SILICON CONTRIBUTES TO THE MANUFACTURE OF ENERGY EFFICIENT POWER COMPONENTS

ANNUAL REPORT 2014

Topsil Semiconductor Materials A/S • CVR no: 24 93 28 18
Annual report for the year 1 January 2014 – 31 December 2014

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TOPSIL IN BRIEF

Topsil is a market-leading manufacturer of ultra-pure silicon for the global semiconductor industry.

Topsil supplies silicon in wafers which are fitted in power components that can be used to convert and manage high-voltage currents, for example when connecting and disconnecting wind turbines, for frequency converters in motor control and power supply in high-speed trains.

Topsil's market is to a great extent driven by political initiatives, as witnessed in Europe with the prioritisation of green energy and public transport. In the longer term, the growing middle classes worldwide (urbanisation) will demand modern convenience, and the budding interest in electric vehicles will also be a growth driver.

Topsil was founded in 1959 by Dr. Haldor Topsøe. The Company is listed on the Nasdaq Copenhagen stock exchange. Topsil is headquartered in Copenhagen Cleantech Park, Frederikssund, Denmark, and has subsidiaries in Warsaw, Poland and Kyoto, Japan.

Topsil generated revenue of DKK 272.3 million in 2014 and had an average of 356 employees.

Learn more at: **www.topsil.com**

FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK'000	2014	2013	2012	2011	2010
Revenue	272,328	312,102	289,567	367,439	456,705
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(9,355)	20,996	12,795	35,106	102,040
Operating profit (EBIT)	(38,703)	(6,395)	13,913	6,027	89,047
Net financials	(10,900)	(6,315)	(3,728)	(9,298)	(7,211)
Profit/(loss) for the year	**(41,992)**	**(9,790)**	**(24,670)**	**6,818**	**63,013**
Of which attributable to parent company shareholders	(42,130)	(9,382)	(24,596)	5,750	62,501
Cash flows from operating activities	(6,318)	18,321	(3,827)	4,666	92,659
Cash flows from investing activities	(14,182)	(24,065)	(131,706)	(107,752)	(52,669)
Investments in property plant and equipment	8,822	15,594	122,886	102,945	52,641
Share capital	132,029	132,029	132,029	132,029	130,022
Equity attributable to parent company shareholders	327,759	376,668	387,828	394,010	401,784
Equity attributable to non-controlling shareholders	16,585	17,286	17,978	35,096	40,309
Total consolidated equity	344,344	393,954	405,806	429,106	442,093
Total assets	633,213	656,624	686,223	601,495	592,267
Invested capital	522,564	557,011	575,496	440,663	346,965
Net interest-bearing debt/(Net interest asset)	180,616	158,469	152,318	4,301	(92,637)
Net working capital (NWC)	118,620	140,106	142,504	125,789	118,673
Financial ratios					
EBITDA margin (%)	(3.4)	6.7	4.4	9.6	22.3
EBIT margin/profit margin (%)	(14.2)	(2.0)	4.8	1.6	19.5
Return on invested capital (%)	7.2	1.1	2.7	1.5	26.3
Contribution ratio (%)	48.1	46.3	47.6	49.0	52.1
Equity ratio (%)	54.4	59.5	59.1	71.0	75.0
Return on equity (%)	(12.0)	(2.5)	(6.3)	1.4	19.6
Current number of shares (thousands)	528,114	528,114	528,114	528,114	520,090
Earnings per share (DKK)	(0.08)	(0.02)	(0.05)	(0.01)	0.13
Price per share (DKK)	0.41	0.71	0.38	0.48	1.47
Average number of employees	356	344	358	383	384

The financial highlights and key ratios have been prepared in accordance with "Recommendations and Financial Ratios". See the description in note 1 to the financial statements, Accounting policies.

A DIFFICULT YEAR – BUT POTENTIAL IS INTACT

The past year was tough for Topsil. A complaint from a major customer in the second quarter had a significant impact on our financial results and claimed many resources for the investigation process. The defect was identified in the autumn of 2014, and we concluded an agreement for replacement deliveries in early 2015. We are now seeing a number of positive indications of an exciting 2015. We will continue our efforts to position Topsil in the medium-voltage segment (FZ-PFZ), intensify our efforts to step up sales of the new 150 mm and 200 mm FZ generations, and last, but not least, we will reap the benefits of having gathered our Danish production at our new plant.

2014 was a year with many positive results in terms of product launches, optimisation of production and new important framework agreements on the Asian market. However, the regrettable customer complaint overshadowed the positive developments and required our organisation's full attention in Q2-Q4.

RISK MANAGEMENT IS A HIGH PRIORITY

The developments in 2014 put our contingency plans to the test, and we can say that our organisation was able to quickly and efficiently identify and analyse the defect, enabling us to solve the quality problems in collaboration with our customer and our third-party contractor.

Risk management and supply chain management have always been high priorities at Topsil, and in 2014 we once again reviewed all procedures in our supply chain. On page 13, we describe in detail our efforts to ensure the highest possible product quality and, on page 18, we describe our work to reduce business risk.

POSITIVE EXPECTATIONS IN THE SILICON MARKET

We saw growth in volumes in 2014, which the research institute Yole Developpement estimated at approximately 10% – and this trend is expected to continue i 2015. 2014 continued to be affected by strong price pressure, estimated to be 8-10%. 2015 is expected to see volume growth and falling price pressure, and the highest growth rates are expected in the medium-voltage (FZ-PFZ) and the high-voltage (FZ-NTD) segments.

FINANCIAL PERFORMANCE IN 2014 WAS NOT SATISFACTORY

The main reason that we nevertheless saw a decline in revenue last year was the above mentioned customer complaint case. In addition, prices were squeezed due to the continuing surplus capacity in the industry and the weak Japanese yen.

- Revenue was DKK 272.3 million in 2014, representing a 13% year-on-year decline.

- Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to a loss of DKK 9.4 million.

We believe that the complaint case reduced EBITDA overall by approximately DKK 30 million.

EBITDA was substantially lower than our original guidance, which is obviously not satisfactory. At the end of 2014, we therefore implemented a cost saving programme, which included reducing the staff by 15 non-production employees in January 2015.

