INTERIM REPORT
Q1 2012

"Topsil's Q1 performance was in line with expectations, and we have now received confirmation of the first orders for a new improved PFZ product for the medium-voltage segment. The cost reduction programme implemented in 2011 has continued into 2012, and the lower costs continue to have a positive effect. The construction of the new plant is proceeding according to plan, and the installation of new machinery and equipment was initiated as planned."

KALLE HVIDT NIELSEN
CEO

23-05-2012
NASDAQ OMX Copenhagen · Nikolaj Plads 6 · DK 1067 Copenhagen K

STOCK EXCHANGE ANNOUNCEMENT N0. 08/12

TOPSIL

The Board of Directors of Topsil Semiconductor Materials A/S today considered and adopted the interim report for the three months ended 31 March 2012. The highlights of the interim report, which is unaudited, are shown below:

SUMMARY

Sales and market conditions

Topsil generated revenue of DKK 78.5 million in Q1 2012 against 92.0 million in the year-earlier period, corresponding to a decline of 15.0%. The decline was attributable to the slowdown in the power market in mid 2011 and an increasingly competitive market. Topsil currently has less order visibility than it has had for a number of years. Topsil is making a number of dedicated efforts to increase sales, for example, by launching a range of new products.

The lower level of activity is the main reason for the group's operating profit decline in Q1 from DKK 12.3 million last year (corresponding to an EBITDA margin of 13.4%) to DKK 9.1 million this year (corresponding to an EBITDA margin of 11.5%).

Product launches and R&D

The first customer qualifications of the new PFZ product for the medium-voltage segment have now been completed, and Topsil has received the first orders; a wide range of additional customer qualifications are in progress. The number of new customer qualifications for the PFZ and CZ-EPI products is expected to grow during the year, which will have a minor positive impact in 2012 and a major positive impact later on.

The development of an 8-inch crystal continues, and Topsil plans to initiate customer qualifications of the new product at the end of 2012, but is not expecting the product to generate revenue until in 2013.

New plant

The construction of our new plant in Frederikssund, Denmark, was initiated in April 2011 and is proceeding according to plan. The installation of new machinery and equipment was initiated as planned in Q1 2012. New production equipment will be installed during the year, and deliveries of the initial test products to undergo customer qualification are expected towards the end of the year. As a result of initiating the plant relocation, Topsil's capital tie-up for 2012 as a whole will be higher than usual.

Total assets and interest-bearing debt

Net working capital at the balance sheet date amounted to DKK 121.1 million, which was a decline of DKK 6.9 million compared to a year earlier. The net working capital declined by DKK 17.8 million from the end of Q4 2011 primarily due to declining receivables and other payables, whereas inventories and trade payables increased.

Other matters

The Company reduced its headcount in 2011 and strengthened its efforts to achieve further synergies between the two operating facilities in Denmark and Poland respectively, in order to adjust costs to the lower activity level. The cost reduction programme will continue in 2012.

Outlook for 2012

Expectations for 2012 remain unchanged, and Management continuously expects the market to gradually pick up towards the end of the year. From then on, market terms are expected to gradually improve at a rate of approximately 5-10% p.a.

For 2012, the Company expects revenue to be 5-10% lower than in 2011. This expectation is based on the assumption of a fall of about 25% in the first half of the year followed by slight growth in the second half of the year.

EBITDA is expected to be approximately DKK 40-50 million against DKK 35 million in 2011. The cost reductions implemented will have full-year effect in 2012, albeit moderately offset by the costs of operating in two locations in Denmark.

Further information

Any queries regarding this stock exchange announcement may be addressed to the Company's CEO and CFO through: Christina Fris Bjørling, Communications, tel.: +45 2152 1011

FINANCIAL HIGHLIGHTS FOR THE GROUP (UNAUDITED)

DKK'000	Q1 2012	Q1 2011	FY 2011
Income statement			
Revenue	78,503	91,956	367,439
Earnings before interest, tax, depreciation and amortisation (EBITDA)	9,062	12,344	35,106
EBIT	2,798	7,931	6,027
Net financials	2,733	(2,200)	(9,298)
Profit for the period after tax	4,348	2,710	(6,818)
Cash flows:			
Cash flows from operating activities	25,354	901	16,324
Capital expenditure excluding investments in assets held for sale	53,260	19,482	102,945
	31.03.2012	**31.03.2011**	**31.12.2011**
Balance sheet:			
Share capital	132,029	131,904	132,029
Total equity of the group	428,957	449,500	429,106
Total assets	646,382	593,238	601,495
Net interest-bearing debt (asset)	53,831	(60,558)	4,301
Invested capital	426,660	377,390	388,351
Net working capital	121,111	128,024	138,905
Financial ratios:			
EBITDA margin (%)	11.5	13.4	9.6
EBIT margin/profit margin (%)	3.6	8.6	1.6
Contribution ratio (%)	52.6	52.7	49.0
Equity ratio	66	76	71
Profit ratio	3.6	8.6	1.6
Current number of shares (thousands)	528,114	527,614	528,114
Market value, DKK per share	0.51	1.16	0.48
Average number of full-time employees	364	384	383

