19,035)**	**0**	**205,304**	**197,152**	**25,489**	**222,641**
Equity at 01.01.2017	**10,883**	**(19,035)**	**0**	**205,304**	**197,152**	**25,489**	**222,641**
Profit/(loss) for the year	0	0	0	(2,764)	(2,764)	369	(2,395)
Other comprehensive income	0	4,668	0	0	4,668	1,474	6,142
Comprehensive income	0	4,668	0	(2,764)	1,903	1,843	3,747
Share buyback	(5,886)	0	0	(98,237)	(104,123)	0	(104,123)
Dividend	0	0	0	(9,994)	(9,994)	0	(9,994)
Acquisition of non-controlling interests	0	0	0	9,222	**9,222**	(11,378)	(2,156)
Equity at 31.12.2017	**4,997**	**(14,368)**	**0**	**103,532**	**94,161**	**15,953**	**110,114**

*) Translation reserve has been build up during the years and both included foreign exchange effects related to real estate and the divested silicon business. The part of the reserve related to the divested silicon business should have been reallocated to retained earnings in 2016 but it have not been reallocated. Equity attributable to non-controlling interest was overstated by DKK 4,591 thousand. After publication of the Annual report 2016 there was prepared a final corporate income tax declaration of the Polish subsidiary CeMat'70 which showed a higher by DKK 314 thousand tax liability than presented in the Annual Report. Professional services in the amount of DKK 109 thousand were not recognised.

STATEMENT OF CHANGES IN EQUITY
FOR 2017 (PARENT COMPANY)

DKK'000	Share capital	Reserve for share-based payment	Retained earnings	Total equity
Equity at 01.01.2016	**132,029**	**4,443**	**49,118**	**185,590**
Capital reduction, see note 18	(121,467)	0	121,467	0
Cash capital increase, see note 18	321	0	4,183	4,504
Comprehensive income for the year	0	0	6,892	6,892
Share-based payment, see note 6	0	1,025	0	1,025
Share-based payment, exercised warrants, see note 6	0	(153)	153	0
Share-based payment, forfeited warrants, see note 6	0	(5,315)	5,315	0
Equity at 31.12.2016	**10,883**	**0**	**187,128**	**198,011**
Equity at 01.01.2017	**10,883**	**0**	**187,128**	**198,011**
Comprehensive income for the year	0	0	(5,723)	(5,723)
Share buyback	(5,886)	0	(98,237)	(104,123)
Dividend	0	0	(9,994)	(9,994)
Equity at 31.12.2017	**4,997**	**0**	**73,175**	**78,171**

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The consolidated and the parent company financial statements of CeMat A/S for 2017 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 2017 have been implemented in the annual report for 2017.

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 2017 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 2017 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, CeMat 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 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

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.

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 (%)	EBITDA*100 / Revenue
EBIT margin (%) (Profit margin)	EBIT*100 / Revenue
Return on invested capital (%) incl. goodwill	EBIT*100 / Average invested capital
Equity ratio (%)	Equity*100 / Total assets
Return on equity (%)	Profit/loss for the year after tax*100 / Average equity

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.

New standards, interpretations and amendments effective from 1 January 2017

The following new standards, amendments and interpretations are effective for the first time for periods beginning on or after 1 January 2017:

- Annual Improvements to IFRSs (2014 – 2016 Cycle): IFRS 12 Disclosure of interests in other entities
- IAS 12 Income Taxes (Amendment – Recognition of Deferred Tax Assets for Unrealised Losses)
- IAS 7 Statement of Cash Flows (Disclosure Initiative Amendments).

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2017 that had a significant effect on the Group’s financial statements

New standards, interpretations and amendments not yet effective

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the group has decided not to adopt early. The most significant of these are:

- IFRS 9 Financial Instruments and IFRS 15 Revenue from Cotracts with Customers (both mandatorily effective for periods beginning on or after 1 January 2018); and
- IFRS 16 Leases (mandatorily effective for periods beginning on or after 1 January 2019).

CeMat is going to implement all these three key new accounting standards in reporting its annual results for the year ended 31 December 2018.

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" and in note 28 "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 2018 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.