DEVELOPMENTS IN THE UNDERLYING BUSINESS WERE SATISFACTORY

In line with our strategy, our growth platform was strengthened in 2014 through more aggressive marketing efforts and a large number of in-house efficiency improvements:

- New technically improved products were launched in the form of the next version of 150 mm float zone silicon wafers. The

> We are now focusing on a further strengthening of Topsil's position on the power market. The silicon market is showing signs of growing demand, which we expect will be reflected in our financial results.

product was put into production by the first customer. The 200 mm products are also undergoing qualification by a number of customers and were approved by a large potential customer in the Japanese automotive industry.

- In the Japanese market, an agreement was signed with a Japanese partner for sales and marketing development of ultra-pure silicon products, and in China we signed framework agreements with two large customers.
- The efficiency measures started up in production led to a higher rate of utilisation of raw materials and resources.
- Finally, production in Denmark was moved to a single site at the new plant by the end of 2014, and the previous production buildings were handed back to the owner.

In the autumn of 2014, Michael Lisby Jensen joined Topsil as our new Sales Director, which led to a number of sales supporting initiatives in both 2014 and 2015 to grow sales on the price-focused power market.

On the threshold of a new strategy period, Topsil has a distinct goal of lifting earnings to a significantly higher level, reducing working capital and strengthening the capital base.

OUTLOOK FOR 2015

The power market is showing signs of growing demand, which we expect will be reflected in our results in the years ahead.

In 2015, we expect revenue growth of around 0-5% and an EBITDA of 10-20 million kr.

I would like to thank our employees, who have all worked so hard in 2014, and I look forward to continue working with them to further develop Topsil in the years ahead. I am confident that we are steering towards stronger growth and profitability.

Kalle Hvidt Nielsen
CEO

SILICON IS USED IN ALL PARTS OF MODERN SOCIETY

WIND TURBINES

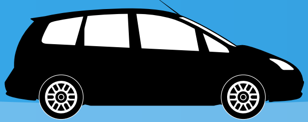
A wind turbine must be able to catch the wind and rotate, generate electricity and connect to and disconnect from the power grid depending on the wind force. Intelligent electronics is required for operating wind turbines and transporting energy, and this is where silicon comes in.

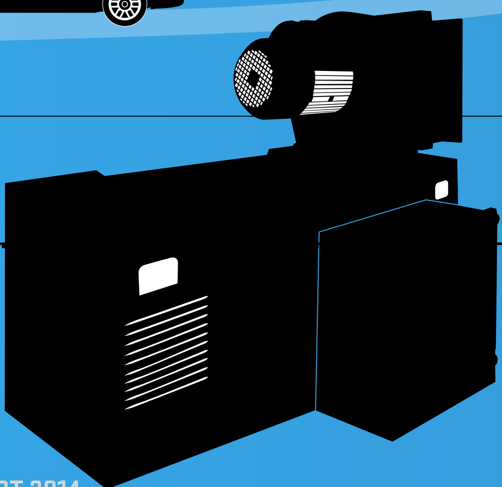
Silicon is used in the electric components of the wind turbine nacelle. It is also used in the transformer system collecting energy and distributing it to the power grid.

ELECTRIC CARS AND HYBRID VEHICLES

Electric cars and hybrid vehicles are expected to become more common on the roads in future. However, they can only run if their batteries are charged beforehand, and it is only possible to shift to a higher or lower gear if the electricity supply is regulated.

Silicon has good power control properties and may be used for energy-efficient electricity supply and regulation. Silicon is used, for example, under the bonnet and in the charging stations used to charge the car.





PRODUCTION MACHINERY

Industry needs electricity to manufacture goods. Production machinery requires turning on and off, and it must be possible to adjust electric energy and speed.

Silicon is used in machine control mechanisms and electric motors to control and conduct electricity. Silicon is a highly efficient material contributing to optimum machine control as well as to optimum energy consumption.

MEGATRENDS

- The world's rapidly growing middle classes demand modern convenience, such as access to a stable power supply, well-functioning public transport, cars, domestic appliances, etc.
- The development of green technologies, driven by increased concerns about more pollution, focus on carbon emissions, and the prices of fossil fuels.
- Political decisions: Improvements to the power grid and planning of public transport are subject to political decisions, including the scope of investments and the speed at which they are made.

POWER GRIDS

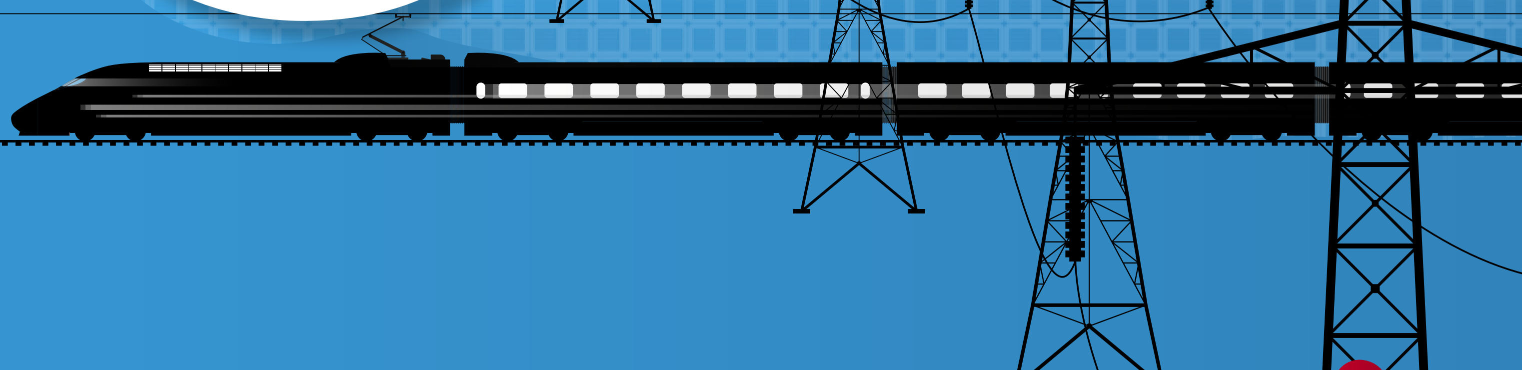
Silicon contributes to energy-efficient transport of electricity. In the intelligent electricity distribution network of the future, "Smart Grids", different energy sources may be connected or disconnected according to need in order to balance consumption day and night.

Silicon helps convert electricity from, for example, alternating current to direct current, to connect to the grid and ensure smooth transport of current, often over long distances.

