INTERIM REPORT
Q1 2011

"Market trends remain positive and our development activities are progressing as planned. However, delays in the approval processes by a number of new customers and planned capacity expansions by existing contract customers have meant low activity and earnings levels in Q1 2011. We are therefore intensifying our focus on cutting costs and improving efficiency."

KELD LINDEGAARD ANDERSEN
CEO

17-05-2011
NASDAQ OMX Copenhagen · Nikolaj Plads 6 · 1067 København K

ANNOUNCEMENT NO. 12/11

TOPSIL

The Board of Directors of Topsil Semiconductor Materials A/S has today considered and approved the interim report for Q1 2011.
The highlights of the interim report, which is unaudited, are:

SUMMARY FOR Q1 2011

Revenue and earnings

- Topsil's revenue amounted to DKK 92.0 million in Q1 2011, against DKK 102.8 million in Q1 2010. Revenue was below expectations due to delays in the approval process by new customers of PFZ and CZ-EPI products as a result of normal procedural issues arising on initiation of new collaborations. Sales of NTD products are progressing according to expectations, reflecting the fact that several contract customers are expanding their capacity.

- The restructuring of products in the CZ-area is proceeding satisfactorily. Topsil expects to sell significantly greater volumes of CZ-EPI products than CZ products in 2011, corresponding to 60-70%, which would have a positive effect on earnings for the rest of the year. CZ-EPI sales accounted for approximately 60% of CZ earnings in Q1.

- Going into the second quarter, Topsil's order book is growing for the year as a whole, and market conditions remain favourable for both FZ and CZ silicon.

- Consolidated EBITDA for Q1 2011 was DKK 12.3 million, corresponding to an EBITDA margin of 13.4% compared with EBITDA of DKK 20.2 million and an EBITDA margin of 19.6% in Q1 2010. EBITDA was adversely impacted by the lower level of activity. As a consequence, Topsil will focus on cost minimisation and implementation of efficiency improvement measures throughout the group.

- Topsil reported a profit before tax of DKK 5.7 million and a profit after tax of DKK 2.7 million for Q1 2011, compared with a profit before tax of DKK 18.7 million and a profit after tax of DKK 13.5 million for Q1 2010.

- The company reported a net cash inflow from operating activities of DKK 0.9 million in Q1 2011 compared with DKK 37.8 million in the year-earlier period. The primary reason for the difference was additional capital being tied up in working capital as a result of increased inventories, and a secondary reason was a drop in EBIT from DKK 16.3 million last year to DKK 7.9 million this year.

- During the first quarter, Topsil renegotiated a long-term contract with a contract customer whose previous contract was due to expire at the end of 2012. The renewed contract will run for the period 2011-2015 on terms comparable with those of the previous contract.

- The new 6" PFZ-product with better technical properties than earlier PFZ-products is currently being introduced to existing and new customers. The introduction is taking place through a number of approval processes, and its progress is satisfactory, despite delays.

- The group has accelerated the development of the 8" NTD and PFZ-products. This development is progressing to plan, and Topsil expects to develop an 8" crystal before the end of the financial year, aiming for market introduction in 2012.

Outlook for FY 2011

- As the level of activity in Q1 2011 was below expectations and it is uncertain when a number of customers will complete the approval process of the new 6" PFZ and CZ-EPI products, the Group's revenue forecast for 2011 is downgraded from organic growth of about 5% to organic growth in the range of 0-5%. The company maintains its EBITDA forecast of around DKK 100 million as a result of increased focus on cutting costs and improving efficiency.

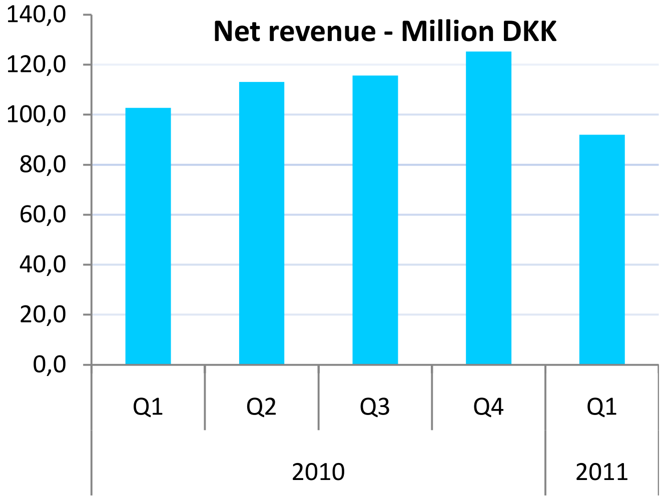
Further information

Questions regarding stock exchange announcements may be addressed to:
Jens Borelli-Kjær, Chairman, tel. +45 40 16 14 82
Keld Lindegaard Andersen, CEO, tel. +45 21 70 87 72