MANAGEMENT REPORT

Topsil generated revenue of DKK 78.5 million in Q1 2012 against 92.0 million in the year-earlier period, corresponding to a decline of 15.0%. For the first six month, Topsil expects a decline in revenue of approximately 25% compared to 2011 and subsequently minor growth during the second half of the year.

The decline is primarily attributable to lower demand compared to the same period last year as a result of the slow-down of the power market in mid 2011 and an increasingly competitive market. Topsil currently has less order visibility than it has had for a number of years.

Moderate expectations for the 2012 market developments and expectations for a subsequent gradual improvement of market terms

The Company has moderate expectations for 2012, and Management continuously expects the market to gradually pick up towards the end of the year. From then on, market terms are expected to gradually improve at a rate of approximately 5-10% p.a.

Customers continue to show a positive interest in Topsil's new 6-inch PFZ product and in the development activities involving 8-inch NTD and PFZ.

The NTD-market remaining subdued

Revenue in Q1 2012 confirmed that the NTD market continues to develop at a slow rate. This trend is particularly evident in the transport area, in which Topsil has a large market share.

PFZ product launches and R&D

The first customer qualifications of the new PFZ medium-voltage segment product have now been completed, and the first orders have been received. A number of additional customer qualifications are in progress. The sale of the new PFZ product is expected to have a moderately positive impact on the year, with a greater impact later on.

The development of an 8-inch crystal continues, and Topsil plans to initiate customer qualifications of the new product at the end of 2012, but is not expecting actual sales until in 2013.

Continued focus on product restructuring from CZ to CZ-EPI

Topsil continues to focus on product restructuring from CZ to CZ-EPI, and a number of CZ-EPI customer qualifications are in progress. The increased sale of CZ-EPI is expected to have a moderately positive impact on the 2012 revenue and a major impact later on. For the year, Topsil entered into customer agreements involving full exploitation of the capacity in 2012.

Construction of new plant proceeding according to plan

The construction of the new plant in Frederikssund, Denmark, was initiated in April 2011 and is proceeding according to plan. The installation of new machinery and equipment was initiated as planned in Q1 2012. New production equipment will be installed during the year, and deliveries of the initial test products to undergo customer qualification are expected towards the end of the year.

As a result of initiating the plant relocation, Topsil's capital tie-up for 2012 as a whole will be higher than usual. The costs for operating in two locations in Denmark are expected to constitute a low single-digit million amount, which is included in the expectations.

Cost reductions

The Company reduced its headcount in 2011 and strengthened its efforts to achieve further synergies between the two operating facilities in Denmark and Poland respectively, in order to adjust costs to the lower activity level. The cost reduction programme will continue in 2012.

Q1 EBITDA performance

The group's EBITDA was DKK 9.1 million in Q1 2012 against DKK 12.3 million in the year-earlier period. The EBITDA margin for the quarter was thus 11.5% against 13.4% for the same period last year. The Q1 EBITDA performance was in line with expectations.

The cost reduction programmes implemented at both locations in 2011 and the synergies achieved between the two operating facilities are now yielding positive results. Topsil's EBIT for Q1 2012 was DKK 2.8 million against DKK 7.9 million in Q1 2011. This fall is partly attributable to a decline in revenue and partly to increased depreciation and amortisation, including depreciation of the investment in Cemat'70, and is partly offset by the effect of the cost reduction programme.

Net financials amounted to an income of DKK 2.7 million in Q1 2012, comprising net interest expenses of DKK 4.4 million and a capital gain of DKK 7.1 million.

Topsil generated a profit before tax of DKK 5.5 million in Q1 2012 against DKK 5.7 million in Q1 2011.

Total assets and interest-bearing debt
At 31 March 2012,we had total assets of DKK 646.3 million against DKK 593.2 million at the year-earlier date.

