



INTERIM REPORT, Q2 2011

"A fall in NTD revenue, a change in the product mix in contract customer orders and a delay of the 6" product qualifications produced a low level of activity in the quarter, and it will affect H2 2011 and results in a downgrade of our profit forecast for the year. This is unsatisfactory, and so we further increase our efforts to qualify new PFZ and CZ-EPI customers, cut costs and improve efficiency. The long term growth scenario remain unchanged."

KELD LINDEGAARD ANDERSEN
Chief Executive Officer

24-08-2011
NASDAQ OMX Copenhagen · Nikolaj Plads 6 · 1067 København K

ANNOUNCEMENT NO. 13/11

TOPSIL

Today, the Board of Directors of Topsil Semiconductor Materials A/S considered and approved the interim report for the six months ended 30 June 2011. The highlights of the interim report, which is unaudited, are:

SUMMARY FOR Q2 AND H1 2011

Revenue and earnings

- Topsil's revenue decreased from DKK 113.1 million in Q2 2010 to DKK 103.7 million in Q2 2011, corresponding to a drop of 8.3%. Accumulated revenue for H1 2011 amounted to DKK 195.6 million, equal to negative organic growth of 9.4%. The main reasons for this development is a decline in the NTD area and a delay in the product restructuring from CZ to CZ-EPI.
- At the beginning of Q3, Topsil received substantial downwards adjustments and changes in the product mix of NTD orders for the remaining part of 2011. Management believes that the decline is specific to selected applications, industries and contract customers.
- Despite a level of activity which in 2011 will be below the expected level, Topsil believes that the company will maintain its market position and that the underlying market for both FZ and CZ products in the longer term will continue to match the favourable market growth forecasts.
- The product restructuring from CZ to CZ-EPI is delayed due to technical challenges with approval and ramp up of CZ-EPI products to new customers. Sales of CZ-EPI have therefore not been able in the short-term to compensate for the expected reduced sales of CZ.
- Topsil received confirmation from a number of new and existing customers for the approval of the new PFZ product. However, the approval process is still more time-consuming than expected.
- Topsil had some production related challenges in Q2, most notably were quality issues with one of the two suppliers of FZ polysilicon for NTD production. This generated a lower degree of utilisation and a longer production process, and thus increased production costs at about DKK 5 million. Topsil is working hard to solve the problem in collaboration with the supplier.
- To adjust the cost level, Topsil reduced staff numbers and strengthened efforts to achieve synergies between the Danish and Polish locations in Q2 2011.
- In H1 2011, the group accelerated the development of 8" crystal, and expects that a fully developed crystal will be in place as planned before the end of the financial year, aiming for qualification and market introduction in 2012.
- Construction of a new plant continues according to plan. In 2011, Topsil expects to spend about DKK 200 million on the investment programme, in accordance we previously decided investment plans.
- The lower level of activity and impaired quality of FZ polysilicon means that the group's EBITDA in Q2 2011 fell from DKK 23.4 million last year to DKK 6.7 million this year, equal to an EBITDA margin of 6.4% compared to 20.7% in the year-earlier period. EBITDA for H1 2011 totalled DKK 19.0 million against DKK 43.5 million for the year-earlier period.
- Topsil reported an unsatisfactory profit before tax of DKK 6.7 million in H1 2011 against DKK 36.0 million for the year-earlier period.
- The company reported a net cash outflow from operating activities of DKK 1.6 million in H1 2011 against DKK 40.4 million in the year-earlier period, following the negative development of operating profit.

Outlook for 2011

Due to a low level of activity in H1 2011, large changes in the product mix in the order book for H2 2011 and delay of approval of 6" PFZ and CZ-EPI products, the profit forecast for 2011 is downgraded. Previously, Management expected an organic growth rate of 0-5%, but now revenue is expected to decline approximately 20% to about DKK 370 million. Consequently, the operating profit (EBTIDA) forecast is downgraded from about DKK 100 million to about DKK 40 million.