FINANCIAL HIGHLIGHTS AND KEY RATIOS FOR THE GROUP (UNAUDITED)

DKK '000	2011 Q1	2010 Q1	2010 FY
Revenue	91,956	102,762	456,705
Earnings before interest, tax, depreciation and amortisation (EBITDA)	12,344	20,151	102,040
Operating profit (EBIT)	7,931	16,332	89,047
Net financials	(2,200)	2,412	(7,211)
Profit for the period after tax	**2,710**	**13,528**	**63,013**
Invested capital	377,390	325,470	346,965
Net working capital	128,024	114,489	118,673
Equity ex. minority interests	409,635	259,228	401,784
Total assets	593,238	604,815	592,267
Investments in property, plant and equipment	26,053	6,196	52,641
Net-interest bearing debt (asset)	(60,558)	(2,544)	(92,637)
Cash earnings	12,611	18,507	75,911
Average number of full-time employees	384	370	384
Current number of shares (thousands)	527,614	407,961	520,090
Financial ratios			
EBITDA margin (%)	13.4	19.6	22.3
EBIT margin/profit margin (%)	8.6	15.9	19.9
Contribution ratio (%)	52.7	51.9	52.1
Revenue (12 months rolling)/invested capital, average	1.3	1.5	1.4

For Q1 2011, Topsil's revenue amounted to DKK 92,0 million, against DKK 102,8 million for the year-earlier period, corresponding to a quarter-on-quarter decline of 10.5%.



Revenue for Q1 2011 was below expectations, mainly due to delays in the approval process by new customers in the PFZ and CZ-EPI product areas as a result of normal procedural issues arising on initiation of new collaborations. The delays reduce the short-term order visibility and mean a later production start for the new customers than originally estimated.

NTD revenue is progressing to plan, reflecting the fact that several FZ contract customers will briefly close down production lines during 2011 in order to increase production capacity. This means that their purchases from Topsil will be temporarily rescheduled and reduced, as well a periodic product mix change towards smaller diameters.

The CZ-revenue accounts for approximately 18% of the quarterly revenue, equivalent to DKK 16.6m compared with DKK 26.2m for the year-earlier period which is below-budget CZ-revenue for Q1 2011. The decrease is caused by a later execution of new sales of CZ-EPI to existing as well as new customers. The restructuring of products in the CZ-area is proceeding satisfactorily. Topsil expects to sell significantly greater volumes of CZ-EPI products than CZ products in 2011, corresponding to 60-70%, which would have a positive effect on earnings for the rest of the year. CZ-EPI sales accounted for approximately 60% of CZ earnings in Q1.

Revenue decline increases focus on costs

EBITDA for Q1 2011 totalled DKK 12.3 million, corresponding to an EBITDA margin of 13.4% compared with EBITDA of DKK 20.2 million and an EBITDA margin of 19.6% in Q1 2010. The lower EBITDA was the result of the reduced level of activity and management considers it non-satisfactory. As a consequence, management will focus on minimising costs and introducing efficiency improvement measures throughout the group, including cutting a number of jobs as part of the implementation of cost synergies between Topsil and Cemat, postponements of minor planned staff increases and cutbacks on the use of external resources. In total, these measures are expected to amount to cost reductions in the range of DKK 10m on EBITDA level in 2011.

Profit margin affected by reduced level of activity

Topsil's EBIT for Q1 2011 was DKK 7.9 million, corresponding to an EBIT margin of 8.6% compared with EBIT of DKK 16.3 million and an EBIT margin of 15.9% in Q1 2010.

Net financials amounted to an expense of DKK 2.2 million in Q1 2011, comprising net interest expenses of DKK 0.3 million and an expense of DKK 1.9 million from realised and unrealised capital losses.

Profit before tax

Topsil reported a profit before tax of DKK 5.7 million and a profit after tax of DKK 2.7 million for Q1 2011, compared with a profit before tax of DKK 18.7 million and a profit after tax of DKK 13.5 million for Q1 2010.