ELECTRIC TRAINS

When electric trains are moving, they pick up energy from overhead wires and the rails. An energy-efficient electricity supply is required, and this is where silicon comes in.

Silicon also helps regulate train speed and pick up energy. For example, it is used in complex power control systems installed on top of and underneath trains.



FOCUS ON STRENGTHENED COMPETITIVE POWER

Topsil's strategy for 2015 will be to continue strengthening our position within the high-voltage and medium-voltage segments, expanding our position in Japan and China and, not least improving our cash flow and production efficiency. The strategy "Executing on Opportunities" (2013-2015) is now moving into its final stage and will be adjusted with the same overall focus: to strengthen Topsil's competitive power by putting our capital stock to optimal use.

Topsil has many years of experience in manufacturing ultra-pure silicon for the global semiconductor industry. This has created a unique position for pursuing the Company's mission:

> *Supplying silicon solutions that enable our customers to manufacture sophisticated, energy-efficient power components.*

Topsil's three-year strategy "Executing on Opportunities" covering the period 2013 to 2015 is based on four main areas:

- To strengthen our position within high-voltage and medium-voltage products (FZ-NTD and FZ-PFZ). See page 10 for an in-depth product description.

- To reinforce our market position in Japan and China, both being strategically important markets. See page 14 for a description of the individual regions.

> The growth platform was strengthened in 2014 and, in 2015, we will relentlessly pursue the strategic growth track, especially in sales.

- To reduce working capital and increase the cash flow from operating activities.

- To improve production efficiency and increase the utilisation of raw materials. See page 15 for additional information.

Our goal is to strengthen our competitive power through a number of revenue boosting and cost saving measures.

In the autumn of 2014, Michael Lisby Jensen joined Topsil as our new Sales Director, which led to a number of sales promotion initiatives in both 2014 and 2015. The sales strategy supports both maintaining and growing sales to existing customers and activities to attract new potential customers.

THE PRIMARY MILESTONES IN 2014 WERE:

Products: In the second quarter of 2014, the next generation of 150 mm FZ silicon wafers was released for customer qualification. The products have now been approved by the first customer, and delivery began in the third quarter of 2014. The 150 mm FZ silicon wafers are based on the 200 mm platform and support a substantially more efficient production process by our customers as well as in-house.

Markets: At the beginning of the year, Topsil signed an agreement with a Japanese partner for sales and market development of ultra-pure silicon products and, in the second quarter of the year, the next generation of silicon wafers, 200 mm, was qualified by a large potential customer in the Japanese automotive industry.

In April, framework agreements were signed with two major Chinese customers. The agreements cover the supply of silicon for energy infrastructure projects and transport purposes during the period 2014-2017, and Topsil received the first order under the agreement in the second quarter of 2014.

Cash flows: Cost levels and the need to reduce working capital, were once again in focus in 2014, and the efforts were successful through a number of initiatives such as earlier collection of receivables, longer credit periods from suppliers, renegotiation of raw materials contracts and price reductions for raw materials.

Efficiency improvements: Operations at the former production facility stopped in October, and the last of our FZ machinery has subsequently been transferred to the new plant.

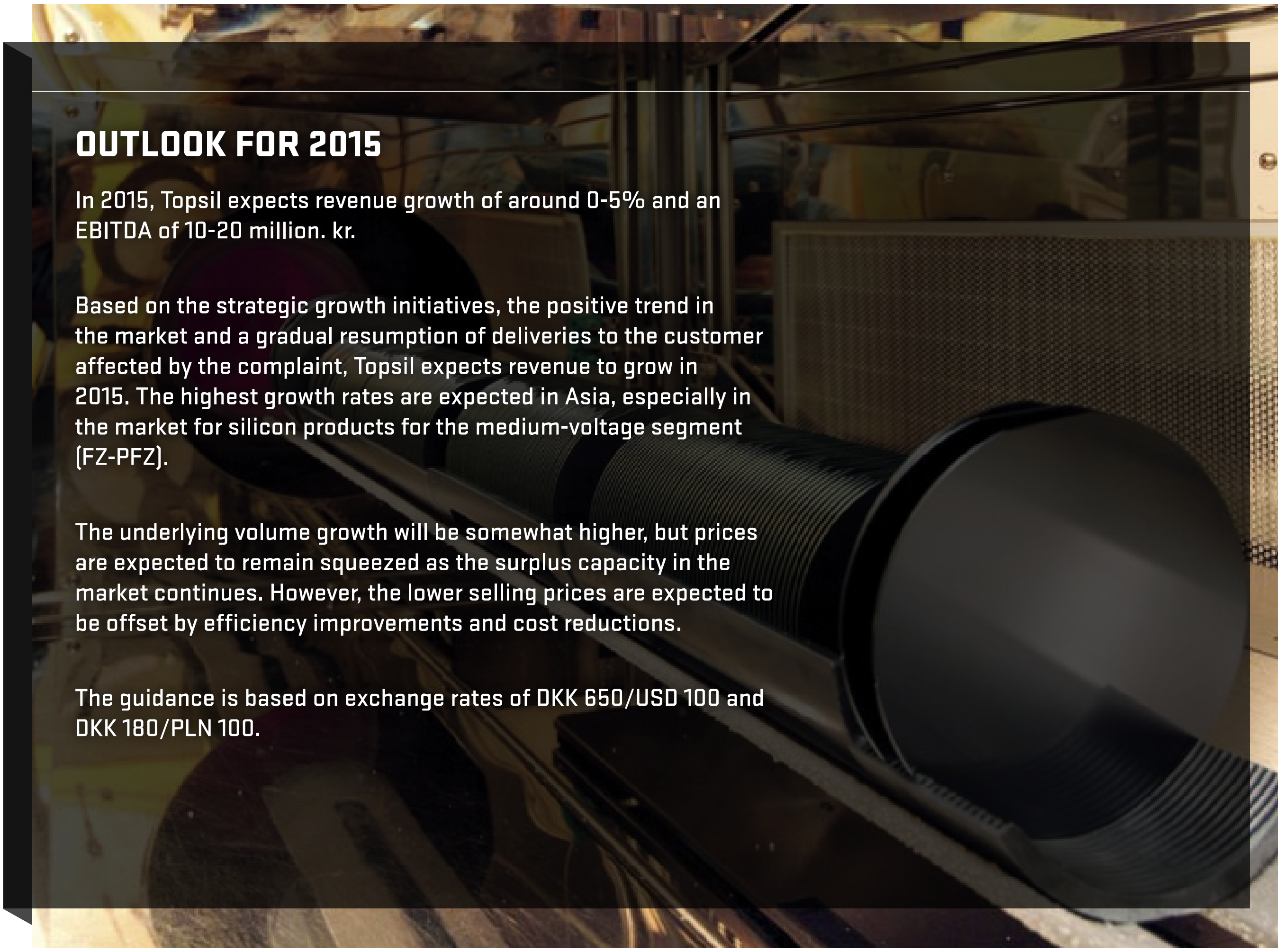
The efficiency measures started up in 2014 led to a higher rate of utilisation of raw materials and increased the use of waste products from the production of silicon.

