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Topsil GlobalWafers A/S
Siliciumvej 1
DK-3600 Frederikssund
Central Business Registration
No 37842222

Annual report 2016

The Annual General Meeting adopted the annual report on 09.05.2017

Chairman of the General Meeting

Name: Hans Peder Skytte Mikkelsen

Contents

Entity details

Entity
Topsil GlobalWafers A/S
Siliciumvej 1
DK-3600 Frederikssund

Central Business Registration No: 37842222
Registered in: Frederikssund
Financial year: 01.01.2016 - 31.12.2016

Board of Directors
Hsiu-Lan Hsu, Chairman
Wei-Wen Chen, Vice Chairman
Hans Peder Skytte Mikkelsen

Executive Board
Hans Peder Skytte Mikkelsen, CEO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Topsil GlobalWafers A/S for the financial year 01.01.2016 - 31.12.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Frederikssund, 09.05.2017

Executive Board

Hans Peder Skytte Mikkelsen
CEO

Board of Directors

Hsiu-Lan Hsu Chairman	Wei-Wen Chen Vice Chairman	Hans Peder Skytte Mikkelsen

Independent auditor's report

To the shareholder of Topsil GlobalWafers A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Topsil GlobalWafers A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.07.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exits. Misstatements

Independent auditor's report

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 financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 09.05.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Bill Haudal Pedersen
State Authorised Public Accountant

Management commentary

	2016 DKK'000
Financial highlights	
Key figures	
Revenue	114.584
Gross profit/loss	14.911
Operating profit/loss	(29.666)
Net financials	(2.961)
Profit/loss for the year	(31.203)
Total assets	422.662
Investments in property, plant and equipment	440.109
Equity	338.622
Cash flows from (used in) operating activities	(14.082)
Cash flows from (used in) investing activities	(47)
Cash flows from (used in) financing activities	20.441
Ratios	
Gross margin (%)	13,0
Net margin (%)	(27,2)
Return on equity (%)	(9,2)
Equity ratio (%)	80,1

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

Topsil GlobalWafers A/S was founded on 1 July, 2016, when the listed company Topsil Semiconductor Materials A/S made an agreement to sell its silicon business at a price of DKK 407.5m on a debt-free basis to the listed Taiwanese Group GlobalWafers Co., Ltd., hereinafter called GlobalWafers.

In that connection, the new company changed its name to Topsil GlobalWafers A/S, and the name of Topsil's subsidiary in Poland was changed to Topsil Semiconductors sp z o.o.

To this can be added that Topsil had a long-standing close business partnership with GlobalWafers before the acquisition. In 2000, Topsil outsourced its wafer production in Denmark to GlobalWafers, and since then GlobalWafers has been one of Topsil's largest sub-suppliers of wafering. Furthermore, GlobalWafers bought silicon ingots from Topsil for wafering and sales to their own customers.

All assets and obligations related to the silicon business at 1 January 2016, including Topsil's staff and its subsidiaries in Poland and Japan, were included in the transaction. As the Topsil brand was linked to the silicon activities, the company name, logo and all intellectual property rights were included in the transaction.

Topsil's Board of Directors and the three registered executive directors were not part of the transaction. They continued in the listed company that changed its name to Cemat A/S.

Development in activities and finances

Revenue for the second half of 2017 amounted to DKK 114.6m which is in line with the expectations.

Topsil incurred a loss before tax of DKK 32.6m, and it includes a considerable provision for expected expenses for closing down production lines in Poland (see the notes under the paragraph: ”events after closing date”), and this is in line with the expectations.

The balance sheet total amounts to DKK 422.7m, and the tangible and intangible assets amounted to 58.8% of the total assets. Inventories amounted to DKK 123.3m on the balance sheet date, corresponding to 29.2% of the total assets.

Equity amounts to DKK 338.6m of the balance sheet total, and a loan of DKK 20.4m had been granted by the parent company in Taiwan on the balance sheet date. No other loans had been granted by external parties as of 31.12.2016.

Cash flow for the period amounted to DKK +6.3m, including an operating loss of DKK 29.7m, whereas the reduction of the net working capital totalled DKK +11.6m and the loan from the parent company amounted to DKK 20.4m.