Net working capital at the balance sheet date amounted to DKK 121.1 million, which was a decline of DKK 6.9 million compared to a year earlier. The net working capital declined by DKK 17.8 million from the end of Q4 2011 primarily due to declining receivables and other payables, whereas inventories and trade payables increased.

At 31 March 2012, the net interest-bearing debt was DKK 53.8 million against DKK 4.3 million at the opening of the year and net deposits were DKK (60.6) million at 31 March 2011. This change was mainly due to investments in property, plant and equipment relating to the construction of the new plant in Frederikssund.

Cash flows from operating activities
Cash flows from operating activities were DKK 25.3 million at 31 March 2012 against 0.9 million at 31 March 2011. This increase is essentially due to an improved working capital resulting from a decline in receivables, a minor increase in inventories and an increase in trade payables.

Following net investments totalling DKK 55.6 million for Q1 2012, the group recorded a total cash outflow of DKK 44.5 million. Cash and cash equivalents (credit drawings) amounted to DKK 56.1 million at 31 March 2011.

In Q1 Topsil acquired additional shares in Cemat'70 for a price of DKR 11.2 million. The objective of acquiring the shares remains divestment of the consolidated shareholding.

Outlook for 2012
Topsil's expectations for 2012 remain unchanged, and Management continuously expects the market to gradually pick up towards the end of the year. From then on, market terms are expected to gradually improve at a rate of approximately 5-10% p.a.

For 2012, we thus expect revenue to be 5-10% lower than in 2011. This expectation is based on the assumption of a fall of about 25% in the first half of the year followed by slight growth in the second half of the year.

EBITDA is still expected to be approximately DKK 40-50 million against DKK 35 million in 2011. The implemented cost reductions will have full-year effect in 2012, albeit moderately offset by the costs of operating in two locations in Denmark.

These expectations are based on exchange rates of DKK 550/USD 100 and DKK 185/PLN 100.

INVESTOR INFORMATION

List of announcements to NASDAQ OMX Copenhagen 1 January 2012 to date:

Date	Announcement
09.05.2012	no. 07/12: Warrant programme – updated Articles of Association
08.05.2012	no. 06/12: Updated Articles of Association
26.04.2012	no. 05/12: Topsil establishes a warrant programme for members of the Management Board and managerial employees
26.04.2012	no. 04/12: Decisions of Annual General Meeting 2012
02.04.2012	no. 03/12: Notice to convene Annual General Meeting 2012
28.03.2012	no. 02/12: Annual report 2011
27.01.2012	no. 01/12: Acquisition of Cemat'70 minority shares

Further information:

Further information about Topsil A/S is available at www.topsil.com.

This interim report has been prepared in Danish and translated into English. In the event of any discrepancy between the Danish text and the English-language translation, the Danish interim report will prevail.

STATEMENT BY THE BOARD OF DIRECTORS AND MANAGEMENT BOARD

The Board of Directors and Management Board today considered and adopted the interim report of Topsil Semiconductor Materials A/S for the three months ended 31 March 2011.

The interim report is presented in accordance with IAS 34 *"Interim financial reporting"* as adopted by the EU and Danish disclosure requirements for the 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 31 March 2012 and of the results of the group's operations and cash flows for Q1 2012.

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.

Frederikssund, 23 May 2012

Management Board:

Kalle Hvidt Nielsen
CEO

Jørgen Bødker
EVP, Director of Logistics, Sales & Marketing

Board of Directors:

Jens Borelli-Kjær
Chairman

Eivind Dam Jensen
Deputy Chairman

Jørgen Frost
Board member

Michael Hedegaard Lyng
Board member

Jens Balslev Olesen
Elected by the employees

Jesper Leed Thomsen
Elected by the employees

Disclaimer:

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 differ materially from expectations include, but are not limited to, general economic developments and developments in the financial markets, changes in the silicon market, market acceptance of new products as well as the launch of competing products. Topsil is only under an obligation to update and adjust the expectations provided to the extent required by Danish law, including the Danish Securities Trading Act and similar legislation.

INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH

DKK'000	Q1 2012	Q1 2011	FY 2011
Revenue	78,503	91,956	367,439
Direct production costs	(37,239)	(43,534)	(187,454)
Other external expenses and Staff costs	(32,202)	(36,078)	(144,879)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**9,062**	**12,344**	**35,106**
Depreciation, amortisation and impairment	(6,264)	(4,413)	(29,079)
Operating profit (EBIT)	**2,798**	**7,931**	**6,027**
Net financials	2,733	(2,200)	(9,298)
Profit / loss before tax	**5,531**	**5,731**	**(3,271)**
Tax on profit/(loss) for the period	(1,183)	(3,021)	(3,547)
Profit / loss for the period	**4,348**	**2,710**	**(6,818)**
Appropriation of profit / loss for the period:			
Parent company shareholders	4.340	2,705	(5,750)
Non-controlling interests	8	5	(1,068)
	4,348	**2,710**	**(6,818)**
Earnings per share:			
Return for the group's shareholders (DKK'000)	4,340	2,705	(5,750)
Average number of shares (thousands)	527,992	526,996	527,992
Average number of shares, diluted (thousands)	548,973	544,792	548,973
Earnings per share (DKK)	0.01	0.01	(0.01)
Diluted earnings per share (DKK)	0.01	0.00	(0.01)

STATEMENT OF COMPREHENSIVE INCOME

DKK'000	2012	2011	2011
Profit/loss for the period	4,348	2,710	(6,818)
Foreign exchange adjustment relating to foreign companies	7,054	(1,766)	(14,737)
Comprehensive income for the period	**11,402**	**944**	**(21,555)**
Parent company shareholders	9,132	1,388	(16,342)
Non-controlling interests	2,270	(444)	(5,213)
	11,402	**944**	**(21,555)**

BALANCE SHEET

Assets

	31.03.2012	31.03.2011	31.12.2011
Completed development projects	11,912	12,374	11,715
Goodwill	17,709	18,375	16,636
Other intangible assets	15,587	886	14,714
Development projects in progress	9,976	7,288	8,568
Intangible assets	**55,184**	**38,923**	**51,633**
Land and buildings	58,805	5,549	56,462
Plant and machinery	105,751	93,063	102,801
Other fixtures and fittings, tools and equipment	4,053	6,885	4,903
Property, plant and equipment under construction	150,329	39,695	99,075
Property, plant and equipment	**318,938**	**145,192**	**263,241**
Other non-current receivables	25,376	31,322	26,818
Financial assets	**25,376**	**31,322**	**26,818**
Deferred tax asset	**10,639**	**3,912**	**10,497**
Non-current assets	**410,137**	**219,349**	**352,189**
Inventories	**149,038**	**121,038**	**146,338**
Receivables	51,109	65,354	70,670
Other receivables	1,656	10,990	7,692
Prepaid tax	0	1,886	0
Prepayments	10,239	1,876	1,124
Receivables	**63,004**	**80,106**	**79,486**
Cash and cash equivalents	**24,203**	**72,787**	**23,482**
Assets held for sale	0	99,958	0
Current assets	**236,245**	**373,889**	**249,306**
Assets	**646,382**	**593,238**	**601,495**

BALANCE SHEET

Equity and liabilities

	31.03.2012	31.03.2011	31.12.2011
Share capital*	132,029	131,904	132,029
Translation reserve	(18,225)	(13,743)	(23,017)
Reserve for share-based payments	6,548	5,094	5,970
Retained earnings	290,902	286,380	279,028
Equity attributable to parent company shareholders	**411,254**	**409,635**	**394,010**
Equity attributable to non-controlling interests	**17,703**	**39,865**	**35,096**
Equity	**428,957**	**449,500**	**429,106**
Debt to credit institutions	0	0	0
Finance lease liabilities	7,520	10,013	8,236
Prepayments received on account from customers	19,187	21,642	24,043
Other non-current liabilities	1,081	1,082	1,003
Deferred tax liabilities	15,737	7,374	16,798
Non-current liabilities	**43,525**	**40,111**	**50,080**
Debt to credit institutions	80,283	13,776	30,033
Finance lease liabilities	2,687	2,813	2,688
Trade creditors	68,359	51,848	65,987
Prepayments received on account from customers	212	104	278
Income tax payable	0	0	2,668
Provisions	2,453	500	3,198
Other payables	19,906	20,187	17,457
Current liabilities	**173,900**	**89,228**	**122,309**
Liabilities relating to assets held for sale	0	14,399	0
Total liabilities	**217,425**	**143,738**	**172,389**
Equity and liabilities	**646,382**	**593,238**	**601,495**

