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CEMAT A/S
Interim report, H1 2018
1 January–30 June 2018

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 management business.

HIGHLIGHTS OF THE FIRST HALF OF THE YEAR

- Jens Borelli-Kjær did not accept re-election. The board of directors appointed Frede Clausen Chairman of the board.
- CEO of CeMat ’70 Doulan Abdelmottaleb decided to leave the company. He still remains the CEO of CeMat A/S. Dariusz Biesiadecki has been appointed vice president of the management board of CeMat ’70. Temporarily he will manage the company as a single board member until the new CEO is appointed, which is expected in 3rd quarter of 2018.
- Polish holding company CeMat Real Estate acquired in the first half of 2018 from minority shareholders shares of CeMat’70 representing 1.0% of CeMat’70 share capital increasing its stake to 88.1%. The process of buying shares from minority shareholders is ongoing and will continue in 2018.
- A preliminary agreement pertaining waiver of restitution claims was signed with one of the families. A similar agreement with another family is being negotiated.
- Consolidated EBITDA of the CeMat Group was DKK 0.3 million in H1 2018 (H1 2017: DKK 0.7 million). EBITDA from the property management business in Poland was DKK 1.9 million in H1 2018 (H1 2017: DKK 3.2 million).
- A consolidated loss of the CeMat Group of DKK 1.6 million was posted for H1 2018 (H1 2017: a loss of DKK 2.1 million).

OUTLOOK FOR 2018

- Revenue for CeMat A/S Group is expected to amount to DKK 39-41 million in 2018.
- Group’s EBITDA is expected to be around DKK 2-3 million.
- After deduction of capital expenditures (investment property), finance costs and income tax and provided the fair value of the investment property assessed by an external valuator will not change in comparison to 2017 a net consolidated loss of DKK 1-2 million is expected for 2018.
- The guidance is based on an exchange rate of DKK 175/PLN 100.

CeMat

FINANCIAL HIGHLIGHTS FOR THE GROUP (UNAUDITED)

DKK'000	H1 2018	H1 2017	FY 2017
Income statement:			
Revenue	20,254	19,328	38,981
Earnings before interest, tax, depreciation and amortization (EBITDA)	298	705	3,107
Operating profit/(loss) (EBIT)	298	705	3,107
Net financials	48	(799)	(331)
Profit/(loss)for the period	**(1,577)**	**(2,050)**	**(2,395)**
Of which attributable to parent shareholders	(321)	(2,436)	(2,764)
Cash flow statement:			
Cash flows from operating activities	(2,067)	(1,388)	442
Cash flows from investing activities	(1,701)	(1,132)	(4,527)
Cash flow from financing activities	(211)	(112,743)	(114,343)
Balance sheet:			
Share capital	4,997	4,997	4,997
Equity attributable to parent company shareholders	89,503	85,351	94,161
Equity attributable to non-controlling shareholders	14,079	27,203	15,953
Total consolidated equity	103,582	112,554	110,114
Total assets	127,105	138,186	134,221
Invested capital	108,419	109,936	111,451
Net working capital (NWC)	3,804	(843)	2,029
Financial ratios:			
EBITDA margin (%)	1.5	3.6	8.0
EBIT-margin/profit margin (%)	1.5	3.6	8.0
Return on invested capital (%)	0.3	0.6	2.8
Equity ratio (%)	81.5	81.8	82.0
Return on equity (%)	(1.5)	(1.2)	(1.4)
Current number of shares (thousands)	249,850	249,850	249,850
Earnings per share (DKK)	(0,01)	(0.01)	(0.01)
Price per share (DKK)	0.39	0.30	0.43
Average number of employees (FTE)	23	27	27

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 88,14% 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.

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.

The main objective of CeMat is to prepare the company's assets for divestment and carry out the actual divestment. In the first half year of 2018 CeMat was in an advanced negotiation process with one specific potential buyer. The signing of the preliminary purchase agreement has been postponed and is expected to take place in the second half of the year.