After evaluating the financial situation of Topsil GlobalWafers A/S going forward the management has acquired a letter of support from the Parent Company, GlobalWafers Co., Ltd. The letter of support states that, GlobalWafers Co., Ltd. confirms to commit necessary contributions to Topsil GlobalWafer A/S to meet the company's liabilities as it mature, to ensure the activity going forward.

Management commentary

Products
Topsil is a leading supplier of ultrapure float zone silicon for the global semiconductor industry. Topsil has specialized in producing and selling high-quality silicon for production of critical high, medium and low-power components which places high demands on the components' electrical properties and performance.

Topsil's silicon is produced in two different ways:

Float Zone (FZ) is produced in Denmark, and the products can handle the highest voltage levels.

Czochralski (CZ) is produced in Poland, and the products cover the lower voltage levels – with a possibility of overlapping in selected areas of applications.

Topsil's five product types are available in different diameters. Three of the products are float zone-based, and the other two are Czhochralski-based.

FZ-NTD – Neutron Transformation Doped silicon is a high-voltage product that is primarily used in sophisticated power components in large-scale energy and infrastructure projects.

FZ-PFZ – Preferred Float Zone silicon is a medium-voltage product used for, for example, wind turbines and passenger transporter in the consumer segment.

FZ-HPS – Hyper Pure Silicon is a specialty product used in optoelectronics (X-ray and detectors).

CZ – Czochralski silicon is used for less technically sophisticated products, including consumer electronics.

CZ-EPI – is a special variant of the CZ product, in which a special crystalline coating is applied to the CZ wafer, thus improving its conducting properties, which makes the wafer suitable for rather more complex products, for example, for wind technology.

Customers and markets
Topsil has a sizeable share of the FZ-NTD market, especially in Europe, and we are determined to grow the share of the NTD-PFZ market. The European market has for long been characterized by political focus on climate solutions and enhancing energy efficiency.

Topsil has successfully built a solid position in Europe. After GlobalWafers' acquisition of the company, it has been assessed that other sales channels in the Group are considerably more powerful on the US and Asian markets than Topsil's, and consequently the responsibility for sales and service of Topsil's customers on these markets has been assigned to local sales offices in the GlobalWafers Group in China, Japan, Korea and the US. Therefore, it was decided to close down Topsil's sales company in Japan and terminate agent and distributor agreements for the markets in question.

As mentioned above, Topsil's parent company, GlobalWafers, has bought ingots from Topsil for many years for wafering and sales to their own customers. It is expected that the ingot sales to GlobalWafers will increase significantly in the years to come.

Management commentary

Production

A silicon wafer goes through more than 100 processing steps before delivery to the customer. It is a long and complex flow that requires close monitoring to achieve the required purity. The raw material, which has different technical characteristics, is received in solid form and is melted at induction heat in a specially designed float zone puller. A uniform crystal is formed to which dopants can be added to obtain the required electrical properties.

The silicon crystal is subsequently cut into wafers, which again are post-processed according to product type and given the right surface treatment according to customer specification.

Quality control

Topsil must continuously provide world-class products to its customers. Professionalism, quality control and quality management are therefore fundamental elements in the production flow from receipt of the raw material to delivery of the finished wafers to the customers.

It is necessary to monitor each step in the production flow carefully to live up to the demanded quality standards. Topsil has implemented a finely meshed quality management system at both locations which complies with the strict requirements of the TS 16949 Standard. TS 16949 is especially known from the automotive industry and characterized by making significant demands on company methods, processes and documentation.

At the same time, Topsil makes use of various lean tools for a methodical and data-driven improvement of production and processes. The electrical parameters of silicon are measured to make sure that they comply with the international SEMI standards and other relevant specifications.

Topsil has published a supplier handbook outlining the principles for selection of suppliers and Topsil's requirements for these suppliers.

Topsil continually works to minimize the consumption of resources and reduce its environmental impact. The measures introduced include, for example, development or upgrading of production equipment, recycling of resources and continual monitoring of developments in consumption in order to identify additional improvement potential. The work to mitigate Topsil's environmental impact complies with the ISO14001 environmental standard, which is applied at both locations.