Further information

Questions regarding stock exchange announcement may be addressed to:

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Keld Lindegaard Andersen, CEO, tel. +45 21 70 87 72

FINANCIAL HIGHLIGHTS AND KEY RATIOS FOR THE GROUP (UNAUDITED)

DKK '000	2011 Q1	2010 Q2	2011 H1	2010 H1	2010 FY
Revenue	103,663	113,073	195,619	215,835	456,705
Earnings before interest, tax, depreciation and amortisation (EBITDA)	6,674	23,390	19,018	43,541	102,040
Operating profit (EBIT)	2,023	20,891	9,954	37,223	89,047
Net financials	(1,036)	(3,616)	(3,236)	(1,203)	(7,211)
Profit for the year after tax	1,086	13,266	3,796	26,794	63,013
Invested capital	401,312	326,781	401,312	326,781	346,965
Net working capital	138,488	132,223	138,488	132,223	118,673
Equity ex. Minority interests	412,206	356,772	412,206	356,772	401,784
Total assets	592,768	693,265	592,768	693,265	592,267
Investm. in property, plant and equipment	25,068	18,858	25,068	18,858	52,641
Net-interest bearing debt (asset)	(34,253)	(65,982)	(34,253)	(65,982)	(92,637)
Cash earnings	18,662	35,252	18,662	35,252	75,911
Average number of fulltime employees	386	376	386	376	384
Current number of shares (thousands)	528,114	461,447	528,114	461,447	520,090
Financial ratio					
EBITDA-margin (%)	6.4	20.7	9.7	20.2	22.3
EBIT-margin/profit margin (%)	2.0	18.5	5.1	17.2	19.9
Contribution ratio (%)	42.3	53.5	47.2	55.4	52.1
Revenue (12 months rolling)/ Invested capital, average	1.2	0.7	1.2	0.7	1.4

MANAGEMENT REPORT

Topsil's revenue decreased from DKK 113.1 million in Q2 2010 to DKK 103.7 million in Q2 2011, corresponding to a drop of 8.3%. The lower revenue was primarily due to order adjustments, changes in the product mix and production changes at NTD contract customers. In addition, revenue from new customers was lower than budgeted due to a delayed qualification of PFZ and CZ-EPI products. Accordingly, revenue for H1 2011 amounted to DKK 195.6 million, corresponding to negative organic growth of 9.4% compared to the year-earlier period.

The lower level of activity and the impaired quality of FZ polysilicon for NTD production are the main reasons for the fall in the group's operating profit in Q2 from DKK 23.6 million last year to DKK 6.7 million this year. Topsil will therefore further intensify focus on cost cuts and other optimisation of operations.

Underlying market perspective unchanged despite short-term changes in order books

Despite a level of activity which in 2011 will be below the expected level, Topsil believes that the company will maintain its market position and that the underlying market for both FZ and CZ products in the longer term will continue to match the favourable market growth forecasts. This is confirmed by the interest in Topsil's new 6" PFZ product and in the development activities within 8" NTD and PFZ. In H1 2011, the group has accelerated the development of 8" crystal, and we expect, as planned, that a fully developed crystal will be in place before the end of the financial year, aiming for qualification and market introduction in 2012.

Setback in the NTD market

At the beginning of and after Q1 2011, NTD contract customers' sales forecast was in line with last year's. At the end of Q2 2011, however, the NTD order inflow developed negatively in respect of applications for infrastructural projects. Topsil received adjustments of existing orders and experienced a decline in the number of new orders from several customers. This trend continues at the beginning of Q3 2011.

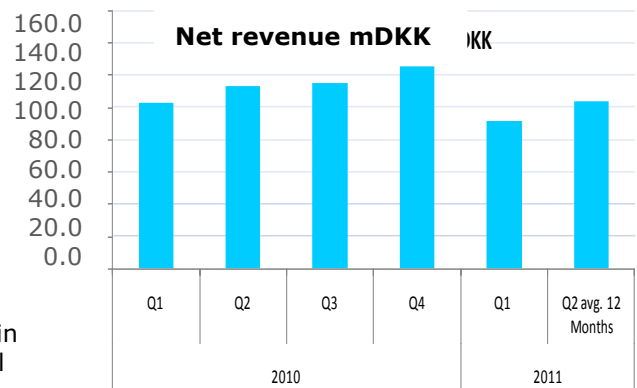
While NTD sales within industrial applications were stable in H1 2011, expectations for the transport area, where Topsil has a very large market share, have been significantly lowered for the rest of the year. The reason is that a number of Topsil's NTD customers are affected directly by the Chinese Ministry of Transport's considerations to reduce the speed of high-speed trains from over 300 kilometres an hour to under 250 kilometres an hour. This will have a material negative impact on Topsil's budgeted sales in H2 2011, and generates reduced visibility on a 6-9 month horizon for the order book.

