

CEMAT A/S
Interim report, H1 2017
1 January–30 June 2017

FOCUS ON OPTIMISING AND SELLING THE PROPERTY PORTFOLIO

After sale of the silicon business to GlobalWafers in 2016 we focus now on the sale of our property portfolio in Poland in most optimal way and also on the improvement of the daily property rental business.

HIGHLIGHTS OF THE FIRST HALF OF THE YEAR

- On January 27th 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. On March 8th 2017 the extraordinary general meeting of Cemat A/S adopted a resolution to reduce the share capital of the company from nominally DKK 10,883,281.36 to nominally DKK 4,997,006.06. Completion and settlement of the buy-back offer took place on April 12th 2017.
- On June 23rd 2017, Cemat A/S paid out extraordinary dividend totaling approx. DKK 10.0m gross, corresponding to an amount of DKK 0.04 per share of nominally DKK 0.02.
- Consolidated EBITDA of the Cemat Group was DKK 0.7 million in H1 2017 (H1 2016: loss DKK 2.9 million). EBITDA from the property rental business in Poland was DKK 3.2 million in H1 2017 (H1 2016: DKK 3.5 million).
- A consolidated loss of the Cemat Group of DKK 2.1 million was posted for H1 2017.

OUTLOOK FOR 2017

- Revenue for Cemat A/S Group is expected to amount to DKK 37-39 million in 2017.
- Group's EBITDA is expected to be around DKK 2-3 million.
- After deduction of capital expenditures (investment property), finance costs and income tax a net consolidated loss of DKK 2-3 million is expected for 2017.
- The guidance is based on an exchange rate of DKK 175/PLN 100.

FINANCIAL HIGHLIGHTS FOR THE GROUP (UNAUDITED)

DKK'000	H1 2017	H1 2016	FY 2016
Income statement:			
Revenue	19,328	7,187	25,434
Earnings before interest, tax, depreciation and amortization (EBITDA)	705	(2,931)	(12,573)
Operating profit/(loss) (EBIT)	(825)	(5,258)	(17,140)
Net financials	(799)	(7,600)	(7,501)
Profit/(loss) for the period, continuing operations	(2,050)	(12,990)	13,646
Profit/(Loss) for the period, discontinuing operations	0	(45,832)	(40,975)
Profit/(loss) for the period	(2,050)	(58,822)	(33,329)
Of which attributable to parent shareholders	(2,436)	(59,114)	49,325
Cash flow statement:			
Cash flows from operating activities	(1,388)	(30,830)	(65,396)
Cash flows from investing activities	(1,132)	(667)	382,894
Cash flow from financing activities	(112,743)	65,454	(191,524)
Balance sheet:			
Share capital	4,997	132,029	10,883
Equity attributable to parent company shareholders	81,112	170,992	192,914
Equity attributable to non-controlling shareholders	31,864	15,652	30,150
Total consolidated equity	112,976	186,644	223,064
Total assets	138,186	524,150	247,645
Invested capital	109,936	446,015	105,661
Net interest-bearing debt	0	252,750	0
Net working capital (NWC)	(843)	112,151	(454)
Financial ratios:			
EBITDA margin (%)	3.6	(40.8)	(49.4)
EBIT-margin/profit margin (%)	(4.3)	(73.2)	(67.4)
Return on invested capital (%)	(0.8)	(1.2)	(16.2)
Equity ratio (%)	81.8	35.6	90.1
Return on equity (%)	(1.2)	(26.3)	(13.8)
Current number of shares (thousands)	249,850	528,114	544,164
Earnings per share (DKK)	(0,01)	(0.11)	(0.06)
Price per share (DKK)	0.30	0.29	0.32
Average number of employees (FTE)	27	35	32

THE PROPERTY BUSINESS

Cemat A/S' business operations comprise a listed holding company in Denmark, which owns 100% of Cemat Real Estate S.A. which again owns 77,66% of CeMat'70 S.A, the property company, which comprises the group's main activity. There are no other business operations in the Danish listed company.