Management commentary

Development

Development of Topsil's 8" platform continued in 2016, with special focus on stabilizing and optimizing the production processes and preparing the factory in Frederikssund for an increased demand which is expected as a result of the consolidation between GlobalWafers, SunEdison and Topsil. High efforts have been made at group level to strengthen the customer base, and a number of potential customers are still qualifying Topsil's 8" FZ products.

Furthermore, Topsil received some inquiries for FZ products with diameters below 8" with capabilities outside Topsil's normal standard specifications which has resulted in a series of tests to strengthen Topsil's capabilities for these products as well.

Patent case

In 2014, a competitor obtained a patent in Denmark for the sale and manufacture of FZ wafers with a diameter of 200 mm (8") or more. Topsil has lodged a complaint about the patent, and the case is still pending. So far, the competitor has not tried to enforce his patent, and Topsil's patent attorney assesses that the patent will be invalidated in full or in part. The patent expires on 02.08.2021.

Knowledge resources

Topsil relies heavily on its knowledge resources of highly skilled and motivated silicon specialists. It is Management's job to ensure that the organization always has the right skills, and a number of HR tools have been implemented for this purpose, including regular performance interviews to align job and skills requirements. In addition, regular employee surveys are conducted across the organization to gauge the general level of job satisfaction and job motivation. In 2016, the employees attended some courses to strengthen their skills in LEAN tools, working relationship and IT.

Discontinuation of some activities in Poland

It has been established for a long time that wafering at Topsil's site in Poland is unremunerative, and heavy investments will be needed to modernize the CZ production. During the autumn of 2016, it was decided to transfer these processes to other entities in the Group. However, due to customer requirements for qualifications of the new wafering suppliers this may be a lengthy process. This restructuring will imply adjustments of the Polish organization. At the same time, it was decided to maintain a number of FZ critical processes for the FZ-production in Frederikssund and the shipping department in Poland.

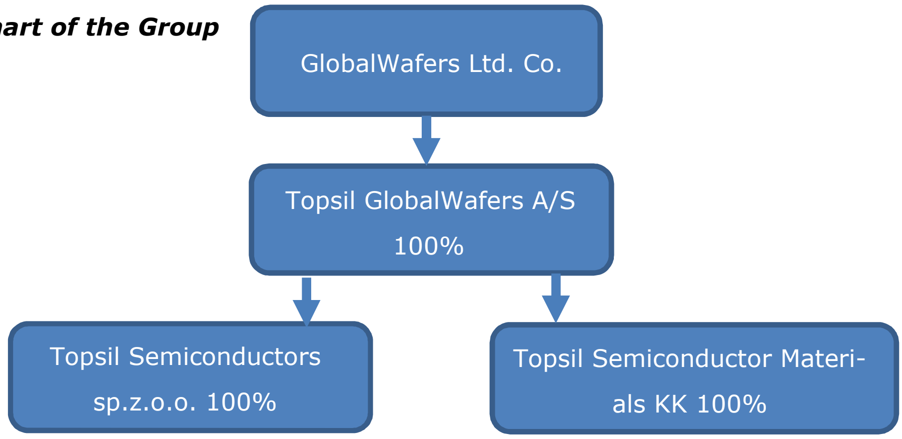
Management commentary

Events after the balance sheet date
Closing-down of production in Poland
After GlobalWafers' acquisition of the SunEdison Group, announced in December 2016, GlobalWafers decided to discontinue production of silicon in Poland, as the products can be produced at lower costs and higher profit by other entities in the Group. The activities in Poland will be phased out gradually in 2017 and the first quarter of 2018. Notice of dismissals has been given to the employees, and it is expected to terminate the lease agreement with Cemat'70 and move out before the end of 2018.

For Topsil, it means that the supporting processes for its FZ production in Frederikssund, which are presently handled by its Polish subsidiary, will be transferred to the factory in Denmark. It is expected that in the short term it will not be necessary to extend the facilities in Denmark.