Confirmed approval by a number of customers within PFZ

The sale of the new PFZ product with better technical qualities was, as expected, limited during H1 2011, when activities were focussed on achieving the customers' approval of the product.

In Q2 2011, Topsil received confirmed approval from a number of new and existing customers. However, the process from introduction to qualification over the production ramp and volume production was more time-consuming than originally anticipated due to prolonged development and verification processes, internally and at the customers.

Topsil's sales work confirmed a noticeable growth in demand for medium voltage solutions. Yet, PFZ revenue will not be greater in 2011 than in 2010 due to the delayed approval process.



Low CZ revenue caused stronger quality and efficiency efforts

CZ revenue amounted to DKK 21.7 million in Q2 2011 against DKK 24.7 million last year. Revenue for H1 2011 amounted to DKK 40.0 million, equal to a drop of 13,2%.

Revenue was lower than first expected and was due to a delay in CZ-EPI sales to existing and new customers. The product restructuring from CZ to CZ-EPI was more prolonged than initially assumed due to technical challenges with approval and ramp up of CZ-EPI products to new customers. Sales of CZ-EPI was therefore not able to compensate for the expected reduced sales of CZ in the short-term. To speed up the process, Topsil will strengthen quality and efficiency efforts in H2 2011.

We still expect Topsil's product mix of CZ and CZ-EPI to be CZ: 30-40% and CZ Epi 60-70%, respectively in 2011, however on a lower level.

Reduced earnings due to lower activity and deviations in the quality of polysilicon

EBITDA for Q2 2011 amounted to DKK 6.7 million against DKK 23.4 million in Q2 2010. EBITDA margin for the quarter was thus 6.4% against 20.7% last year. Overall, EBITDA for H1 2011 was DKK 19.0 million corresponding to an EBITDA margin of 9.7% compared with DKK 43.5 million and an EBITDA margin of 20.2% in H1 2010. Operating profit for the quarter was significantly lower than the expected level and reflects the decrease in the activity level.

Topsil had some production related challenges in Q2, most notably were quality issues with one of the two suppliers of FZ polysilicon for NTD production. This generated a lower degree of utilisation and a longer production process, and thus increased product costs by approximately DKK 5 million. Topsil is working intensively with the supplier to fix the quality, but production in H2 2011 is still expected to be affected due to the length of the production cycle.

In Q2 2011, Topsil reduced staff numbers, deferred a number of new hirings and strengthened efforts to achieve synergies between Topsil and Cemat. These efforts are expected to result in savings of DKK 10 million in H2 2011, which is included in the expectations for the year.

As a result of the unsatisfactory trend in operating profit, Management is increasing focus on cost adjustments, especially at Cemat. The managerial positions and directorships in Topsil and Cemat will be merged and, in addition, a number of measures will be initiated to increase output and ensure an efficient and competitive cost level.

Topsil's EBIT for Q2 2011 was DKK 2.0 million against DKK 20.9 million in Q2 2010. EBIT for Q1 2011 was DKK 10.0 million, corresponding to an EBIT margin of 5.1% compared with an EBIT of DKK 37.2 million and an EBIT margin of 17.2% in Q1 2010.

Net financials amounted to an expense of DKK 1.0 million in Q2 2011 and an expense of DKK 3.2 million in H1 2011, comprising net interest expenses of DKK 0.5 million and an expense of DKK 2.8 million from realised and unrealised capital losses.

Topsil reported an unsatisfactory profit before tax of DKK 1.0 million in Q2 2011 against DKK 17.2 million for the year-earlier period. Profit before tax amounted to DKK 6.7 million for H1 2011 and profit after tax amounted to DKK 3.8 million for H1 2011, compared with a profit before tax of DKK 36.0 million and a profit after tax of DKK 26.8 million for H1 2010.

Total assets and interest-bearing debt

At 30 June 2011, Topsil's total assets amounted to DKK 592.8 million, against DKK 693.2 million at 30 June 2010 and DKK 592.3 million at 31 December 2010.