The ongoing efforts to divest the assets of the Polish property business is continuing unabatedly.

CeMat '70 owns 133 thousand sqm of useable land and 41 thousand sqm of buildings on Wólczyńska 133 in the Bielany district, which is located approximately 10 kilometers NW of the center of Warsaw, Poland. 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 to its tenants, including power, water, technical gases and facility services, etc. CeMat '70 has approximately 110 tenants and an occupancy rate of approximately 85%. Topsil GlobalWafers (TGW) is the biggest tenant generating approx. 60% of income and 40% of profit contribution. TGW will continue its operations in Poland till the end of year 2017. In 2018 TGW may phase out its operations, and CeMat '70 is currently seeking new tenants.

Revenue of the Cemat Group was DKK 19.3 million in H1 2017 (H1 2016: DKK 7.2 million without sales to TGW, which was eliminated from the consolidated revenue as intra-group or DKK 18.2 including sales to TGW).

Costs were DKK 18.6 million in H1 2017 (H1 2016: DKK 10.1 million without costs of sales to TGW, which was eliminated from the consolidated costs of sales as intra-group or DKK 18.0 including costs of sales to TGW). This line item includes operating costs in the Polish property company and administrative expenses of the holding company related to being a listed company, including remuneration to the Board of Directors and the Management Board.

EBITDA was a profit of DKK 0.7 million in H1 2017 (H1 2016: a loss of DKK 2.9 million).

EBITDA of the property rental business was a profit of DKK 3.2 million in H1 2017. In the same period of 2016, EBITDA was DKK 3.5 million.

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 recognized in the income statement. For the purpose of preparation the H1 2017 financial report it was assumed that the fair value of the investment property expressed in PLN did not change from the previous year. A new valuation by an external, professional valuator will be made before the publication of the 2017 results.

Net financials amounted to an expense of DKK 0.8 million in H1 2017 (H1 2016: an expense of DKK 7.6 million). It comprised of bank interests and exchange rate losses from the valuation of intercompany loans.

A net loss of DKK 2.1 million was posted for the period (H1 2016: a loss of DKK 13.0 million).

The net result in the 1st half of 2017 is lower than expected. The reasons are higher than expected consultancy and legal expenses regarding transition from production to property business, loss of active VAT payer status in Cemat A/S (which is not a financial holding company), identification of additional costs regarding the property portfolio, negative interest from a high balance on the bank account and not realized foreign exchange differences.

As a part of these non-budgeted costs are of a "one-off" nature, and due to a better than budgeted performance of the property rental business, the result in the 2nd half of 2017 is expected to be better than in the 1st half.

CASH FLOW STATEMENT AND BALANCE SHEET

Cash flows from operating activities were an outflow of DKK 1.4 million in H1 2017.

Cash flows from investing activities were an outflow of DKK 1.1 million. Cash was spent on upgrading the company's facilities and preparation of company's properties for divestment.

Cash flows from financing activities were an outflow of DKK 112.7 million. Cash was spent on the share buy-back programme (DKK 104.1 million including related expenses), extraordinary dividend (DKK 8.5 million net, withholding tax outstanding at 30.06.2017) and financial lease repayments.

The Group's non-current assets totaled DKK 109.8 million at 30 June 2017, consisting of land and buildings, usufruct rights and production equipment in the property business.

INTEREST-BEARING DEBT

At 30 June 2017, there was no interest-bearing debt. It was repaid in full in July 2016.

EQUITY

The Group's equity at 30 June 2017 stood at DKK 113.0 million, of which DKK 81.1 million was attributable to the shareholders of Cemmat A/S, and DKK 31.9 million was attributable to non-controlling interests in CeMat '70 S.A. The equity ratio was 81.8% at 30 June 2017.

OUTLOOK FOR 2017

Revenue for Cemmat A/S is expected to amount to DKK 37-39 million in 2017.

EBITDA generated by the Polish property rental business (CeMat '70) is expected to be around DKK 6-7 million. EBITDA for the group is expected to be around DKK 2-3 million.