Outlook for 2017
In 2017, revenue is expected to be at the level of DKK 250–280m. EBIT is expected to range between a negative DKK 10-20m and will be heavily affected by the closing down of the activities in the Polish subsidiary.

Organization chart of the Group



Consolidated income statement for 2016

	Notes	2016 DKK'000
Revenue		114.584
Costs of raw materials and consumables		(57.156)
Other external expenses		(42.517)
Gross profit/loss		**14.911**
Staff costs	1	(36.960)
Depreciation, amortisation and impairment losses	2	(7.617)
Operating profit/loss		**(29.666)**
Other financial income		2.178
Other financial expenses		(5.139)
Profit/loss before tax		**(32.627)**
Tax on profit/loss for the year	3	1.424
Profit/loss for the year	4	**(31.203)**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000
Completed development projects		26.852
Development projects in progress		10.317
Intangible assets	5	**37.169**
Land and buildings		119.231
Plant and machinery		90.043
Other fixtures and fittings, tools and equipment		679
Property, plant and equipment in progress		1.490
Property, plant and equipment	6	**211.443**
Fixed assets		**248.612**
Manufactured goods and goods for resale		123.296
Inventories		**123.296**
Trade receivables		26.546
Other receivables		13.992
Income tax receivable		4
Prepayments	7	2.421
Receivables		**42.963**
Cash		**7.791**
Current assets		**174.050**
Assets		**422.662**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000
Contributed capital		1.000
Retained earnings		337.622
Equity		**338.622**
Deferred tax		11.413
Provisions		**11.413**
Prepayments received from customers		255
Trade payables		18.511
Payables to group enterprises		22.405
Income tax payable		108
Other payables		31.348
Current liabilities other than provisions		**72.627**
Liabilities other than provisions		**72.627**
Equity and liabilities		**422.662**
Contingent liabilities	9	
Group relations	10	

Consolidated statement of changes in equity for 2016

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Total DKK'000
Effect of mergers and business combinations	1.000	368.577	0	369.577
Exchange rate adjustments	0	248	0	248
Transfer to reserves	0	(368.825)	368.825	0
Profit/loss for the year	0	0	(31.203)	(31.203)
Equity end of year	**1.000**	**0**	**337.622**	**338.622**

Consolidated cash flow statement for 2016

	Notes	2016 DKK'000
Operating profit/loss		(29.666)
Amortisation, depreciation and impairment losses		7.617
Working capital changes	8	11.552
Cash flow from ordinary operating activities		**(10.497)**
Financial income received		2.178
Financial income paid		(5.139)
Income taxes refunded/(paid)		(624)
Cash flows from operating activities		**(14.082)**
Sale of intangible assets		661
Acquisition etc of property, plant and equipment		(708)
Cash flows from investing activities		**(47)**
Loans raised		20.441
Cash flows from financing activities		**20.441**
Increase/decrease in cash and cash equivalents		**6.312**
Cash and cash equivalents beginning of year		1.230
Currency translation adjustments of cash and cash equivalents		249
Cash and cash equivalents end of year		**7.791**

Notes to consolidated financial statements

	2016 **DKK'000**
1. Staff costs	
Wages and salaries	32.114
Pension costs	1.064
Other social security costs	3.782
	36.960
Average number of employees	**292**

Referring to Section 98b(3) of the Danish Financial Statements Act, the Company has decided not to disclose the remuneration of Management.

	2016 **DKK'000**
2. Depreciation, amortisation and impairment losses	
Amortisation of intangible assets	1.184
Depreciation of property, plant and equipment	6.433
	7.617

	2016 **DKK'000**
3. Tax on profit/loss for the year	
Tax on current year taxable income	(1.424)
	(1.424)

	2016 **DKK'000**
4. Proposed distribution of profit/loss	
Retained earnings	(31.203)
	(31.203)

Notes to consolidated financial statements

	Completed develop-ment projects DKK'000	Develop-ment projects in progress DKK'000
5. Intangible assets		
Addition through business combinations etc	69.746	7.891
Additions	72	3.087
Disposals	0	(661)
Cost end of year	**69.818**	**10.317**
Transfers	(41.782)	0
Amortisation for the year	(1.184)	0
Amortisation and impairment losses end of year	**(42.966)**	**0**
Carrying amount end of year	**26.852**	**10.317**

Development projects in progress
The Company's development projects relate to the optimization and improvement of its processes for manufacturing silicon crystals in current and new variants. The prerequisite for recognition is a continuing demand for new and existing products. Management expects the prerequisite to be fulfilled.