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	
2016	**2017**	**DKK'000**	**2017**	**2016**
0	0	Letting	12,413	9,699
0	0	Utilities	26,568	15,735
0	**0**	**Total**	**38,981**	**25,434**

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.

Of the total consolidated revenue before elimination of intra-group revenue, DKK 26.9 million (2016: DKK 25.1 million) represents sales to three customers. The largest customer (Topsil GlobalWafers) accounts for about 58% of consolidated 2017 revenue. Revenue from the two other customers is below 10% of the total revenue.

4. STAFF COSTS

PARENT COMPANY			GROUP	
2016	**2017**	**DKK'000**	**2017**	**2016**
1,574	936	Directors' fees	936	1,576
10,949	42	Wages and salaries	3,717	13,382
0	0	Bonuses for executive officers	0	278
6,751	0	Bonuses for Management Board	116	6,751
(4,401)	0	Of which bonus granted as a result of divestment of silicon business (included in profit/(loss) from discontinued operations)	0	(4,401)
837	0	Share-based payment	0	1,025
654	0	Pension contributions, defined contribution plans	0	1,075
4	5	Other social security costs	124	365
16,368	**983**	**Total**	**4,894**	**20,049**
2	**1**	**Average number of full-time employees**	**27**	**32**

The calculation of the average number of full-time employees (FTE) is based on the number of employees at the end of each month. Board of Directors members not included.

Group and parent company

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

	Board of Directors		Management Board		Other executive officers	
DKK'000	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Directors' fees	936	1,576	0	0	0	0
Salaries	0	0	706	10,049	0	0
Bonuses	0	0	116	6,751	0	0
Of which bonus granted as a result of divestment of silicon business (included in profit/(loss) from discontinued operations)	0	0	0	(4,401)	0	0
Pension contributions	0	0	0	654	0	0
Share-based payment	0	0	0	837	0	0
Total	**936**	**1,576**	**822**	**13,890**	**0**	**0**

The fee to the Chairman of the Board of Directors for the current term amounts to DKK 350 thousand (2016: DKK 450 thousand), the Deputy Chairman DKK 245 thousand (2016: DKK 315 thousand) and ordinary member DKK 140 thousand (2016: DKK 40 thousand).

5. PENSION PLANS

PARENT COMPANY			GROUP	
2016	**2017**	**DKK'000**	**2017**	**2016**
654	0	Pension contributions, defined contribution plans	0	1,075
654	**0**	**Total**	**0**	**1,075**

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. The Group withdrew from the defined contribution plan in 2017.

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. The Group withdrew from the share-based scheme in 2017

	Number of warrants (‘000)	**Weighted average strike price (DKK)**
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**
Warrants granted at 01.01.2017	0	0
Granted during the year	0	0
Forfeited due to termination of employment	0	0
Exercised during the year	0	0
Lapsed during the year	0	0
Warrants granted at 31.12.2017	**0**	**0**

The weighted average term to maturity was 0 days in 2016.

	2017	**2016**
Number of exercisable warrants at year-end (‘000)	0	0
Number of exercisable warrants at the release of the full-year profit announcement ('000)	0	0
Total fair value at 31 December of outstanding warrants (DKK'000)	**0**	**0**
Weighted average fair value per warrant	0	0
Weighted average strike price per warrant	0	0

In 2016, the fair value of warrants was recognised at DKK 1,025 thousand.

7. DEPRECIATION, AMORTISATION AND IMPAIRMENT

PARENT COMPANY			GROUP	
2016	2017	DKK'000	2017	2016
0	0	Amortisation, intangible assets	0	182
0	0	Impairment, intangible assets	0	0
0	0	Depreciation, property, plant and equipment	0	4,385
0	0	Impairment, property, plant and equipment	0	0
0	0	Amortisation, grants, property, plant and equipment	0	0
0	**0**	**Total**	**0**	**4,567**

No depreciation recognised in 2017 because the Group's property plant and equipment consists of investment property measured at fair value.