Topsil's target of reducing the average variable cost per wafer by a minimum of 15% during the strategy period has now been achieved.

ADJUSTED STRATEGY FOR 2016-2018

Topsil's strategy "Executing on Opportunities" will be adjusted and further developed. In light of recent years' negative trends in the global market for ultra-pure silicon, it was not possible to meet the original revenue and earnings targets for the period 2013-2015.

Against that background, Topsil intends to adjust and further develop its current strategy, aiming to achieve a substantially higher level of earnings, reduce relative working capital and strengthen our capital base. In the coming three-year strategy period, we will continue our relentless efforts to make our business more efficient and less complex. Moreover, we will seek to increase earnings by intensifying our focus, and we will investigate the potential of further strengthening our supply chain and sales efforts through strategic partnerships.



OUTLOOK FOR 2015

In 2015, Topsil expects revenue growth of around 0-5% and an EBITDA of 10-20 million. kr.

Based on the strategic growth initiatives, the positive trend in the market and a gradual resumption of deliveries to the customer affected by the complaint, Topsil expects revenue to grow in 2015. The highest growth rates are expected in Asia, especially in the market for silicon products for the medium-voltage segment (FZ-PFZ).

The underlying volume growth will be somewhat higher, but prices are expected to remain squeezed as the surplus capacity in the market continues. However, the lower selling prices are expected to be offset by efficiency improvements and cost reductions.

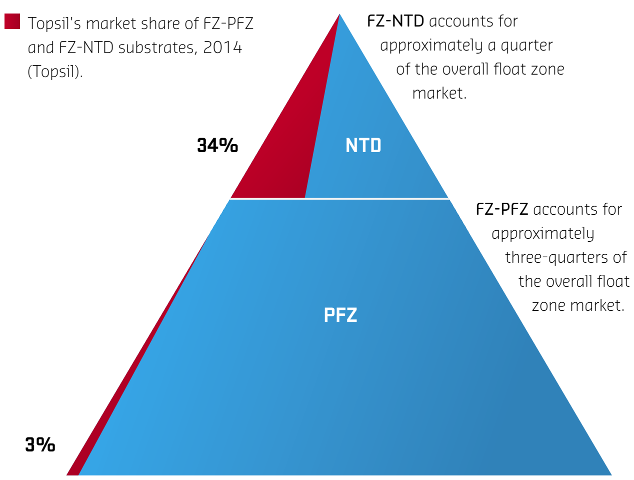
The guidance is based on exchange rates of DKK 650/USD 100 and DKK 180/PLN 100.

POSITIVE GROWTH EXPECTATIONS FOR THE SILICON MARKET

After several years' decline in the market, Yole Developpement expects growth in 2015. The growth rates are expected to be highest for the medium-voltage (FZ-PFZ) and high-voltage products (FZ-NTD). In accordance with its strategy, Topsil has developed a number of new products to meet demand going forward, including the new generation of 200 mm FZ silicon wafers and the next generation of 150 mm FZ silicon wafers.

Topsil wafers are primarily used in the production of power components. The power market accounts for approximately 10% of the market for silicon wafers, which totals approximately USD 10 billion. Critical success factors are purity and accuracy in the wafers in order to achieve the right electrical properties specified by customers. The components are used individually or in large series or modules and are used to convert and manage high-voltage currents, for example when connecting and disconnecting wind turbines, for frequency converters in motor controls and power supplies in high-speed trains.

FLOAT ZONE MARKET, FZ-NTD AND FZ-PFZ



Demand in the power market grew by approximately 10% in 2014 in terms of volumes, and the research institute Yole Developpement expects that the market will improve in 2015 as well. The price pressure continued in 2014 as a result of surplus capacity and the weak yen, and is estimated by Yole Developpement to be about 8-10%, mainly within FZ. The overall growth rate in 2014 was approximately 1% against a decline of approximately 4% in 2013. For 2015, Yole Developpement expects the volume growth to continue and the price pressure to taper off. The highest growth rates are expected in the medium-voltage segment (FZ-PFZ) and the high-voltage segment (FZ-NTD).