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
6. Property, plant and equipment				
Addition through business combinations etc	127.642	299.333	11.137	1.289
Additions	0	257	250	201
Cost end of year	**127.642**	**299.590**	**11.387**	**1.490**
Transfers	(7.293)	(204.467)	(10.473)	0
Depreciation for the year	(1.118)	(5.080)	(235)	0
Depreciation and impairment losses end of the year	**(8.411)**	**(209.547)**	**(10.708)**	**0**
Carrying amount end of year	**119.231**	**90.043**	**679**	**1.490**

7. Prepayments

Prepayments consist of prepaid insurance, heating and other prepaid expenses.

Notes to consolidated financial statements

	2016 DKK'000
8. Change in working capital	
Increase/decrease in inventories	17.714
Increase/decrease in receivables	9.372
Increase/decrease in trade payables etc	(14.632)
Other changes	(902)
	11.552

9. Contingent liabilities

At 31.12.2016, the future product delivery under current effective sales agreements amounts to EUR 9,255k.

10. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Sino-American Silicon Products Inc. No. 8. Industrial East Road 2 Science-Based Industrial Park, Hsinchu, Taiwan

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Global Wafers Co. Ltd. No. 8. Industrial East Road 2 Science-Based Industrial Park, Hsinchu, Taiwan

The consolidated financial statement for the largest group can be obtained at:
http://www.saswafer.com/pages/sas/en/aboutus/content.aspx?Type=1020

The consolidated financial statement for the smallest group can be obtained at:
http://www.sas-globalwafers.com/pages/gw/en/aboutus/content.aspx?type=1020

Parent income statement for 2016

	Notes	2016 DKK'000
Revenue		80.598
Costs of raw materials and consumables		(75.551)
Other external expenses		(18.869)
Gross profit/loss		**(13.822)**
Staff costs	1	(22.324)
Depreciation, amortisation and impairment losses	2	(7.252)
Operating profit/loss		**(43.398)**
Other financial income		1.937
Impairment of financial assets	3	(41.399)
Other financial expenses		(1.515)
Profit/loss before tax		**(84.375)**
Tax on profit/loss for the year	4	2.048
Profit/loss for the year	5	**(82.327)**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000
Completed development projects		26.274
Acquired patents		0
Development projects in progress		10.316
Intangible assets	6	**36.590**
Land and buildings		119.230
Plant and machinery		83.411
Other fixtures and fittings, tools and equipment		671
Property, plant and equipment	7	**203.312**
Investments in group enterprises		547
Other receivables		6.014
Fixed asset investments	8	**6.561**
Fixed assets		**246.463**
Raw materials and consumables		18.690
Manufactured goods and goods for resale		40.332
Inventories		**59.022**
Trade receivables		20.288
Receivables from group enterprises		820
Other receivables		2.902
Prepayments	9	759
Receivables		**24.769**
Cash		**3.834**
Current assets		**87.625**
Assets		**334.088**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000
Contributed capital		1.000
Retained earnings		283.142
Equity		**284.142**
Deferred tax	10	11.066
Provisions		**11.066**
Trade payables		7.907
Payables to group enterprises		21.261
Other payables		9.712
Current liabilities other than provisions		**38.880**
Liabilities other than provisions		**38.880**
Equity and liabilities		**334.088**
Unrecognised rental and lease commitments	11	
Contingent liabilities	12	
Related parties with controlling interest	13	

Parent statement of changes in equity for 2016

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Total DKK'000
Effect of mergers and business combinations	1.000	364.629	0	365.629
Other equity postings	0	0	840	840
Transfer to reserves	0	(364.629)	364.629	0
Profit/loss for the year	0	0	(82.327)	(82.327)
Equity end of year	**1.000**	**0**	**283.142**	**284.142**

Notes to parent financial statements

	2016 DKK'000
1. Staff costs	
Wages and salaries	20.031
Pension costs	1.911
Other social security costs	382
	22.324
Average number of employees	**88**

Referring to Section 98b(3) of the Danish Financial Statements Act, the Company has decided not to disclose the remuneration of Management.