The profit was somewhat below the expected level, but is expected to improve for the remainder of the year.

Total assets and interest-bearing debt

At 31 March 2011, Topsil's total assets amounted to DKK 593.2 million, against DKK 592.3 million at 31 December 2010.

Net working capital amounted to DKK 128.0 million which is an increase of approximately DKK 10m since the beginning of the fiscal year. This is mainly due to a DKK 5.5m increase of inventories, due to a planned increased level of activity. Receivables and inventories increased marginally during Q1 1011, as did trade creditors and other payables.

Net interest-bearing debt at 31 March 2011 amounted to an asset of DKK 60.6 million compared with an asset of DKK 92.6 million at 1 January 2011. The change was mainly due to a higher level of investment in property, plant and equipment as a result of work in progress and the acquisition of land for a new plant.

Cash flows from operating activities

The company reported a net cash inflow from operating activities of DKK 0.9 million in Q1 2011 compared with DKK 37.8 million in the year-earlier period. . The primary reason for the difference was additional capital being tied up in working capital as a result of increased inventories, and a secondary reason was a drop in EBIT from DKK 16.3 million last year to DKK 7.9 million this year.

The period's cash flows from operations were positively affected by the EBIT of DKK 7.9 million and negatively affected by additional capital of DKK 6,2 million being tied up in net working capital.

Following net investments totalling DKK 25.1 million in Q1 2011, the group's total cash flow was a net outflow of DKK 29.7 million. Cash and cash equivalents amounted to DKK 66.4 million at 31 March 2011.

Long-term customer contract renewed

During Q1, Topsil renegotiated a long-term contract with a FZ contract customer whose previous contract was due to expire at the end of 2012. The renewed contract will run for the period 2011-2015 on terms comparable with those of the previous contract.

Market trends remain positive - focus on product development and roll-out

Despite the lower-than-expected activity level in Q1 2011 resulting from a number of customer-specific issues and adaptations of a temporary nature, Topsil assesses that the underlying market for both FZ and CZ-products remains according to expectations. This manifests itself, among other things, in the fact that Topsil's order book is growing at the beginning of Q2, for the year as a whole.

The new 6" PFZ-product with better technical properties than earlier PFZ-products is currently being introduced to existing and new customers. The introduction is taking place in the form of a number of approval processes, which despite delays proceed satisfactorily.

Moreover, in Q1 2011 the group accelerated the development of the 8" NTD and PFZ products. This development is progressing to plan, and Topsil expects to develop an 8" crystal before the end of the financial year, aiming for market introduction in 2012.

The construction of Topsil's new FZ-plant in Frederikssund was officially begun at the beginning of Q2 2011. Construction of the plant will take place in 2011 and the first half of 2012, after which fitting and transfer of machinery, equipment and staff from the present facility will take its course. In 2011, Topsil will invest a total of around DKK 200 million in property, plant and equipment, most of which relates to the extension of the plant.

Outlook for 2011

The level of activity in Q1 2011 was lower than expected, primarily as a result of the delayed approval process of the new 6" PFZ and CZ-EPI products by existing and new customers. Topsil expects the approval processes to be gradually completed in the coming months and that the major part of the order backlog to be caught up in the remaining part of 2011. In view of the uncertainty as to when the orders for the new 6" PFZ and CZ-EPI products are finalised, and the products thus manufactured, the Group's revenue forecast for 2011 is downgraded from organic growth of about 5% to organic growth in the range of 0-5%.

As mentioned above, Management's intent on maintaining strong earnings will in the coming months mean increased focus on cost cuts and efficiency improvements throughout the Group. Accordingly, the company maintains its EBITDA forecast of around DKK 100 million, despite the downgrade of the organic growth forecast.

These expectations are based on exchange rates of DKK 550/USD 100 and DKK 190/PLN 100.

INVESTOR INFORMATION

List of announcements to NASDAQ OMX Copenhagen 01 January 2011 to date:

Date	Announcement
06.05.2011	Amendment of Articles of Association due to exercise of warrants
05.05.2011	Report on insiders
05.05.2011	Capital increase due to exercise of warrants
20.04.2011	Articles of Association
15.04.2011	Decisions of Annual General Meeting 2011
06.04.2011	Election of staff representatives
30.03.2011	Report on insiders' transactions
30.03.2011	Articles of Association
30.03.2011	Capital increase due to exercise of warrants
22.03.2011	Notice to convene Annual General Meeting 2011
22.03.2011	Annual report 2010
26.01.2011	New facility becomes a reality

Topsil share performance

Further information:

Further information about Topsil A/S is available on 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 shall prevail.