EXTRA FOCUS ON FZ-PFZ

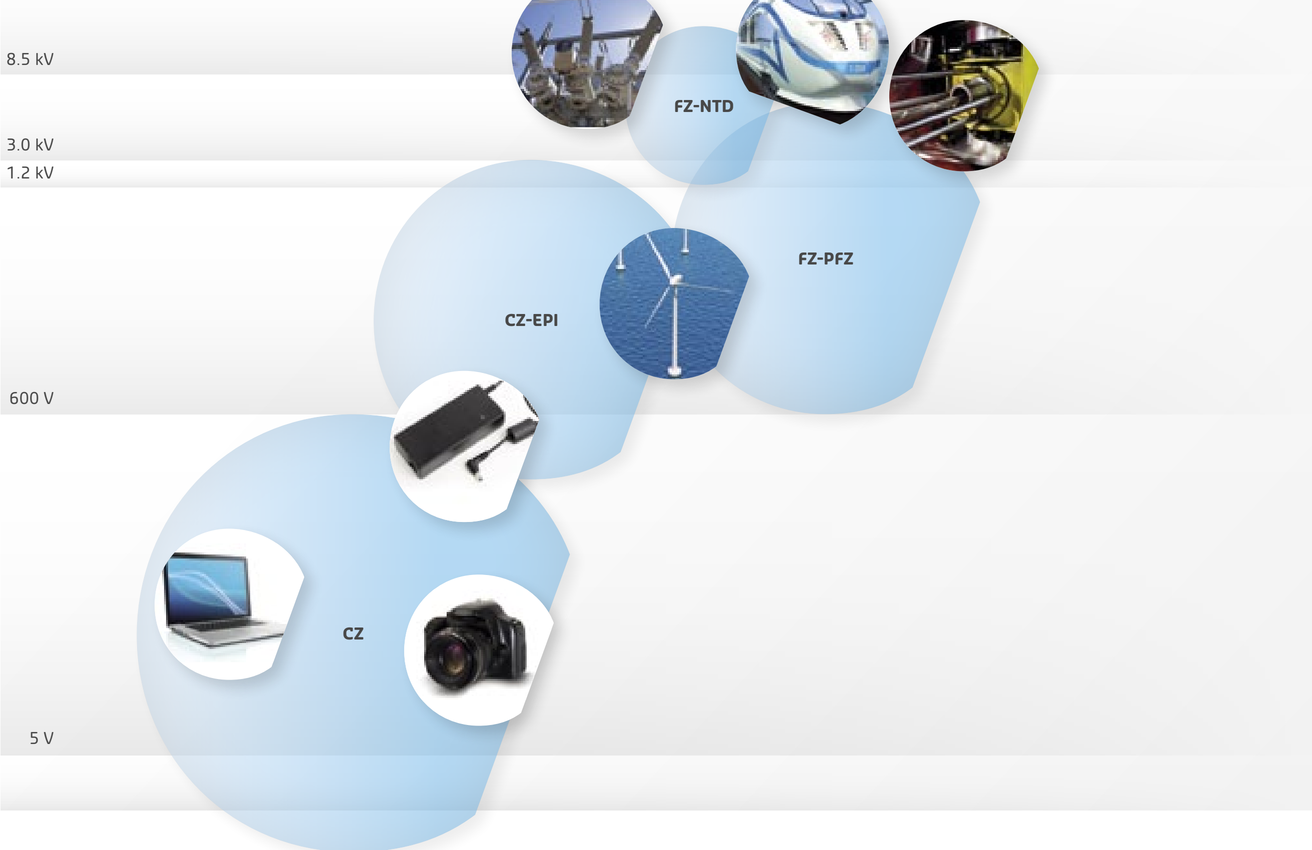
Topsil's ultra-pure silicon is produced in two different ways: Float zone (FZ) and Czochralski (CZ).

FZ can handle the highest voltage levels, while CZ covers the lower voltage levels – with a possibility of overlapping in selected areas of application.

Topsil's product portfolio covers all voltage segments. In the high-voltage segment (NTD), Topsil has a market share of 34% and, in the substantially larger market for medium-voltage products (PFZ), Topsil has a market share of 3%.

Topsil aims to retain its leading market position in the NTD segment and is making focused efforts to expand its position in the PFZ segment. Topsil aims to build a position in this segment through the launch of the new generation of 200 mm and the next generation of 150 mm FZ silicon wafers.

THE POWER MARKET: FLOAT ZONE AND CZOCHRALSKI



FIVE PRODUCT TYPES IN DIFFERENT DIAMETERS

Topsil's five product types are available in different diameters in order to meet individual customer supply chain needs and requirements. Three of the products are Float Zone-based, and the other two are Czochralski.

FZ-NTD – Neutron Transmutation 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 that is used, among other things, for wind turbines and passenger transportation in the consumer segment.

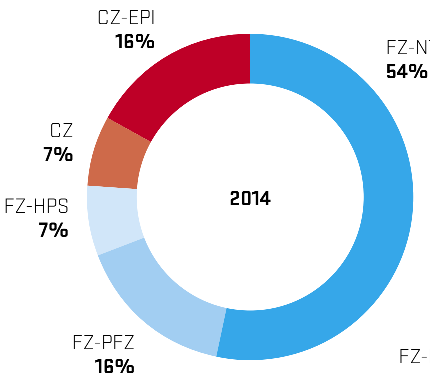
FZ-HPS – Hyper Pure Silicon is a specialty product that is used in optoelectronics (X-ray equipment and detectors). FZ-HPS differs from the other products in that it is related to optoelectronics and not to power electronics in the classical sense.

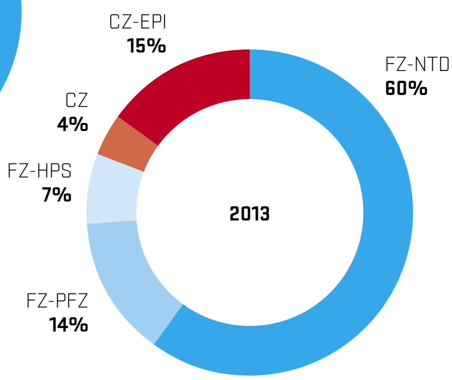
CZ – Czochralski silicon is used for less technically sophisticated products, including consumer electronics.

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

> Topsil's five product types are available in different diameters in order to meet individual customer supply chain needs and requirements.

REVENUE BY PRODUCT TYPE





SALES BY PRODUCT TYPE IN 2014

In 2014, revenue from sales of FZ-NTD was down by 24% from DKK 176.5 million to DKK 134.7 million, mainly as a result of the customer complaint and intensified price competition in the market. Relatively, FZ-NTD production accounted for 54% of revenue (2013: 60%).

In 2014, FZ-PFZ sales were unchanged at DKK 40.4 million. The intensified price competition also impacted the FZ-PFZ market, and the fact that our revenue from FZ-PFZ sales was unchanged was mainly due to higher sales volumes. The percentage of total sales was 16%.

Overall, the Float Zone products accounted for 77% of sales in 2014 (2013: 81%). Adjusted for the complaint case, the percentage would have been on a level with 2013.

Sales of other products were down by 4% in 2014.

ACTIVITIES OUTSIDE THE CORE BUSINESS: PROPERTY MANAGEMENT

Topsil holds a significant 78% interest in the property company Cemat'70 S.A., which is based in Warsaw, Poland. Accordingly, Topsil holds a controlling interest in the company and all its affairs. Topsil aims to sell the entire shareholding.

The acquisition of the property company Cemat'70 S.A. was part of the acquisition of Topsil's subsidiary Topsil Polen S.A. in 2008, and this company is the property company's biggest tenant.

Revenue from property management was DKK 13.8 million in 2014.

ALL PARTS OF THE SUPPLY CHAIN ARE KEY TO QUALITY

Full control of the supply chain is critical to Topsil's business in order to supply silicon in the right quality, at the right time and at competitive prices. The situation in 2014 clearly showed that any weak link in the chain will significantly impact both production and customer relations.