8. FINANCIAL INCOME

PARENT COMPANY			GROUP	
2016	2017	DKK'000	2017	2016
0	4	Interest from group entities	0	0
0	0	Interest on bank deposits etc.	97	36
0	0	Other interest	0	0
0	**0**	**Interest income**	**97**	**36**
0	0	Foreign exchange adjustments	0	0
0	**0**	**Total**	**97**	**369.**

9. FINANCIAL EXPENSES

PARENT COMPANY			GROUP	
2016	2017	DKK'000	2017	2016
573	698	Interest to group entities	0	0
6,596	0	Interest on bank loans	0	6,641
0	0	Interest relating to finance lease liabilities	21	17
0	227	Other interest	241	0
7,169	**925**	**Interest expenses**	**262**	**6,658**
823	0	Fees, guarantees, etc.	0	823
56	853	Foreign exchange adjustments	166	56
8,048	**1,778**	**Total**	**428**	**7,537**

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%.

DKK'000	2017	2016
Current tax	(845)	(314)
Change in deferred tax including change in value	(72)	(10,003)
Adjustment of current tax relating to prior years	0	0
Adjustment of deferred tax relating to prior years	0	129
Total	**(917)**	(10,188)

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

Profit/(loss) before tax	**(1,478)**		**(25,891)**	
Tax at a rate of 22.0%	325	(22.0%)	5,697	(22.0%)
Effect of different tax rate in foreign entities	107	(7.3%)	(373)	1.4%
Tax base of non-deductible expenses and non-taxable income	(1,349)	0.0%	6,419	(24.8%)
Adjustment of current tax relating to prior years	0	0.0%	0	0.0%
Adjustment of deferred tax relating to prior years	0	91.8%	129	(0.5%)
Value adjustment of deferred tax	0	0.0%	(22,060)	85.2%
Effect on deferred tax of change in tax rate	0	0.0%	0	0.0%
Effective tax/tax rate for the year	(917)	62.5%	**(10,188)**	**39.3%**

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:	**2017**	**2016**
Temporary differences in tax assets and liabilities		
Deferred tax asset, see balance sheet	0	0
Deferred tax liabilities, see balance sheet	(17,629)	(16,602)
Deferred tax, net	(17,629)	(16,602)

2017 **DKK'000**	**Deferred tax 01.01.17**	**Recognised in income statement 2017**	**Foreign exchange adjustment 2017**	**Deferred tax 31.12.17**
Intangible assets	0	0	0	0
Property, plant and equipment	(16,602)	305	(955)	(17,252)
Inventories	0	0	0	0
Trade receivables	0	(483)	0	(483)
Other payables etc.	0	106	0	106
Temporary differences	**(16,602)**	**(72)**	**(955)**	**(17,629)**
Tax loss carry-forwards	35,523	(12,284)	0	23,239
Unutilised tax losses	**35,523**	**(12,284)**	**0**	**23,239**
Value adjustment	(35,523)	12,284	0	(23,239)
Total	**(16,602)**	**(72)**	**(955)**	**(17,629)**

The Group does not expect to be able to utilise the tax losses within 3-5 years. Accordingly, no tax asset has been recognised in the consolidated balance sheet.

2016 **DKK'000**	**Deferred tax 01.01.2016**	**Recognised in income statement 2016**	**Foreign exchange adjustment 2016**	**Deferred tax 31.12.2016**
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)**

In 2016, 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.

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%.

DKK'000	2017	2016
Current tax	0	0
Change in deferred tax	0	0
Adjustment of current tax relating to prior years	0	0
Adjustment of deferred tax relating to prior years	0	0
Total	0	**0**

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

Profit/(loss) before tax	(5,723)		**(35,549)**	
Tax at a rate of 22.0%	1,259	(22.0%)	7,605	(22.0%)
Tax base of non-deductible expenses and non-taxable income	(1,259)	0.0%	7,434	(21.5%)
Adjustment of current tax relating to prior years	0	0.0%	0	0.0%
Adjustment of deferred tax relating to prior years	0	22.0%	(15,035)	43.5%
Effect of change in tax rate	0	0.0%	0	0.0%
Effective tax/tax rate for the year	0	0.0%	**0**	**0.0%**

2017 **DKK'000**	**Deferred tax 01.01.2017**	**Recognised in income statement 2017**	**Deferred tax 31.12.2017**
Intangible assets	0	0	0
Property, plant and equipment	0	0	0
Inventories	0	0	0
Other payables etc.	0	0	0
Temporary differences	**0**	**0**	**0**
Tax loss carry-forwards	15,035	5,456	20,491
Unutilised tax losses	**15,035**	**5,456**	**20,491**
Value adjustment	(15,035)	(5,456)	(20,491)
Total	**0**	**0**	**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.