Statement by the Board of Directors and Management

The interim report, which is unaudited, is presented in accordance with the current recognition and measurement provisions of the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

We consider the accounting policies applied to be appropriate to the effect that the interim report gives a true and fair view of the group's assets, liabilities and financial position at 31 March 2011 and of the results of the group's operations and cash flows for the three months ended 31 March 2011.

In our opinion, the Management's report includes a fair review of the development and the performance of the group's business and financial situation, the financial results for the period and of the group's financial position in general and gives a fair description of the significant risk and uncertainty factors that it faces.

Frederikssund, 17 May 2011

Management:

Keld Lindegaard Andersen	Jørgen Bødker
CEO	VP, Sales, Logistics and Marketing

Board of Directors

Jens Borelli-Kjær	Eivind Dam Jensen
Chairman	Deputy Chairman
Jørgen Frost	Michael Hedegaard Lyng
Member of the Board	Member of the Board
Jens Balslev Olesen	Jesper Leed Thomsen
Employee Representative	Employee Representative

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 deviate 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 2011	Q1 2010	FY 2010
Revenue	91,956	102,762	456,705
Direct production costs	(43,534)	(49,453)	(218,701)
Other external expenses and staff costs	(36,078)	(33,158)	(135,964)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**12,344**	**20,151**	**102,040**
Depreciation, amortisation and impairment	(4,413)	(3,819)	(12,993)
Operating profit (EBIT)	**7,931**	**16,332**	**89,047**
Net financials	(2,200)	2,412	(7,211)
Profit before tax	**5,731**	**18,744**	**81,836**
Tax on profit for the period	(3,021)	(5,216)	(18,823)
Profit for the period after tax	**2,710**	**13,528**	**63,013**

Distribution of profit for the period:			
Parent company shareholders	**2,705**	**13,150**	**62,501**
Minority interests	**5**	**378**	**512**
	2,710	**13,528**	**63,013**

Earnings per share:

	Q1 2011	Q1 2010	FY 2010
Return for the group's shareholders (DKK'000)	2,705	13,150	62,501
Average number of shares (thousands)	526,996	407,961	520,090
Average number of shares, diluted (thousands)	544,792	436,658	545,410
Earnings per share (DKK)	0.01	0.03	0.12
Diluted earnings per share (DKK)	0.00	0.03	0.11

STATEMENT OF COMPREHENSIVE INCOME, GROUP

DKK '000	Q1 2011	Q1 2010	FY 2010
Profit for the period	2,710	13,528	63,013
Foreign exchange adjustment relating to foreign companies	(1,766)	12,843	8055
Comprehensive income for the period	**944**	**26,371**	**71,068**
Parent company shareholders	1,388	21,650	67,828
Minority interests	(444)	4,721	3,240
	944	**26,371**	**71,068**

BALANCE SHEET AT 31 MARCH, ASSETS

Assets

DKK'000	2011	2010	31.12.2010
Completed development projects	12,374	10,585	8,622
Goodwill	18,375	19,026	18,582
Other intangible assets	886	1,039	925
Development projects in progress	7,288	2,601	6,341
Intangible assets	**38,923**	**33,251**	**34,470**
Land and buildings	5,549	0	0
Plant and machinery	93,063	71,825	92,729
Other fixtures and fittings, tools and equipment	6,885	7,471	7,753
Property, plant and equipment under construction	39,695	20,830	30,345
Property, plant and equipment	**145,192**	**100,126**	**130,827**
Other non-current receivables	31,322	82,493	32,452
Financial assets	**31,322**	**82,493**	**32,452**
Deferred tax asset	**3,912**	**0**	**3,706**
Non-current assets	**219,349**	**215,870**	**201,455**
Inventories	**121,038**	**115,814**	**112,973**
Receivables	65,354	67,951	68,138
Other receivables	10,990	18,151	7,055
Prepaid tax	1,886	0	1886
Prepayments	1,876	1,421	543
Receivables	**80,106**	**87,523**	**77,622**
Cash and cash equivalents	**72,787**	**29,476**	**100,194**
Assets held for sale	99,958	156,132	100,023
Current assets	**373,889**	**388,945**	**390,812**
Assets	**593,238**	**604,815**	**592,267**