Net working capital at the balance sheet date amounted to DKK 138.5 million, which was an improvement of DKK 6.3 million compared with the year-earlier period. The main reason for the improvement was the increase of DKK 11.7 million in inventories as a result of increased planned activity. Receivables fell by DKK 14.3 million compared to one year ago, while trade payables declined moderately.

Net interest-bearing debt at 30 June 2011 amounted to an asset of DKK 34.3 million compared with an asset of DKK 92.6 million at 1 January 2011 and DKK 66.0 at 30 June 2010. The change was mainly due to a higher level of investment in property, plant and equipment as a result of the acquisition of land for and construction of a new plant.

Cash flows from operating activities

The company reported a net cash outflow from operating activities of DKK 1.6 million at 30 June 2011 compared with a net inflow of DKK 40.4 million at 30 June 2010. The change was mainly attributable to a drop in operating profit from DKK 37.2 million last year to DKK 10.0 million this year, while a planned increase in inventories contributed to an increase in net working capital.

After net investments totalling DKK 39.4 million in H1 2011, the group's total cash flow was a net outflow of DKK 41.8 million. Cash and cash equivalents amounted to DKK 48.6 million at 30 June 2011.

Construction of a new plant continues according to plan

Construction of Topsil's new plant in Frederikssund began in April and will continue until June next year, after which transfer of machinery, equipment and staff will begin. In 2011, Topsil will as planned use a total of around DKK 200 million in property, plant and equipment, most of it for the new plant.

Profit forecast downgraded

Due to a low level of activity in H1 2011, large changes in the product mix in the order book for H2 2011 and delay in current approval of 6" PFZ and CZ-EPI products, the forecast for 2011 is downgraded. Previously, Management expected an organic growth rate of 0-5%, but now revenue is expected to decline approximately 20% to about DKK 370 million. Consequently, the operating profit (EBTIDA) forecast is downgraded from about DKK 100 million to about DKK 40 million.

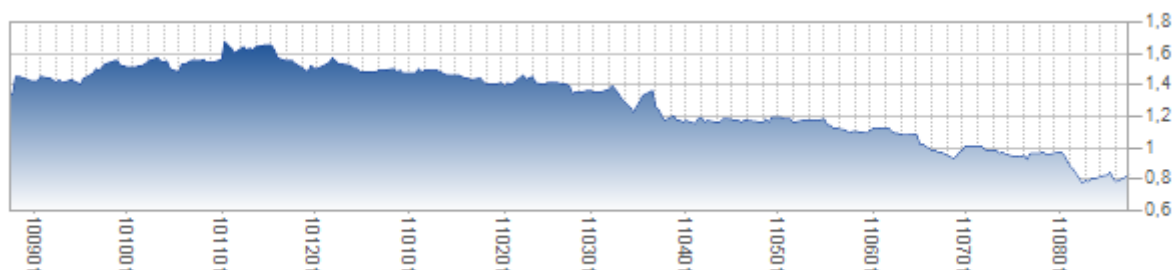
These expectations are based on exchange rates of DKK 525/USD 100 and DKK 190/PLN 100.

INVESTOR INFORMATION

List of announcements to NASDAQ OMX Copenhagen 1 January 2011 to date:

Date	Announcement
17.05.2011	Interim report - Q1 2011
06.05.2011	Articles of Association
05.05.2011	Report on insiders' transactions
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 will 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 30 June 2011 and of the results of the group's operations and cash flows for the six months ended 30 June 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, 25 August 2011

Management:

Keld Lindegaard Andersen
CEO

Jørgen Bødker
VP, Sales, Logistics and Marketing

Board of Directors:

Jens Borelli-Kjær
Chairman

Eivind Dam Jensen
Deputy Chairman

Jørgen Frost
Member of the Board

Michael Hedegaard Lyng
Member of the Board

Jens Balslev Olesen
Employee Representative

Jesper Leed Thomsen
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 SIX MONTHS ENDED 30 JUNE