Company management maintains its assessment that the value of the properties to be transferred after tax and expenses might be up to two or three times higher than the current valuation, provided claims of former landowners and co-ownership with the neighbor, the state-owned Institute of Electronic Materials Technology (ITME) are solved and the current industrial zoning is 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 more than five years to fulfil the Group's objective.

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 130 tenants and an occupancy rate of approximately 86%. Topsil GlobalWafers (TGW) is the biggest tenant generating approx. 55% of income and 40% of profit contribution.

Revenue of the CeMat Group was DKK 20.3 million in H1 2018 (H1 2017: DKK 19.3 million)

Costs were DKK 20.0 million in H1 2018 (H1 2017: DKK 18.6 million). 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 0.3 million in H1 2018 (H1 2017: a profit of DKK 0.7 million).

EBITDA of the property management business was a profit of DKK 1.9 million in H1 2018. In the same period of 2017, EBITDA was DKK 3.2 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 2018 financial report it was assumed that the fair value of the investment property expressed in PLN did not change from the previous year. "Unrealized market value revaluation investment property" income statement position represents capital expenditures.

Net financials amounted to an income of DKK less than 0.1 million in H1 2018 (H1 2017: an expense of DKK 0.8 million). It comprised of bank interests.

A net loss of DKK 1.6 million was posted for the period (H1 2017: a loss of DKK 2.1 million).

The first half-year results were lower than budgeted due to creation of a cost provision of approx. DKK 1,5 million for additional property tax that very likely will have to be paid as a result of tax control for the years 2012 – 2017 carried out in CeMat '70 by the City Council.

CASH FLOW STATEMENT AND STATEMENT OF FINANCIAL POSITION

Cash flows from operating activities were an outflow of DKK 2.1 million in H1 2018.

Cash flows from investing activities were an outflow of DKK 1.7 million. Cash was spent on upgrading the company's facilities, preparation of company's properties for divestment and acquisition of shares from minority shareholders.

Cash flows from financing activities were an outflow of DKK 0.2 million. Cash was spent on financial lease repayments.

The Group's non-current assets totaled DKK 105.2 million at 30 June 2018, consisting of land and buildings, usufruct rights and production equipment in the property business.

EQUITY

The Group's equity at 30 June 2018 stood at DKK 103.6 million, of which DKK 89,5 million was attributable to the shareholders of CeMat A/S, and DKK 14.1 million was attributable to non-controlling interests in CeMat '70 S.A. The equity ratio was 81.5% at 30 June 2018.

The Group's equity decreased in comparison to the end of 2017 by DKK 6.5 million mainly due to recognition of translation differences of DKK 4.8 million from translating of foreign subsidiaries financial statements for consolidation purposes into reporting currency and due to net loss of DKK 1.6 million.

OUTLOOK FOR 2018

Revenue of the Polish property management business (CeMat '70) is expected to amount to DKK 39-41 million in 2018.

EBITDA generated by the Polish property management 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 1-2 million is expected for 2018.

The forecast of the result for 2018 decreased by approximately 1-2 million DKK in comparison to forecast presented in Annual Report 2017 due to the high probability of having to pay additional property tax as a result of tax control for the years 2012 – 2017 carried out in CeMat '70 by the City Council.

In the 2018 outlook it is assumed 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 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 CFO of CeMat '70 Dariusz Biesiadecki through Bodil Harjo, Executive Secretary, tel.: +45 33 34 00 58, 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 2018

4	19.03	Course of the annual general meeting Presentation (in Danish)
3	20.02	Notice convening annual general meeting
2	20.02	Annual Report 2017
1	05.01	Financial calendar 2018/2019

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 CeMat A/S for the six months ended 30 June 2018.

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 2018 and of the results of the Group's operations and cash flows for the six months ended 30 June 2018.

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.