2016 DKK'000	Deferred tax 01.01.2016	Recognised in income statement 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**

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	
2016	**2017**	**DKK**	**2017**	**2016**
(45,478)	0	Profit/(loss) before tax for the period until transfer of control	0	(46,227)
(1,032)	0	Tax on profit/(loss) for the period	0	395
0	0	Write-down of non-current assets to fair value less expected costs to sell	0	0
42,473	0	Gain on sale of non-current assets held for sale	0	(1,143)
0	0	Recirculation of accumulated foreign exchange adjustment relating to foreign entities	0	(3,075)
0	0	Tax on gain on sale	0	0
(4,037)	**0**	**Effect on profit/(loss) for the year, net**	**0**	**(50,050)**

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

PARENT COMPANY			GROUP	
2016	**2017**	**DKK**	**2017**	**2016**
87,509	0	Revenue	0	119,978
(59,142)	0	Direct production costs	0	(74,229)
(67,787)	0	Other external expenses and staff costs	0	(84,323)
(7,189)	0	Depreciation, amortisation and impairment	0	(7,112)
(46,609)	**0**	**Operating profit/(loss) (EBIT)**	**0**	**(45,686)**
0	0	Impairment of investments in and receivables from subsidiaries	0	0
1,131	0	Financial items, net	0	(541)
(45,478)	**0**	**Profit/(loss) before tax**	**0**	**(46,227)**
(1,032)	0	Tax on profit/(loss) for the year	0	395
(46,510)	**0**	**Profit/(loss) for the year from discontinued operations before profit on sale**	**0**	**(45,832)**

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

PARENT COMPANY			GROUP	
2016	**2017**	**DKK**	**2017**	**2016**
		Cash flows from operating activities	0	(34,425
		Cash flows from investing activities	0	(4,155)
		Cash flows from financing activities	0	0
		Cash flows for the year	**0**	**(38,580)**

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

PARENT COMPANY			GROUP	
2016	**2017**	**DKK**	**2017**	**2016**
346,384	-	Carrying amount of silicon operations at 1 July 2016	-	390,000
42,473	-	Gain on sale	-	(1,143)
388,857	**-**	**Selling price**	**-**	**388,857**
		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)
346,384	**-**	**Carrying amount of silicon business at 1 July 2016**	**-**	**390,000**
42,473	-	Gain on sale	-	(1,143)
388,857	**-**	**Selling price**	**-**	**388,857**

12. EARNINGS PER SHARE

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

PARENT COMPANY			GROUP	
2016	**2017**	**DKK**	**2017**	**2016**
0.01	(0.02)	Earnings per share for continuing and discontinued operations (DKK)	(0.01)	(0.10)
0.01	(0.02)	Diluted earnings per share for continuing and discontinued operations (DKK)	(0.01)	(0.10)
0.02	(0.02)	Earnings per share for continuing operations (DKK)	(0.01)	(0.01)
0.02	(0.02)	Diluted earnings per share for continuing operations (DKK)	(0.01)	(0.01)
(0.01)	0.00	Earnings per share for discontinued operations (DKK)	0.00	(0.09)
(0.01)	0.00	Diluted earnings per share for discontinued operations (DKK)	0.00	(0.09)
		Earnings used in the calculation of earnings per share (DKK'000):		
10,929	(5,723)	Continuing operations (DKK'000)	(2,764)	(2,703)
(4,037)	0	Discontinued operations (DKK'000)	0	(50,050)
6,892	**(5,723)**	**Continuing and discontinued operations (DKK'000)**	**(2,764)**	**(52,753)**
		Calculation of average number of shares used to calculate earnings per share:		
530,445	303,875	Average number of shares used to calculate earnings per share ('000)	303,875	530,445
0	0	Average dilutive effect of outstanding warrants ('000)	0	0
530,445	303,875	Average number of shares used to calculate diluted earnings per share ('000)	303,875	530,445

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.