After deduction of capital expenditures (investment property), finance costs and income tax a net consolidated loss of DKK 2-3 million is expected for 2017.

In the 2017 outlook it is assumed that the fair value of the property will not change in comparison to the valuation made at the end of 2016. However a new valuation by an external, professional valuator will be made before the publication of the 2017 results.

The main objective of Cemmat is to prepare the company's assets for divestment and carry out the actual divestment. The process has been accelerated in 2017 and the company has been confirmed in its expectation, that it will be able to divest the property. There are obstacles to be overcome like restitution claims, reclassification of the land for residential and services purposes, consolidation of the land and closing a deal with a buyer. However, bearing in mind the current favorable situation on the Warsaw real estate market the company's management believes it will be able to sell the property for a price at least corresponding to the current valuation.

The forward-looking statements in this interim 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, the financial markets, changes in the real estate market in Poland, legislation, changes in demand for the company's services, and competition.

INVESTOR RELATIONS COMMUNICATION

Please direct any questions regarding this announcement to CEO Abdelmottaleb Doulan or Finance Manager Dariusz Biesiadecki through Bodil Harjo, Executive Secretary, tel.: +45 22 82 10 11, bha@cemat.dk.

SHAREHOLDER PORTAL

At Cemat's shareholder portal at www.cemat.dk, shareholders can access information on their shareholdings and register their email addresses for electronic distribution of documents for general meetings and other material relevant to shareholders.

EMAIL SERVICE

Under "Contacts" on Cemat's website, it is possible to subscribe to and unsubscribe from Cemat's electronic email service to receive annual reports, quarterly reports and other company announcements.

Prior to the publication of an interim report, Cemat observes a four-week silent period.

ANNOUNCEMENTS 2017

11	20.06	Correction Payment of dividend
10	20.06	Payment of dividend
9	19.04	Major shareholder announcement
8	12.04	Implementation of reduction of share capital and settlement of the buy-back offer
7	11.04	Major shareholder announcement attachment (in Danish)
6	08.04	Board resolution on completion of the buy-back offer
5	08.03	Course of the annual general meeting Presentation (in Danish)
4	14.02	Topsil GlobalWafers warns termination of tenancy agreement
3	14.02	Result of share buy-back offer
2	27.01	Launch of buy-back offer in Cemat A/S Share buy-back offer to the shareholders Acceptance form
1	27.01	Annual Report 2016 and change of financial calendar

This announcement has been prepared in a Danish-language and an English-language version. In the event of any discrepancies, the Danish version shall prevail.

MANAGEMENT STATEMENT

The Board of Directors and the Management Board have today considered and adopted the interim report of Cemmat A/S for the six months ended 30 June 2017.

The interim report is presented in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 June 2017 and of the results of the Group's operations and cash flows for the six months ended 30 June 2017.

In our opinion, the management report includes a fair review of the development and performance of the business and financial position of the Group, the financial results for the period as well as the financial position in general of the consolidated companies, together with a description of the principal risks and uncertainties that the Group faces.

Copenhagen, 11 August 2017

MANAGEMENT BOARD



Doulan Abdelmottaleb
CEO

BOARD OF DIRECTORS:



Jens Borelli-Kjær
Chairman



Eivind Dam Jensen
Deputy Chairman



Joanna L. Iwanowska-Nielsen
Board member

INCOME STATEMENT (UNAUDITED)