COMPLEX, HIGH-TECHNOLOGY PRODUCTION PROCESS

A silicon wafer goes through more than 100 process steps from raw material (polysilicon) before it becomes a finished silicon wafer. It is a long and complex production process that requires close monitoring to achieve the required extreme purity.

For this reason, Topsil was TS certified in 2012 to ensure the quality of the production process and ensure structured monitoring of the appointed third-party contractors.

THE PRODUCTION PROCESS IN BRIEF

The raw material, which has different technical characteristics, is received in solid form and is then prepared for processing. The raw material is melted at induction heat in specially constructed production equipment in order to form a uniform crystal to which doping substances can be added. The doping process adds the required electrical properties to the material. The silicon crystal is subsequently cut into wafers which again are post-processed according to product type, including by surface treatment according to customer specifications.

Topsil uses only qualified suppliers in the production process as it is of critical importance to have an insight into all of a supplier's procedures and processes. Specific supplier and product requirements are important tools in ensuring quality in the supply chain. In addition, Topsil performs audits of supplier production facilities and production processes.

CUSTOMER COMPLAINT – REPLACEMENT DELIVERIES TO CUSTOMER INITIATED

In Q1 2014, Topsil received a complaint from one of its biggest customers. The complaint led to a number of technical investigations at Topsil as well as at a number of third-party contractors, and all deliveries were concurrently put on hold.

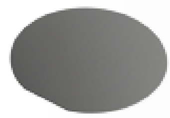
The defect was identified at a third-party contractor following extensive analysis. As a consequence of this case, Topsil has further tightened up its supplier management, including specific measures agreed with the third-party contractor in question that are to ensure quality and give Topsil access to the contractor's production processes and data.

Topsil and the customer in question reached an agreement in February 2015 to resume deliveries. The customer's minimum purchase obligations under the existing long-term contract will be distributed over 2015 and 2016 instead of one year, entailing a carefully monitored start-up phase. Topsil expects to be able to supply the first silicon wafers to the customer in the first half of 2015.

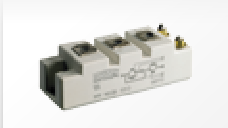
Accordingly, the case has been settled with the customer and continued collaboration ensured.

POLYSILICON

FINISHED WAFER



POWER COMPONENT



POWER MODULE

END-USER APPLICATION

With kind permission from Toyota Hybrid

PRODUCTION OF FINISHED WAFER

In-house processing of polysilicon → Melting at induction heat → Doping process → Manufacture of waters → Surface treatment → Quality assurance → Customer

HIGH ACTIVITY LEVEL IN ASIA

The activity level in the individual regions met Topsil's expectations, when disregarding the complaint case. In Japan and China in particular, the intensified marketing efforts are now beginning to produce stronger customer relations, more ongoing product qualifications and orders. In the United States, demand grew for the specialty product FZ-HPS, and in Europe and Asia the new FZ generations were well received.

The European market has for a number of years accounted for by far most of Topsil's silicon revenue, and this was also the case in 2014 with 66% of total silicon revenue. The United States accounted for 8%, and Asia accounted for 26% of total revenue.

MARKET POSITION IN EUROPE TO BE RETAINED AND EXPANDED

The European market has long been characterised by a political focus on climate solutions and intensified energy efficiency. During this period, Topsil has successfully built a solid position that it now aims to retain and expand through continuing development of customer relations and of the product portfolio at Topsil's customers.

Topsil's sales to the European market totalled DKK 185 million in 2014 (2013: DKK 222 million), equivalent to a 17% decline. Revenue from European sales was affected by the quality problems experienced in 2014.

ASIA IS A GROWTH MARKET

About a third of the total world production is sold on the Japanese market. For this reason, Topsil decided in late 2013 to establish its own sales office in Japan, and in early 2014 we signed an agreement with a Japanese partner, E&M, concerning sales on and development of the Japanese market in close collaboration with Topsil Japan. This has now resulted in new customer relations, and in Q2 2014 the next generation of 200 mm FZ silicon wafers were successfully qualified by a large potential Japanese customer in the automotive industry. The expected demand will be related to the launch of a new car generation.

China is also a strategically important market. This market is developing at a high speed, both economically and technologically, and politically it is expected that the public sector will invest substantially in infrastructure projects (International Energy Agency 2014).

In 2014, Topsil signed framework agreements with two Chinese customers. One of them concerns sales of silicon for transport purposes, and the other for infrastructure purposes. Both agreements cover the period 2014-2017, and Topsil received the first order in Q2 2014 for 200 mm FZ silicon wafers to be used for qualification of the customer's new plant.

Topsil's sales to the Asian market totalled DKK 65.3 million in 2014 (2013: DKK 70.3 million), equivalent to a 7% decline. The decline reflects seasonal shifts in sales to the Chinese market, where project sales play a large role. In 2013, revenue was boosted by extraordinarily large orders in the second quarter.

THE UNITED STATES IS A MARKET FOR SPECIALTY PRODUCTS

Most of the mass production has now been relocated from the United States to the Far East, and the US market has become a specialty product market. Topsil primarily sells its FZ-HPS products on that market. In 2014, revenue grew by 14.8% from DKK 18.9 million in 2013 to DKK 21.7 million in 2014.

REVENUE IN 2014 BY MARKET

Markets	FZ		CZ/EPI		Total	
	2014	2013	2014	2013	2014	2013
EU	58%	63%	8%	8%	66%	71%
USA	5%	4%	3%	2%	8%	6%
Asia	14%	14%	12%	9%	26%	23%
Total	77%	81%	23%	19%	100%	100%

TIGHT COST CONTROL STRENGTHENS GROWTH PLATFORM

Topsil works continually to strengthen its growth platform by introducing production efficiency improvements and by focusing on tight cost control. The Danish activities were fully merged at the new high-tech production facility at the end of 2014, which boosted production efficiency and lowered costs.

Operations at the old production facility in Denmark stopped in October 2014, when the last of our FZ machinery was transferred to the new plant. The old factory was vacated at the end of 2014. In 2015, the benefits will be reaped from having Danish production in a single location at a new, high-tech silicon plant.