Comparative figures from 2016 for group have been restated due to not adjustment for result for non-controlling interests and following prior period errors: part of the translation reserve related to the divested silicon business in the amount of DKK 3,075 thousand was not reallocated to income statement, income tax in the amount of DKK 314 thousand and professional services in the amount of DKK 109 were not recognised. Before adjustment EPS and diluted EPS for continuing and discontinued operations was (0.06); EPS and diluted EPS for continuing operations was 0.03

13. PROPERTY, PLANT AND EQUIPMENT

GROUP

2017 **DKK'000**	**Investment property**	**Land and buildings**	**Plant and machinery**	**Other fixtures and fittings, tools and equipment**	**Plant in progress**	**Total**
Carrying amount at 1 January 2017	106,115	0	0	0	0	106,115
Foreign exchange adjustments	6,088	0	0	0	0	6,088
Additions	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Revaluation to market value	(2,781)	0	0	0	0	(2,781)
Carrying amount at 31 December 2017	**109,422**	**0**	**0**	**0**	**0**	**109,422**
Of which assets held under finance leases	1,089	0	0	0	0	1,089

The Polish property has an assessed value of DKK 109,422 thousand. The value is supported by an external valuation report received in January 2018, 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.

For the valuation purposes the property was divided into four groups: internal roads, industrial schemes (buildings), development land and plots designated for external roads.

For the purpose of the valuation of internal roads, development land and external roads a comparative approach has been used whereby recent sales are used to determine the likely value of the subject. This approach assumes the variation in prices between at least three comparable properties can be explained by the differences in their individual attributes such as location, surroundings, accessibility, development potential etc. The influence of each of these attributes on value is assigned a percentage weighting, and the characteristics of each comparable and the subject are then rated, typically from 1 – 5, very good to very poor. The price of each comparable is adjusted according to how it differs from the subject, with the resulting adjusted average price from the comparables taken as providing a reasonable indication of the subject's value

For the purpose of the valuation of the part of the property developed with industrial schemes (buildings) an equivalent yield approach was used. Income from each tenant is assumed to run for the duration of their lease term or up to first break option if deemed appropriate. Thereafter income is assumed to continue in perpetuity at valuer opinion of market rent. Explicit adjustments have been made for letting voids, empty service charge, letting fees, fit-out contributions and irrecoverable operating costs. In terms of rentable buildings' area source: 64% of the income is generated by the schemes located on plots subject to possession title (100% share). Circa 36% of the income is generated by the scheme located on the land held by way of perpetual usufruct right with the CeMat 70's share of 71.4%. Therefore 62% of the total property value calculated in an income approach (part in possession title) was additionally depleted by 20% due to the risk associated with the current title and potential costs of this transition

Valuation sensitivity to main factors used:

+/- DKK 3,800 thousand for change in price of land by 10%

+/- DKK 6,600 thousand for change in yield by 10%

+/- DKK 1,100 thousand for change in discount for legal title by 10% (2 parentage points)

Fair value hierarchy information	**Level 1**	**Level 2**	**Level 3**	**at 31/12**
2017				
Investment property	**-**	**35,400**	**74,042**	**109,422**
2016				
Investment property	**-**	**30,730**	**75,385**	**106,115**

Comparative figures from 2016 regarding fair value hierarchy information have been restated due to incorrect assignment of the hierarchy level for a part of the investment property valued with the comparative method

Income statement position "Unrealised market value revaluation investment property" (DKK 4,254) consists of revaluation of the investment property to market value (DKK 2,727 thousand), recognition of capital expenditures (DKK 2,413 thousand) and write-off depreciation of perpetual usufruct (DKK 886 thousand).

2016 DKK'000	Investment property	Land and buildings	Plant and machinery	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	0
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

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Rental income from investment property

PARENT COMPANY			GROUP	
2016	**2017**	**DKK'000**	**2017**	**2016**
0	0	Rental income from investment property	12,413	11,032
0	**0**	**Rental income from investment property**	**12,413**	**11,032**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Direct operating expenses arising from investment property

PARENT COMPANY			GROUP	
2016	**2017**	**DKK'000**	**2017**	**2016**
0	0	Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period	4,897	4,630
0	0	Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period	0	0
0	**0**	**Direct operating expenses arising from investment property**	**4,897**	**4,630**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Amounts of minimum lease payments at balance sheet date under noncancelable operating leases

.