Warsaw, 14 August 2018

MANAGEMENT BOARD

Doulan Abdelmottaleb
CEO

BOARD OF DIRECTORS:

Frede Clausen Chairman	Eivind Dam Jensen Deputy Chairman	Joanna L. Iwanowska-Nielsen Board member

STATEMENT OF PROFIT OR LOSS (UNAUDITED)

DKK'000	H1 2018	H1 2017	FY 2017
Revenue	20,254	19,328	38,981
Costs	(19,956)	(18,623)	(35,874)
Earnings before interest, tax, depreciation and amortization (EBITDA)	**298**	**705**	**3,107**
Depreciation, amortization and impairment	0	0	0
Operating profit/(loss) (EBIT)	**298**	**705**	**3,107**
Unrealized market value revaluation investment property	(1,523)	(1,529)	(4,254)
Net financials	48	(799)	(331)
Profit/(loss) before tax	**(1,178)**	**(1,624)**	**(1,478)**
Tax on profit/(loss) for the period	(399)	(426)	(917)
Profit/(loss) for the period	**(1,577)**	**(2,050)**	**(2,395)**
Appropriation of profit/(loss) for the period:			
Parent company shareholders	(1,643)	(2,436)	(2,764)
Non-controlling interests	67	386	369
	(1,577)	**(2,050)**	**(2,395)**
Earnings per share:			
Earnings per share (DKK)	(0.01)	(0.01)	(0.01)
Diluted earnings per share (DKK)	(0.01)	(0.01)	(0.01)

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

DKK'000	H1 2018	H1 2017	FY 2017
Profit/(loss) for the period	(1,577)	(2,050)	(2,395)
Foreign exchange adjustment, foreign companies	(4,783)	6,079	6,142
Comprehensive income for the period	**(6,359)**	**4,029**	**3,747**
Parent company shareholders	(5,727)	2,314	1,903
Non-controlling interests	(632)	1,714	1,843
	(6,359)	**4,029**	**3,747**

STATEMENT OF CASH FLOWS (UNAUDITED)

DKK'000	H1 2018	H1 2017	FY 2017
Operating profit/(loss) (EBIT)	298	705	3,107
Change in net working capital	(1,937)	(1,310)	(1,802)
Other (deposits, etc.)	86	0	300
Tax paid/received	(550)	(662)	(1,003)
Financial income received	47	34	102
Financial expenses paid	(10)	(155)	(261)
Cash flows from operating activities	**(2,067)**	**(1,388)**	**442**
Acquisition etc. of intangible assets	0	0	(15)
Acquisition etc. of property, plant and equipment	(1,085)	(1,132)	(1,348)
Capital expenditures, divestment of the investment property	(438)	0	(1,050)
Acquisition of shares in subsidiary	(178)	0	(2,114)
Cash flows from investing activities	**(1,701)**	**(1,132)**	**(4,527)**
Finance lease repayments	(211)	(157)	(226)
Dividends paid	0	(8,464)	(9,994)
Share buyback	0	(104,123)	(104,123)
Cash flows from financing activities	**(211)**	**(112,743)**	**(114,343)**
Change in cash and cash equivalents	**(3,979)**	**(115,263)**	**(118,427)**
Cash and cash equivalents at beginning of period	16,919	134,609	134,609
Market value adjustment of cash and cash equivalents	(590)	525	737
Cash and cash equivalents at end of period	**12,350**	**19,874**	**16,919**

STATEMENT OF FINANCIAL POSITION, ASSETS (UNAUDITED)

DKK'000	2018-06-30	2017-06-30	FY 2016
Investment property	104,615	110,779	109,422
Property, plant and equipment	**104,615**	**110,779**	**109,422**
Other non-current receivables	569	604	596
Financial assets	**569**	**604**	**596**
Non-current assets	**105,184**	**111,384**	**110,017**
Receivables	8,300	5,970	6,525
Other receivables	1,271	958	759
Receivables	**9,571**	**6,928**	**7,284**
Cash and cash equivalents	**12,350**	**19,874**	**16,919**
Current assets	**21,921**	**26,802**	**24,203**
Assets	**127,105**	**138,186**	**134,221**