FLOW OPTIMISATION

The new production facility has a more streamlined production flow, and the specially designed production equipment has made it possible to professionalise the production process in Denmark. Likewise, production processes and production control were further strengthened in connection with the transfer of production to the new plant. For example, electronic registration and control has been implemented of the flow of silicon ingots through production, making the production flow paperless with full traceability of each silicon ingot through all steps of the production process.

POSSIBILITY OF MONITORING AUXILIARY RESOURCES

Topsil has also focused on reducing raw materials waste during the individual production processes and one of the tools used to assess where and how savings on resources can be achieved is the ISO14001 environmental management system. For example, the new production line allows Topsil to monitor the use of resources such as water and energy, which has led to cost savings, including a reduction of power consumption at the new plant by a minimum of 15%.

IMPROVED QUALITY MANAGEMENT SYSTEM

Topsil is working continuously to increase in-house production efficiency, and the introduction of the automotive standard for quality management (TS16949) has boosted production stability at all production facilities.

FOCUSING ON COSTS

Topsil's focus on efficiency improvements and cost reductions continued in 2014 and resulted in competitive strength. This was partly achieved through the use of larger raw materials entities (heavier polysilicon ingots) and a more efficient production process of next generation 150 mm silicon wafers. Another contributing factor was a higher utilisation rate of raw materials by reusing FZ silicon waste for CZ production.

2014 saw a further strengthening of Topsil's collaboration with its suppliers, and the effects included improved terms and lower prices of raw materials.

At the end of 2014, Management initiated a cost saving programme focusing on reducing fixed costs. After the end of the period, the staff has been reduced by 15 non-production employees.

Topsil will continue to focus on tight cost control and efficiency improvements wherever possible in order to strengthen its growth platform as much as possible.

FINANCIAL REVIEW

Topsil's 2014 results were not satisfactory. Revenue was down by 13%, and operating profit (EBITDA) decreased significantly to a loss of DKK 9.4 million. Overall, it is estimated that the complaint case reduced the 2014 results by approximately DKK 30 million. The efficiency measures implemented and the tight cost control exercised in 2014 improved the Company's competitive strength in the market.

CUSTOMER COMPLAINT CASE IMPACTED REVENUE

Revenue in Q4 2014 was DKK 67.8 million, against DKK 74.7 million in Q4 2013, equivalent to a 9% year-on-year decline. Revenue for the full year was DKK 272.3 million against DKK 312.1 million in 2013, equivalent to a decline of 13%.

2014 started out with good performance in Q1 2014 and 4% revenue growth, whilst the following three quarters saw lower year-on-year revenue due to a complaint from one of Topsil's largest customers. The customer halted deliveries of Topsil products from Q2 2014.

Revenue for the full year was within the current guidance of revenue in the low end of the range of 270-290 million for the 2014 financial year.

CONTRIBUTION RATIO IMPROVED BY 1.8 PERCENTAGE POINT IN 2014

The contribution ratio was 48.1% in 2014, a year-on-year improvement by 1.8 percentage point. The improvement in the contribution ratio was driven mainly by the underlying sales mix and production improvements; however, this was partly offset by increased price pressure. The production improvements were partly achieved through increased production yields, improved sourcing prices and recycling of silicon waste.

COST BASE AFFECTED BY ONE-OFF COSTS

Other external costs and staff costs accounted for DKK 140.3 million in 2014 (2013: DKK 123.5 million). This year-on-year increase of DKK 16.8 million was composed of an increase in other external costs of DKK 11.4 million and staff costs of DKK 5.4 million respectively.

Other external costs were affected partly by costs related to the transfer of production to the new production plant at Frederikssund, Denmark, and costs of approximately DKK 12 million relating to the quality issues. When adjusted for these factors, the underlying developments in costs show a reduction of other external costs.

The increase in staff costs was mainly due to an increase in wages and salaries of DKK 2.9 million and an increase in social security costs of DKK 1.7 million. The increase in wages and salaries was a consequence of the hiring of additional production staff and a provision for severance pay to a sales director who has left the Company. The increase in social security costs was partly due to changes in social security costs in the subsidiary in Poland.

The average number of employees in 2014 was 356 (2013: 344). The increase comprises an increase in the number of production staff and a reduction in the number of office staff. After the end of the period, the staff has been reduced by 15 non-production employees.

EBITDA

EBITDA was a loss of DKK 3.8 million in Q4 2014 (Q4 2013: DKK 2.1 million). Performance in the quarter was adversely affected by costs of around DKK 6 million related to the complaint, and by a total of approximately DKK 12 million for the full year.

EBITDA for 2014 was a loss of DKK 9.4 million, equivalent to an EBITDA margin of minus 3.4% (2013: DKK 21.0 million and 6.7%). The lower EBITDA was mainly a consequence of the complaint case and one-off costs, partly for the transfer of production to Topsil's new production facility in Denmark, and changes in sales management.

It is estimated that the complaint case reduced EBITDA by approximately DKK 30 million in 2014.

NEW PLANT CAUSED DEPRECIATION CHARGES TO INCREASE

Depreciation and impairment for 2014 was DKK 29.3 million (2013: DKK 27.4 million). The increase mainly related to the full-year effect of depreciation of the new plant and the new machinery, which was begun in April and September of 2013 respectively.

EBIT

EBIT for 2014 was a loss of DKK 38.7 million (2013: a loss of DKK 6.4 million).

Net financials were an expense of DKK 10.9 million in 2014 (2013: DKK 6.3 million). Financials increased partly as a result of an increase in interest and fees in connection with the renegotiation of bank facilities in Q3 2014 and an increase in interest-bearing debt. In 2013, interest totalling DKK 2.1 million was capitalised relating to the construction of the new plant and production equipment. No interest was capitalised in 2014.

FINANCIAL PERFORMANCE WAS NOT SATISFACTORY

Topsil incurred a loss before tax of DKK 49.6 million for 2014 (2013: a loss of DKK 12.7 million). Tax on the loss for the year was an income of DKK 7.6 million. A net loss for the year of DKK 42.0 million was recorded (2013: a net loss of DKK 9.8 million).

TOTAL ASSETS REDUCED IN 2014

Total assets amounted to DKK 633.2 million at 31 December 2014, which was DKK 23.4 million or 4% lower than in 2013.

Non-current assets were reduced by DKK 27.8 million, partly as a result of the lower investment rate, contractual reductions of deposits underlying performance bonds to suppliers, and the effect of the weaker Polish sloty.