PARENT COMPANY			GROUP	
2016	**2017**	**DKK'000**	**2017**	**2016**
		Operating lease payments may be specified as follows:		
0	0	Within 1 year	4,265	3,913
0	0	Between 1 and 5 years	0	0
0	0	More than 5 years	0	0
0	**0**	**Total**	**4,265**	**3,913**

All agreements with tenants are for indefinite period with notice period of between 1 month to 12 months. The above figures represent aggregate rent income from all leasing agreements within their notice periods.

14. INVESTMENTS IN SUBSIDIARIES

PARENT COMPANY		
2016	**2017**	**DKK'000**
55,616	93,339	Cost at 1 January
68	0	Addition warrants in subsidiaries
(538)	0	Divestment Topsil Japan
38,193	0	Reversal of previous impairment of investments
93,339	**93,339**	**Value at 31 December**

14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Domicile	Interest (%) 2017	Interest (%) 2016	Share of voting rights (%) 2017	Share of voting rights (%) 2016	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	87.09	77.66	87.09	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.

15. OTHER NON-CURRENT RECEIVABLES

PARENT COMPANY			GROUP	
2016	**2017**	**DKK'000**	**2017**	**2016**
0	0	Prepayment, settlement of claim of title to land	596	573
0	**0**	**Total**	**596**	**573**

16. TRADE RECEIVABLES

PARENT COMPANY			GROUP	
2016	**2017**	**DKK'000**	**2017**	**2016**
0	0	Trade receivables	6,584	6,428
0	0	Loss provisions included in the above receivables and recognised in “Other external expenses”	(59)	(701)
0	**0**	**Total**	**6,525**	**5,727**

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	
2016	**2017**	**DKK'000**	**2017**	**2016**
0	0	Overdue by up to 1 month	487	518
0	0	Overdue by 1 to 3 months	70	152
0	0	Overdue by more than 3 months	41	7
0	**0**	**Total**	**598**	**677**

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

PARENT COMPANY			GROUP	
2016	**2017**	**DKK'000**	**2017**	**2016**
0	0	Europe	598	677
0	0	USA	0	0
0	0	Asia	0	0
0	**0**	**Total**	**598**	**677**

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	
2016	**2017**	**DKK'000**	**2017**	**2016**
0	0	Provision account at 1 January	701	1,195
0	0	Losses during the year	(672)	(153)
0	0	Reversed provisions	0	(500)
0	0	Provisions for the year to cover losses	30	159
0	**0**	**Provision account at 31 December**	**59**	**701**

17. 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.

18. SHARE CAPITAL

On 27 January 2017, CeMat A/S announced an offer to the shareholders to buy back the Company's own shares at a fixed price of DKK 0,352 per share. At the end of the offer period, the Company has received 294,313,765 acceptances from shareholders representing 54.1% of the shares in the Company. Following the result of the share buyback the extraordinary general meeting of CeMat A/S adopted on 8 March 2017 a resolution to reduce the share capital of the company from nominally DKK 10,883,281.36 to nominally DKK 4,997,006.06. The capital reduction was effected by cancellation of the purchased own shares

The share capital consists of 249,850,303 shares of DKK 0.02 each. The shares have not been divided into classes and carry no special rights.

'000	**2017**	**2016**
Number of shares at 1 January	544,164	528,114
Capital increase	-	16,050
Cancellation of own shares	(294,314)	-
Number of shares at 31 December	**249,850**	**544,164**

DKK'000		
Share capital at 1 January	10,883	132,029
Capital reduction from nom. value DKK 0.25 to DKK 0.02	-	(121,467)
Capital increase	-	321
Cancellation of own shares	(5,886)	-
Share capital at 31 December	**4,997**	**10,883**

19. 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 and foreign exchange adjustments of receivables from or payables to subsidiaries which are considered part of the parent company's overall investment in the subsidiary

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.