DKK'000	H1 2017	H1 2016	FY 2016
Revenue	19,328	7,187	25,434
Costs	(18,623)	(10,118)	(38,007)
Earnings before interest, tax, depreciation and amortization (EBITDA)	705	(2,931)	(12,573)
Depreciation, amortization and impairment	0	(2,327)	(4,567)
Capital expenditures (investment property)	(1,529)	0	0
Operating profit/(loss) (EBIT)	(825)	(5,258)	(17,140)
Unrealized marked value revaluation investment property	0	0	48,161
Net financials	(799)	(7,600)	(7,501)
Profit/(loss) before tax	(1,624)	(12,858)	23,520
Tax on profit/(loss) for the period	(426)	(132)	(9,874)
Profit/(loss) for the period from continuing operations	(2,050)	(12,990)	13,646
Profit/(loss) for the period, discontinued operations	0	(45,832)	(46,975)
Profit/(loss) for the period, including discontinued operations	(2,050)	(58,822)	(33,329)
Appropriation of profit/(loss) for the period:			
Parent company shareholders	(2,436)	(59,114)	(49,325)
Non-controlling interests	386	292	15,996
	(2,050)	(58,822)	(33,329)
Earnings per share:			
Earnings per share (DKK)	(0.01)	(0.11)	(0.06)
Diluted earnings per share (DKK)	(0.01)	(0.10)	(0.06)

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

DKK'000	H1 2017	H1 2016	FY 2016
Profit/(loss) for the period	(2,050)	(58,822)	(33,329)
Foreign exchange adjustment, foreign companies	6,079	(15,973)	(9,830)
Comprehensive income for the period	4,029	(74,795)	(43,159)
Parent company shareholders	2,314	(73,655)	(56,527)
Non-controlling interests	1,714	(1,130)	13,368
	4,029	(74,795)	(43,159)

CASH FLOW STATEMENT (UNAUDITED)

DKK'000	H1 2017	H1 2016	FY 2016
Operating profit/(loss) (EBIT) from continuing operations	(825)	(5,258)	(17,140)
Operating profit/(loss) (EBIT) from discontinued operations	0	(45,686)	(45,686)
Depreciation, amortization and impairment	0	9,439	11,679
Capital expenditure recognized in the income statement (investment property)	1,529	0	0
Share-based payment recognized in the income statement	0	746	1,025
Change in net working capital	(1,310)	(19,328)	(9,522)
Tax paid/received	(662)	(253)	1,693
Financial income received	34	6	36
Financial expenses paid	(155)	(4,921)	(7,481)
Cash flows from operating activities	(1,388)	(65,255)	(65,396)
Acquisition etc. of intangible assets	0	(3,866)	(3,866)
Acquisition etc. of property, plant and equipment	(1,132)	(956)	(2,097)
Sale of property, plant and equipment	0	0	0
Sale of non-current assets concerning silicon business	0	0	388,857
Cash flows from investing activities	(1,132)	(4,822)	382,894
Loans and credits raised	0	65,454	0
Finance lease repayments	(157)	0	(232)
Repayments of loans and credits	0	0	(191,292)
Dividends paid	(8,464)	0	0
Share buyback incl. related expenses	(104,122)	0	0
Cash flows from financing activities	(112,743)	65,454	(191,524)
Change in cash and cash equivalents	(115,263)	4,623	125,974
Cash and cash equivalents at beginning of period	134,609	8,830	8,830
Market value adjustment of cash and cash equivalents	525	(212)	(195)
Cash and cash equivalents at end of period	19,874	3,995	134,609

BALANCE SHEET, ASSETS (UNAUDITED)

DKK'000	2017-06-30	2016-06-30	FY 2016
Goodwill	0	0	0
Completed development projects	0	0	0
Development projects in progress	0	0	0
Rights of use	0	13,133	0
Other intangible assets	0	0	0
Intangible assets	0	13,133	0
Investment property	110,779	0	106,115
Land and buildings	0	37,019	0
Plant and machinery	0	4,856	0
Other fixtures and fittings, tools and equipment	0	37	0
Property, plant and equipment under construction	0	2,636	0
Property, plant and equipment	110,779	44,548	106,115
Investments in subsidiaries	0	0	0
Other non-current receivables	604	0	573
Financial assets	604	0	573
Deferred tax asset	0	0	0
Non-current assets	111,384	57,681	106,688
Inventories	0	571	0
Receivables	5,970	1,272	5,727
Other receivables	958	122	526
Income tax receivable	0	0	95
Prepayments	0	977	0
Receivables	6,928	2,371	6,348
Assets held for sale	0	459,531	0
Cash and cash equivalents	19,874	3,996	134,609
Current assets	26,802	466,469	140,957
Assets	138,186	524,150	247,645