CeMat

STATEMENT OF FINANCIAL POSITION, EQUITY AND LIABILITIES (UNAUDITED)

DKK'000	2018-06-30	2017-06-30	FY 2017
Share capital	4,997	4,997	4,997
Translation reserve	(18,452)	(14,284)	(14,368)
Retained earnings	102,957	94,637	103,532
Equity attributable to parent company shareholders	**89,503**	**85,350**	**94,161**
Equity attributable to non-controlling interests	14,079	27,203	15,953
Equity	**103,582**	**112,553**	**110,114**
Other non-current liabilities	861	76	815
Deferred tax liabilities	16,826	17,042	17,629
Non-current liabilities	**17,687**	**17,117**	**18,443**
Finance lease liabilities	0	262	213
Trade payables	2,646	5,531	3,395
Income tax payable	69	374	196
Other payables	3,121	2,349	1,860
Current liabilities	**5,836**	**8,516**	**5,663**
Total liabilities	**23,523**	**25,633**	**24,106**
Equity and liabilities	**127,105**	**138,186**	**134,221**

As a consequence of correction of errors from 2016 (see Annual Report 2017) comparative figures as at 2017-06-30 have also been restated in comparison to half-year report 2017. Following errors from 2016 have been corrected: 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 (UNAUDITED)

DKK'000	Share capital	Translation reserve	Retained earnings	Equity Attributable to parent company shareholders	Equity Attributeable to non-controlling interests	Total equity
Equity at 01.01.2017	**10,883**	**(19,035)**	**205,304**	**197,152**	**25,489**	**222,641**
Profit/(loss) for the year			(2,436)	(2,436)	386	(2,050)
Other comprehensive income		4,751		4,751	1,328	6,079
Share buyback	(5,886)		(98,236)	(104,122)		(104,122)
Dividend			(9,994)	(9,994)		(9,994)
Equity at 30.06.2017	**4,997**	**(14,284)**	**94,638**	**85,351**	**27,203**	**112,554**
Equity at 01.01.2018	**4,997**	**(14,368)**	**103,532**	**94,161**	**15,953**	**110,114**
Profit/(loss) for the year			(1,643)	(1,643)	67	(1,577)
Other comprehensive income		(4,084)		(4,084)	(699)	(4,783)
Acquisition of non-controlling interests			1,069	1,069	(1,241)	(172)
Equity at 30.06.2018	**4,997**	**(18,452)**	**102,957**	**89,503**	**14,079**	**103,582**

As a consequence of correction of errors from 2016 (see Annual Report 2017) comparative figures as at 01.01.2017 and 30.06.2017 have also been restated in comparison to half-year report 2017. Following errors from 2016 have been corrected: 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

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 2017, which includes a full description of the accounting policies.

New and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

For accounting estimates and judgments, see note 2, page 42 of the Annual Report 2017. For information on risks, see note 28, pages 61-63, and the section on risk management on pages 12-14 of the Annual Report 2017.

According to the accounting regulations, Management must consider whether the halg-year 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 FINANCIAL HIGHLIGHTS AND KEY RATIOS

The individual calculation formulas are provided in note 1, page 38, of the Annual Report 2017.

3 EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred after the reporting period.

4 FAIR VALUE

The fair value of the investment property expressed in PLN did not change in comparison to Annual Report 2017. There were also no transfers between levels of the fair value hierarchy.

5 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:

DKK'000	H1 2018	H1 2017	FY 2017
Letting	6,365	6,003	12,413
Utilities	13,889	13,325	26,568
Total	**20,254**	**19,328**	**38,981**

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.

For more information, go to www.Cemat.dk

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