DKK '000	Q2 2011	Q2 2010	H1 2011	H1 2010	FY 2010
Revenue	103,663	113,073	195,619	215,835	456,705
Direct production costs	(59,776)	(52,560)	(103,310)	(102,013)	(218,701)
Other external expenses and staff costs	(37,213)	(37,123)	(73,291)	(70,281)	(135,964)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	6,674	23,390	19,018	43,541	102,040
Depreciation, amortisation and impairment	(4,651)	(2,499)	(9,064)	(6,318)	(12,993)
Operating profit (EBIT)	2,023	20,891	9,954	37,223	89,047
Net financials	(1,036)	(3,615)	(3,236)	(1,203)	(7,211)
Profit before tax	987	17,276	6,718	36,020	81,836
Tax on profit for the period	99	(4,010)	(2,922)	(9,226)	(18,823)
Profit for the period	1,086	13,266	3,796	26,794	63,013

Distribution of profit for the period:

Parent company shareholders	1,047	13,393	3,752	26,543	62,501
Minority interests	39	(127)	44	251	512
	1,086	13,266	3,796	26,794	63,013

Earnings per share:

	Q2 2011	Q2 2010	H1 2011	H1 2010	FY 2010
Return for the group's shareholders (DKK '000)	1,047	13,393	3,752	26,543	62,501
Average number of shares (thousands)	526,108	461,447	526,108	461,447	520,090
Average number of shares, diluted (thousands)	543,404	482,544	543,404	482,544	545,410
Earnings per share (DKK)	0.00	0.03	0.01	0.06	0.12
Diluted earnings per share (DKK)	0.00	0.03	0.01	0.06	0.11

STATEMENT OF COMPREHENSIVE INCOME, GROUP

Group

	Q2 2011	Q2 2010	H1 2011	H1 2010	2010
DKK '000					
Profit for the period	1,086	13,266	3,796	26,794	63,013
Foreign exchange adjustment relating to foreign companies	892	(13,549)	(874)	(706)	8,055
Comprehensive income for the period	1,978	(283)	2,922	26,088	71,068
Parent company shareholders	1,723	4,474	3,111	26,124	67,828
Minority interests	255	(4,757)	(189)	(36)	3,240
	1,978	(283)	2,922	26,088	71,068

BALANCE SHEET AT 30 JUNE, ASSETS

Assets

	2011	2010	31.12.2010
Completed development projects	13,680	9,929	8,622
Goodwill	18,474	17,752	18,582
Other intangible assets	861	941	925
Development projects in progress	6,632	4,186	6,341
Intangible assets	39,647	32,808	34,470
Land and buildings	5,549	0	0
Plant and machinery	101,426	67,838	92,729
Other fixtures and fittings, tools and equipment	6,425	6,818	7,753
Property, plant and equipment under construction	40,148	32,197	30,345
Property, plant and equipment	153,548	106,853	130,827
Other non-current receivables	30,021	105,618	32,452
Financial assets	30,021	105,618	32,452
Deferred tax asset	6,190	0	3,706
Non-current assets	229,406	245,279	201,455
Inventories	125,344	113,635	112,973
Receivables	71,259	85,527	68,138
Other receivables	6,959	20,606	7,055
Prepaid tax	1,886	0	1,886
Prepayments	1,101	722	543
Receivables	81,205	106,855	77,622
Cash and cash equivalents	56,779	134,861	100,194
Assets held for sale	100,034	92,635	100,023
Current assets	363,362	447,986	390,812
Assets	592,768	693,265	592,267

BALANCE SHEET AT 30 JUNE, EQUITY AND LIABILITIES

Equity and liabilities

	2011	2010	31.12.2010
Share capital*	132,029	129,863	130,022
Translation reserve	(13,066)	(18,172)	(12,425)
Reserve for share-based payments	5,455	7,271	6,118
Retained earnings	287,789	237,810	278,069
Equity attributable to parent company shareholders	412,207	356,772	401,784
Equity attributable to minority interests	40,119	38,260	40,309
Equity	452,326	395,032	442,093
Debt to credit institutions	0	100,389	0
Finance lease liabilities	9,317	317	10,937
Prepayments received on account from customers	21,642	27,056	24,916
Other non-current liabilities	1,117	0	1,085
Deferred tax liabilities	7,374	4,336	7,374
Non-current liabilities	39,450	132,098	44,312
Debt to credit institutions	15,212	40,438	17,281
Finance lease liabilities	2,813	147	2,802
Trade creditors	47,783	49,873	48,455
Prepayments received on account from customers	17	692	983
Income tax payable	1,774	22,277	0
Provisions	1,607	2,069	2,018
Other payables	17,453	36,417	19,638
Current liabilities	86,659	151,913	91,177
Liabilities relating to assets held for sale	14,333	14,222	14,685
Total liabilities	140,442	298,233	150,174
Equity and liabilities	592,768	693,265	592,267

*As at 30 June 2011, the share capital consisted of 528,114,157 shares with a nominal value of DKK 0.25 each. The company has one class of shares.