BALANCE SHEET AT 31 MARCH, EQUITY AND LIABILITIES

DKK'000	2011	2010	31.12.2010
Share capital*	131,904	101,990	130,022
Translation reserve	(13,743)	(9,253)	(12,425)
Reserve for share-based payments	5,094	6,418	6,118
Retained earnings	286,380	160,073	278,069
Equity attributable to parent company shareholders	**409,635**	**259,228**	**401,784**
Equity attributable to minority interests	**39,865**	**69,298**	**40,309**
Equity	**449,500**	**328,526**	**442,093**
Debt to credit institutions	0	105,695	0
Finance lease liabilities	10,013	246	10,937
Prepayments received on account from customers	21,642	7,911	24,916
Other non-current liabilities	1,082	907	1,085
Deferred tax liabilities	7,374	6,433	7,374
Non-current liabilities	**40,111**	**121,192**	**44,312**
Debt to credit institutions	13,776	32,550	17,281
Finance lease liabilities	2,813	156	2,802
Trade creditors	51,848	48,912	48,455
Prepayments received on account from customers	104	121	983
Income tax payable	0	16,417	0
Provisions	500	8,048	2,018
Other payables	20,187	34,273	19,638
Current liabilities	**89,228**	**140,477**	**91,177**
Liabilities relating to assets held for sale	14,399	14,620	14,685
Total liabilities	**143,738**	**276,289**	**150,174**
Equity and liabilities	**593,238**	**604,815**	**592,267**

*As at 31 March 2011, the share capital consists of 527,614,157 shares with a nominal value of DKK 0.25 each. The company has one class of shares.

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STATEMENT OF CHANGES IN EQUITY, GROUP

DKK'000	Share capital	Translation reserve	Reserve for share-based payment	Retained earnings	Equity attributable to parent company shareholders	Equity attributable to minority interests	Total equity
Equity at 1 January 2010	**101,990**	**(17,754)**	**4,880**	**146,923**	**236,039**	**64,577**	**300,617**
Comprehensive income for the period	0	8,501	0	13,150	**21,651**	4,721	**26,371**
Share-based payment	0	0	1,538	0	**1,538**	0	**1,538**
Equity at 31 March 2010	**101,990**	**(9,253)**	**6,418**	**160,073**	**259,228**	**69,298**	**328,526**
Equity at 1 January 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	**1,388**	(444)	**944**
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 payment, exercise of share options	0	0	(1,996)	1,996	**0**	0	**0**
Equity at 31 March 2011	**131,904**	**(13,743)**	**5,094**	**286,380**	**409.6356**	**39,865**	**449,500**

CASH FLOW STATEMENT AT 31 MARCH

DKK'000	2011	2010
Operating profit (EBIT)	7,931	16,332
Depreciation amortisation and impairment	4,407	3,850
Foreign exchange adjustment relating to foreign companies	72	(31)
Share-based payment recognised in the income statement	972	1,538
Changes in deposits re. supplier and customer contracts	(3,274)	0
Change in net working capital	(9,206)	16,140
Cash generated from operations (operating activities)	**901**	**37,829**
Tax paid on account	(3,402)	(1,533)
Financial income received	68	1,029
Financial expenses paid	(2,268)	1,383
Cash flows from operating activities	**(4,701)**	**38,708**
Acquisition etc. of intangible assets	(5,586)	(1,092)
Acquisition etc. of property, plant and equipment	(19,482)	(5,637)
Cash flows from investing activities	**(25,068)**	**(6,729)**
Other adjustments	30	0
Proceeds from exercise of share options	5,493	0
Repayment of debts	0	(1,243)
Cash flows from financing activities	**5,523**	**(1,243)**
Change in cash and cash equivalents	**(24,246)**	**30,736**
Cash and cash equivalents at 1 January	90,387	59,350
Market value adjustment of cash and cash equivalents	299	2,752
Cash and cash equivalents at 31 March	**66,440**	**92,838**

The cash flow statement is calculated inclusive of assets and liabilities held for sale.

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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 guidelines of the NASDAQ OMX Copenhagen.

The interim report is unaudited and unreviewed. The accounting policies are consistent with those applied in the Annual Report 2010, to which we refer 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 the Board of Directors and 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 1.8 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 0.7 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.

Events after the balance sheet date

No significant events have occurred after the balance sheet date.

TOPSIL SEMICONDUCTOR MATERIALS A/S

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