20. 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**	
	2017	**2016**	**2017**	**2016**
Finance lease liabilities fall due as follows:				
Within 1 year from the balance sheet date	213	244	213	244
Between 1 and 5 years from the balance sheet date	0	175	0	175
More than 5 years from the balance sheet date	0	0	0	0
At 31 December	**213**	**419**	**213**	**419**
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.

2017	**Expiry**	**Fixed or floating interest rate**	**Present value of minimum lease payments, DKK'000**	**Fair value DKK'000**
Lease liability	2018	Floating	213	213
Total			**213**	**213**

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

21. TRADE PAYABLES

PARENT COMPANY			**GROUP**	
2016	**2017**	**DKK'000**	**2017**	**2016**
2,132	361	Amounts owed to suppliers for goods and services delivered	3,395	3,988
2,132	**361**	**Total**	**3,395**	**3,988**

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

22. OTHER PAYABLES

PARENT COMPANY			GROUP	
2016	2017	DKK'000	2017	2016
0	0	Wages and salaries, tax at source, social security contributions, etc. payable	353	632
0	0	Holiday pay obligation etc.	157	173
0	0	VAT and other indirect taxes payable	123	178
736	701	Other payables	1,227	1,845
736	**701**	**Total**	**1,860**	**2,828**

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.

23. CHANGE IN NET WORKING CAPITAL

PARENT COMPANY			GROUP	
2016	2017	DKK'000	2017	2016
86,801	0	Change in inventories	0	163,384
36,461	0	Change in receivables	(1,031)	41,085
(65,676)	(1,806)	Change in trade payables and other payables	(1,453)	(86,265)
14,009	1,361	Change in balances with subsidiaries	0	0
71,595	**(445)**	**Total**	**(2,483)**	**(118,204)**

24. 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	
2016	2017	DKK'000	2017	2016
		Operating lease payments may be specified as follows:		
0	0	Within 1 year	44	247
0	0	Between 1 and 5 years	75	177
0	0	More than 5 years	0	0
0	**0**	**Total**	**118**	**424**

For the parent company, an amount of DKK 0 thousand has been recognised in respect of operating leases for 2017 (2016: DKK 333 thousand).

For the Group, an amount of DKK 44 thousand has been recognised in respect of operating leases for 2016 (2016: DKK 607 thousand).

25. 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 2017.

26. 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 were 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. CeMat received in 2017 an assessment from a leading legal company stating all the risks associated with a potential breach of the agreement pertaining EU subsidies have passed to GlobalWafers Co. Ltd.

The real estate of one of CeMat ’70 subsidiaries (W133) is encumbered with a mortgage for PLN 83 thousand (DKK 148 thousand) as a security for payment of severance payment to former member of management board.

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

27. OTHER CONTRACTUAL COMMITMENTS

At the balance sheet date, the Group had no contractual commitments.

28. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

PARENT COMPANY			GROUP	
2016	**2017**	**DKK'000**	**2017**	**2016**
0	0	Trade receivables	6,525	5,727
0	1,205	Intra-group receivables	0	0
0	0	Other receivables, current	759	621
0	0	Other receivables, non-current	596	573
121,170	886	Cash and cash equivalents	16,919	134,609
121,170	**2,091**	**Loans, advances and receivables**	**24,799**	**141,530**
0	0	Debt to credit institutions, current	0	0
0	0	Debt to credit institutions, non-current	0	0
13,630	16,197	Debt to subsidiaries	0	0
0	0	Prepayments received, current	0	0
0	0	Prepayments received, non-current	0	0
0	0	Finance lease liabilities, current	213	244
0	0	Finance lease liabilities, non-current	0	175
0	0	Other non-current liabilities	815	589
2,132	361	Trade payables	3,395	3,988
736	701	Other payables	1,860	2,828
16,498	**17,259**	**Financial liabilities, measured at amortised cost**	**6,283**	**7,824**

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.

28. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

Unhedged net position at balance sheet date:

GROUP

2017 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
PLN	16,034	7,284	(5,416)	17,902	0	17,902
DKK	886	0	(1,062)	(176)	0	(176)
Other currencies	0	0	0	0	0	0
Total	**16,919**	**7,284**	**(6,478)**	**17,726**	**0**	**17,726**

2016 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
PLN	13,439	6,253	(4,956)	14,736	0	14,736
DKK	121,170	0	(2,868)	118,302	0	118,302
Other currencies	0	0	0	0	0	0
Total	**134,609**	**6,253**	**(7,824)**	**132,883**	**0**	**132,883**

28. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

PARENT COMPANY

2017 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
PLN	0	1,205	(16,196)	(14,991)	0	(14,991)
DKK	886	0	(1,062)	(176)	0	(176)
Other currencies	0	0	0	0	0	0
Total	**886**	**1,205**	**(17,258)**	**(15,167)**	**0**	**(15,167)**

2016 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
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**

28. 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 2017 was 82.0% (2016: 90.1%). The realised return on equity for the Group for 2017 was (0,5%) (2016: (13.8%)).

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

PARENT COMPANY			GROUP	
2016	**2017**	**DKK'000**	**2017**	**2016**
0	0	Credit institutions/bank debt	0	0
(121,170)	(886)	Cash and cash equivalents	(16,919)	(134,609)
(121,170)	**(886)**	**Net interest-bearing debt**	**(16,919)**	**(134,609)**
198,011	78,183	**Equity**	112,379	**223,064**
(0.61)	**(0.01)**	**Financial gearing**	**(0.15)**	**(0.60)**

Liquidity and capital resources

At Group level, free cash and cash equivalents amounted to DKK 16.9 million at 31 December 2017, of which DKK 12.2 million are attributable to CeMat 70 S.A.

Based on expectations for 2018, 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.

29. FEE FOR AUDITORS APPOINTED BY THE GENERAL MEETING

PARENT COMPANY			GROUP	
2016	2017	DKK'000	2017	2016
339	127	Audit of annual report	239	377
28	14	Tax advisory services	79	798
0	0	Assurance engagements other than audits	0	0
1,680	26	Non-audit services	157	1,680
2,047	**167**	**Total**	**475**	**2,855**

30. RELATED PARTIES

The Group has no related parties exercising control.

The Group 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
- W 131 Sp. z o.o.., subsidiary in Poland
- W 133 Sp. z o.o.., subsidiary in Poland
- CCMA ApS, owned by a member of the Board of Directors

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
- CCMA ApS, owned by a member of the Board of Directors

The parent company had transactions with the following related parties in 2016 and 2017:

- CeMat Real Estate S.A. (formerly Topsil Semiconductor Materials S.A.), subsidiary in Poland
- CeMat'70 S.A., subsidiary in Poland
- CCMA ApS, owned by a member of the Board of Directors

31. RELATED PARTY TRANSACTIONS

PARENT COMPANY			GROUP	
2016	2017	DKK'000	2016	2015
0	0	Subsidiaries, sale of goods	0	0
0	0	Subsidiaries, purchase of goods	0	0
0	4	Subsidiaries, interest income	0	0
573	686	Subsidiaries, interest expenses	0	0
573	**690**	**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	
2016	2017	DKK'000	2017	2016
0	0	Subsidiaries, debtor receivable	0	0
0	1,205	Subsidiaries, loans	0	0
0	0	Subsidiaries, creditor payable	0	0
(13,630)	(16,196)	Subsidiaries, loans	0	0
(13,630)	**(14,991)**	**Total outstanding amount**	**0**	**0**

32. 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 Kongensgade 34 6701 Esbjerg, Danmark	77,000,000	1,540,000.00	30.82

33. BOARD OF DIRECTORS AND MANAGEMENT BOARD

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

	Shareholding, nominal value, DKK'000	
Shares (own and related parties*)	**2017**	**2016**
Jens Borelli-Kjær, Chairman	14	14
Eivind Dam Jensen (EDJ-Gruppen), Deputy Chairman	1,540	1,520
Total	**1,554**	**1,534**

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

34. EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after the balance sheet date.

35. APPROVAL OF THE ANNUAL REPORT FOR PUBLICATION

The Board of Directors approved this annual report for publication at a board meeting held on 19 February 2018. The annual report will be presented to the shareholders of the parent company for approval at the annual general meeting to be held on 19 March 2018.