STATEMENT OF CHANGES IN EQUITY, GROUP

	Share capital	Translation reserve	Reserve for share-based payment	Retained earnings	Equity attributable to parent company shareholders	Equity attributable to minority interests	Total equity
DKK '000							
Equity at 01.01.2010	101,990	(17,754)	4,880	146,923	236,039	64,577	300,617
Comprehensive income for the period	0	(418)	0	26,543	26,125	(36)	26,088
Share-based payment	0	0	2,391	0	2,391	0	2,391
Rights issue in May 2010	25,973	0	0	67,529	93,502	0	93,502
Costs relating to the rights issue	0	0	0	(7,441)	(7,441)	0	(7,441)
Paid by exercise of share options	1,900	0	0	4,256	6,156	0	6,156
Dividend distributed	0	0	0	0	0	(26,281)	(26,281)
Equity at 30.06.2010	129,863	(18,172)	7,271	237,810	356,772	38,260	395,032
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	(641)	0	3,752	3,111	(189)	2,922
Share-based payment	0	0	1,465	0	1,465	0	1,465
Cash capital increase	2,007	0	0	3,840	5,847	0	5,847
Share-based payment, share options exercised	0	0	(2,128)	2,128	0	0	0
Equity at 30.06.2011	132,029	(13,066)	5,455	287,789	412,207	40,120	452,326

CASH FLOW STATEMENT AT 30 JUNE

Cash flow statement at 30 June

DKK '000	2011 Q2	2010 Q2	2011 H1	2010 H1	2010
Operating profit (EBIT)	2,023	20,891	9,954	37,223	89,047
Depreciation, amortisation and impairment	4,652	2,450	9,059	6,300	12,993
Foreign exchange adjustment relating to foreign companies	1	132	72	101	0
Share-based payment recognised in the income statement	493	853	1,465	2,391	4,644
Change in net working capital	(9,709)	(21,740)	(18,915)	(5,600)	29,134
Cash generated from operations (operating activities)	(2,540)	2,586	1,635	40,415	135,818
Tax paid on account	0	0	(3,402)	(1,533)	(35,998)
Financial income received	190	470	258	1,499	1,746
Financial expenses paid	(1,226)	(4,086)	(3,494)	(2,703)	(8,907)
Cash flows from operating activities	(3,576)	(1,030)	(5,003)	37,678	92,659
Acquisition etc. of intangible assets	(1,661)	(1,628)	(7,247)	(2,720)	(4,809)
Acquisition etc. of property, plant and equipment	(12,703)	(13,692)	(32,185)	(19,329)	(47,860)
Cash flows from investing activities	(14,364)	(15,320)	(39,432)	(22,049)	(52,669)
Instalment of liabilities	0	0	0	0	(139,634)
Proceeds from share capital increase, rights issue	0	87,303	0	86,060	87,114
Proceeds from share capital increase, exercise of warrants	353	6,156	5,846	6,156	6,156
Changes in deposits re. Supplier and customer contracts	0	0	(3,274)	0	63,197
Distribution of dividends to minority interest	0	(26,281)	0	(26,281)	(27,508)
Other adjustments	27	0	57	0	0
Cash flows from financing activities	380	67,178	2,629	65,935	(10,675)
Change in cash and cash equivalents	(17,560)	50,828	(41,806)	81,564	29,315
Cash and cash equivalents at 1 January	66,440	92,838	90,387	59,350	59,351
Market value adjustment of cash and cash equivalents	(247)	(3,042)	52	(290)	1,720
Cash and cash equivalents at 30 June	48,633	140,624	48,633	140,624	90,387

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

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 for 2010. See the annual report for 2010 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 \pm DKK 0.50 would subject the group to a currency risk of about \pm DKK 2.1 million based on the balance sheet items in USD at the balance sheet date. Similarly, a currency fluctuation in PLN/DKK of \pm DKK 0.20 would subject the group to a currency risk of about \pm 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.

Events after the balance sheet date

No significant events have occurred after the balance sheet date.



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