BALANCE SHEET, EQUITY AND LIABILITIES (UNAUDITED)

DKK'000	2017-06-30	2016-06-30	FY 2016
Share capital	4,997	132,029	10,883
Translation reserve	(21,950)	(34,050)	(26,701)
Reserve for share-based payment	0	5,189	0
Retained earnings	98,065	67,824	208,732
Equity attributable to parent company shareholders	81,112	170,992	192,914
Equity attributable to non-controlling interests	31,864	15,652	30,150
Equity	112,976	186,644	223,064
Due to credit institutions	0	0	0
Finance lease liabilities	0	288	175
Prepayments received from customers	0	0	0
Other non-current liabilities	76	465	589
Deferred tax liabilities	17,042	7,296	16,602
Non-current liabilities	17,117	8,049	17,366
Due to credit institutions	0	256,746	0
Finance lease liabilities	262	232	244
Trade payables	5,422	531	3,879
Prepayments received from customers	0	0	0
Income tax payable	60	44	264
Other payables	2,349	2,373	2,828
Deferred income	0	0	0
Liabilities relating to assets held for sale	0	69,531	0
Current liabilities	8,093	329,457	7,215
Total liabilities	25,210	337,506	24,581
Equity and liabilities	138,186	524,150	247,645

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

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				(59,115)	(59,115)	292	(58,823)
Other comprehensive income		(14,551)			(14,551)	(1,422)	(15,973)
Share-based payment			746		746		746
Equity at 30.06.2016	132,029	(34,050)	5,189	67,824	170,992	15,652	186,644
Equity at 01.01.2017	10,883	(26,701)	0	208,732	192,914	30,150	223,064
Profit/(loss) for the year				(2,436)	(2,436)	386	(2,050)
Other comprehensive income		4,751			4,751	1,328	6,079
Share-based payment					0		0
Share buyback	(5,886)			(98,236)	(104,122)		(104,122)
Dividend				(9,994)	(9,994)		(9,994)
Equity at 30.06.2017	4,997	(21,950)	0	98,066	81,112	31,864	112,976

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, RISKS, ETC.

The interim report is presented in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and additional Danish disclosure requirements for the interim reports of listed companies.

The interim report has been neither audited nor reviewed. The accounting policies are consistent with those of the Annual Report 2016, which includes a full description of the accounting policies.

For accounting estimates and judgments, see note 2, page 42 of the Annual Report 2016. For information on risks, see note 31, pages 65-68, and the section on risk management on pages 13-14 of the Annual Report 2016.

According to the accounting regulations, Management must consider whether the quarterly report can be prepared on a going concern basis. Based on the estimated outlook for the continuing operations, the management of CeMat believes that the existing cash reserves and expected future cash flows will be sufficient to maintain operations and fund any measures planned.

2 DISCONTINUED OPERATIONS

The comparative figures in the income statement and the cash flow statement have been restated to reflect the discontinued operations regarding silicon business divested in 2016.

3 FINANCIAL HIGHLIGHTS AND KEY RATIOS

The financial ratios have been calculated in accordance with "Recommendations and Financial Ratios 2015" issued by the Danish Finance Society. The individual calculation formulas are provided in note 1, page 37, of the Annual Report 2016.

Cemat at a glance

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

CeMat '70 owns 133,000 sqm of useable land and 41,000 sqm buildings on the outskirts of Warsaw approximately 10 kilometres from the centre of Warsaw in a district called Bielany, which has undergone significant development over the past few years with a large number of housing units and new retail businesses being established. The land held by CeMat '70 is classified for industrial purposes.

CeMat '70 is working to reclassify the land to residential and retail land to include it in the ongoing development of the district. CeMat '70 has around 110 tenants. CeMat '70 engages in the letting of premises and land and the provision of utilities, including power, water, technical gases and facility services, etc. to its tenants.

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