STATEMENT OF CHANGES IN EQUITY

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 01.01.2011	**130,022**	**(12,425)**	**6,118**	**278,069**	**401,784**	**40,309**	**442,093**
Comprehensive income for the period	0	(1,318)	0	2,705	**1,387**	(444)	**943**
Share-based payment	0	0	972	0	**972**	0	**972**
Cash capital increase	1,882	0	0	3,610	**5,492**	0	**5,492**
Share-based payments, share options exercised	0	0	(1,996)	1,996	**0**	0	**0**
Equity at 31.03.2011	**131,904**	**(13,743)**	**5,094**	**286,380**	**409,635**	**39,865**	**449,500**
Equity at 01.01.2012	**132,029**	**(23,017)**	**5,970**	**279,028**	**394,010**	**35,096**	**429,106**
Comprehensive income for the period	0	4,792	0	4,340	**9,132**	2,270	**11,402**
Share-based payment	0	0	578	0	**578**	0	**578**
Acquisition, non-controlling interests	0	0	0	7,534	**7,534**	(19,663)	**(12,129)**
Cash capital increase	0	0	0		**0**	0	**0**
Share-based payments, share options exercised	0	0		0	**0**	0	**0**
Equity at 31.03.2012	**132,029**	**(18,225)**	**6,548**	**290,902**	**411,254**	**17,703**	**428,957**

CASH FLOW STATEMENT

DKK'000	Q1 2012	Q1 2011	FY 2011
Operating profit (EBIT)	2,798	7,931	6,027
Depreciation, amortisation and impairment	6,264	4,407	29,079
Foreign exchange adjustment relating to foreign entities	70	72	0
Share-based payments recognised in the income statement	578	972	2,721
Changes in deposits re. supplier and customer contracts	(4,856)	(3,274)	0
Change in net working capital	20,500	(9,206)	(21,503)
Cash generated from operations (operating activities)	**25,354**	**901**	**16,324**
Tax paid on account	(4,861)	(3,402)	(7,435)
Financial income received	3,197	68	554
Financial expenses paid	(464)	(2,268)	(9,719)
Cash flows from operating activities	**23,226**	**(4,701)**	**(276)**
Acquisition etc. of intangible assets	(2,356)	(5,586)	(4,807)
Acquisition etc. of property, plant and equipment	(53,260)	(19,482)	(102,945)
Cash flows from investing activities	**(55,616)**	**(25,068)**	**(107,752)**
Acquisition, non-controlling interests	(12,129)	30	0
Proceeds from the issue of shares, net	0	5,493	5,847
Cash flows from financing activities	**(12,129)**	**5,523**	**5,847**
Change in cash and cash equivalents	**(44,519)**	**(24,246)**	**(102,181)**
Cash and cash equivalents at beginning of period	(6,551)	90,387	90,387
Market value adjustment of cash and cash equivalents	(5,010)	299	5,243
Cash and cash equivalents at end of period	**(56,080)**	**66,440**	**(6,551)**

NOTES TO THE FINANCIAL STATEMENTS

Accounting policies

The interim report is presented in accordance with the recognition and measurement provisions of the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for interim financial reports of listed companies, cf. IFRS 34 "Interim Financial Reporting", issued pursuant to the Danish Financial Statements Act and the rules of the NASDAQ OMX Copenhagen.

The interim report is unaudited and unreviewed. The accounting policies are consistent with those of the annual report for 2011. See the Annual Report 2011 for a comprehensive description of the accounting policies.

Judgments and estimates

The preparation of interim reports requires Management to make accounting judgments and estimates that affect the accounting policies applied and the assets, liabilities, income and expenses recognised. Actual results may differ from these estimates. The most significant estimates made by Management in applying the group's accounting policies and the most significant uncertainty attached thereto are the same as those applying to the preparation of the annual report.

Significant financial risks

Currency risks comprise the risk of loss (or the possibility of gain) when exchange rates change. Currency risks arise when income and expense items in foreign currency are recognised in the income statement or from value adjustment of balance sheet items denominated in other currencies.

A substantial part of the group's sales takes place in USD and EUR. Raw materials etc. are also typically purchased in USD and EUR, whereas other cost items are typically incurred in DKK or PLN. The group does not use derivative financial instruments to hedge currency risks regarding cash flows or balance sheet items. Instead, the group uses foreign currency to settle same currency debt items, which generally reduces the currency risk. A currency fluctuation in USD/DKK of ± DKK 0.50 would subject the group to a currency risk of about ± DKK 0.3 million based on the balance sheet items in USD at the balance sheet date. Similarly, a currency fluctuation in PLN/DKK of ± DKK 0.20 would subject the group to a currency risk of about ± DKK 0.1 million based on the balance sheet items in PLN at the balance sheet date. The group's currency risk in connection with fluctuations in EUR/DKK is considered immaterial.

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