	2016 DKK'000
2. Depreciation, amortisation and impairment losses	
Amortisation of intangible assets	1.125
Depreciation of property, plant and equipment	6.127
	7.252

3. Impairment of financial assets

Management has assessed the measurement of balances with and loans granted to Topsil Semiconductors sp. z.o.o. Management does not expect to receive payment from the subsidiary due to the subsequent events and has therefore written down receivables, loans and payables.

As Topsil GlobalWafer A/S does not have any obligations towards the subsidiary and its operations, no share of profit/loss for the year has been recognised as its equity interest has been written down to zero value. Globalwafers Co. Ltd. holds obligations towards Topsil Semiconductors sp. z.o.o's future operations.

	2016 DKK'000
4. Tax on profit/loss for the year	
Change in deferred tax for the year	(3.818)
Adjustment concerning previous years	1.770
	(2.048)

	2016 DKK'000
5. Proposed distribution of profit/loss	
Retained earnings	(82.327)
	(82.327)

Notes to parent financial statements

	Completed develop-ment projects DKK'000	Acquired patents DKK'000	Develop-ment projects in progress DKK'000
6. Intangible assets			
Addition through business combinations etc	61.733	56	7.891
Additions	0	0	3.086
Disposals	0	0	(661)
Cost end of year	**61.733**	**56**	**10.316**
Transfers	(34.334)	(56)	0
Amortisation for the year	(1.125)	0	0
Amortisation and impairment losses end of year	**(35.459)**	**(56)**	**0**
Carrying amount end of year	**26.274**	**0**	**10.316**

Udviklingsprojekter under udførelse

The Company's development projects relates to the optimization and improvement of its's processes for manufacturing silicon crystals in current and new variants. The prerequisite for recognition is a continuing demand for new and existing products. Management expects the prerequisite to be fulfilled.

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000
7. Property, plant and equipment			
Addition through business combinations etc	127.641	150.535	10.745
Additions	0	200	250
Cost end of year	**127.641**	**150.735**	**10.995**
Transfers	(7.293)	(62.550)	(10.089)
Depreciation for the year	(1.118)	(4.774)	(235)
Depreciation and impairment losses end of the year	**(8.411)**	**(67.324)**	**(10.324)**
Carrying amount end of year	**119.230**	**83.411**	**671**

Notes to parent financial statements

	Investments in group enterprises DKK'000
8. Fixed asset investments	
Addition through business combinations etc	547
Cost end of year	**547**
Carrying amount end of year	**547**

9. Prepayments

Prepayments consists of prepaid insurance, heating, and other prepaid expenses.

10. Deferred tax

The former Topsil Semiconductor Materials A/S, now Cemat 70 A/S, has inquired the tax authorities in Denmark about the use of losses arising from the period before the sale of silicon business/establishment of Topsil Globalwafers A/S. The deficit has a tax-based value of approximately DKK 13,000k and is currently recorded as a tax liability in Topsil Globalwafers A/S.

If the results of these queries are positive for Cemat 70 A/S, the value of tax loss carryforwards decline by approximately DKK 13,000k.

	2016 DKK'000
11. Unrecognised rental and lease commitments	
Hereof liabilities under rental or lease agreements until maturity in total	**816**

12. Contingent liabilities

At 31.12.2016, the future product delivery under current effective sales agreements amounts to EUR 9,255k.

13. Related parties with controlling interest

Global Wafers Co. Ltd. No. 8. Industrial East Road 2 Science-Based Industrial Park, Hsinchu, Taiwan

Only transactions with related parties that are not carried out on market terms are stated in the annual report. No such operations have been conducted for the year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium-sized).

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, ♥ including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

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

Balance sheet
Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project.

Property, plant and equipment
Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

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

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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

Accounting policies

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.