Investments in intangible assets and property, plant and equipment amounted to a total of DKK 14.3 million in 2014 (2013: DKK 24.1 million). The investments include, among other things, the relocation to the new plant and the completion of the 200 mm development project. Investments made in 2014 accounted for 49% of the year's depreciation charges.

NET WORKING CAPITAL REDUCED BY DKK 21.5 MILLION

Topsil's net working capital was DKK 118.6 million at 31 December 2014 (2013: DKK 140.1 million). The DKK 21.5 million reduction was partly the result of a decline in trade receivables by DKK 12.5 million as a result of the lower sales in Q4 and the focus on accelerating the collection of receivables.

Inventories stood at DKK 156.1 million at 31 December 2014, which was DKK 11.7 million higher than at 31 December 2013. This was in line with expectations and a consequence of the raw material procurement obligations assumed, the change of raw material transport procedures and the shortfall of sales in 2014. Trade payables increased by a corresponding amount.

CASH FLOWS HIT BY SALES SHORTFALL

Topsil generated a cash outflow from operating activities of DKK 6.3 million in 2014 (2013: a cash inflow of DKK 18.3 million). The cash flow from operating activities was adversely affected by the unsatisfactory results.

The cash flow for investing activities totalled DKK 14.3 million in 2014. The investments consisted of DKK 8.8 million in production facilities and DKK 5.5 million in development projects. Overall, these investments accounted for approximately 5% of revenue.

Net interest-bearing debt increased by DKK 22.1 million and stood at DKK 180.6 million at 31 December 2014.

In March 2015, Topsil renewed the agreement with its principal bankers. Under the agreement, its existing facilities were extended until 1 March 2016.

As at the balance sheet date, the Group had cash and cash equivalents of DKK 6.9 million and unutilised credit facilities of DKK 14.7 million.

EQUITY

The Group's equity at 31 December 2014 was DKK 344.7 million, of which DKK 327.8 million was attributable to shareholders of Topsil Semiconductor Materials A/S, and DKK 16.6 million to non-controlling interests in Cemat'70 S.A. The fall in equity before non-controlling interests was mainly attributable to the movement in the net loss for the year.

The equity ratio at year-end was 54.4% (2013: 59.5%).

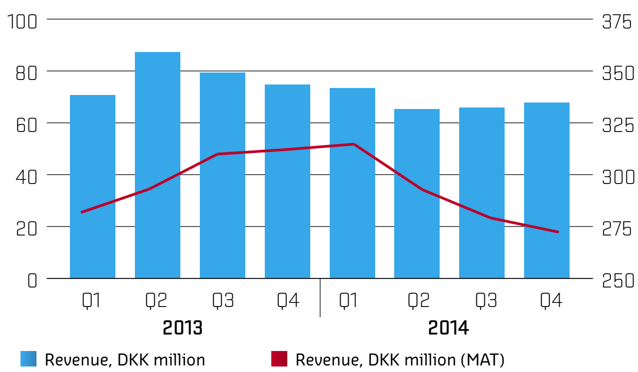
EVENTS AFTER THE BALANCE SHEET DATE

An agreement has been made to extend the existing long-term float-zone contract with one of the Company's biggest customers until the end of 2017. As part of the agreement, the customer will contribute to covering the liquidity effect of the postponement.

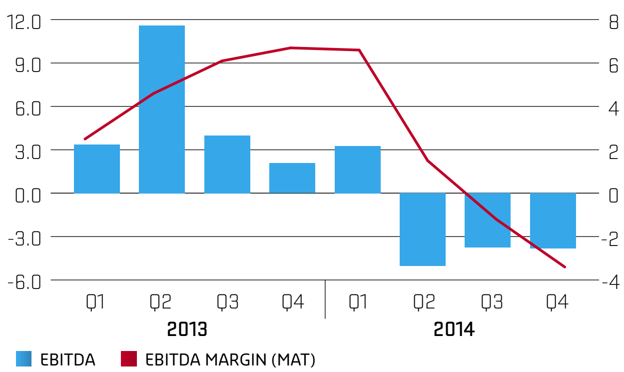
The parties have agreed to resume delieveries to the customer affected by the customer complaint case. The customer's minimum purchase obligations under the existing long-term contract will be distributed over 2015 and 2016 instead of one year. The extended contract thus supports a carefully monitored start-up phase.

Other than as set out above, no events have occurred since the end of the financial year that could change the assessment of the annual report.

REVENUE (DKK MILLION)



EBITDA (DKK MILLION) & EBITDA MARGIN (%)



RISK MANAGEMENT IS A HIGH PRIORITY

The developments of 2014 served as a reminder of the risks that will always be associated with Topsil's business – risks that all investors should be aware of, and which the Management of Topsil will always try to mitigate as much as possible. The overall responsibility for risk management lies with the Board of Directors in close collaboration with the Management Board, and in order to determine the risk factors applicable to the Group, Topsil has established in-house control and risk management systems.

Risk management is a high priority at Topsil and an integral part of our day-to-day operations. This ensures quick reaction if conditions change.

Below is a description of the key risk factors identified. The risk factors are not listed in any order of priority.

MARKET AND BUSINESS RISKS

Most of Topsil's silicon is used in end products within energy infrastructure, transport and renewable energy. These are all areas subject to significant political influence. Shifting political tides resulting in changing investment focus, deferments or cancellations will thus have an impact on the Group's activity level and growth potential. Likewise, it may constitute a risk if other demand does not reach expected levels. Topsil seeks to mitigate its risks by being present in a number of geographical markets.

SHIFTS IN TECHNOLOGY AND PRODUCTS

If new or substitute technologies or production methods are developed that are of the same quality and have the same or better properties as and a lower price than ultra-pure silicon, this would adversely impact Topsil's sales potential. Topsil believes that substitute technologies replacing silicon do not currently pose a threat.

COMPETITION

Although Topsil is one of the world's largest suppliers of ultra-pure silicon for the highest voltage levels to the power market, the Group is a niche player among very large competitors. This may entail business risks as a result of Topsil's weaker capital base. Increased competition in the niche markets could lead to increased price pressure.

The low-voltage market is characterised by a considerable number of competitors and by being very cyclical. Increased competition in the market would entail increased price pressure.

Topsil focuses on efficiency improvements in order to improve its competitive strength.

INTELLECTUAL PROPERTY RIGHTS

Topsil has complex technology at its disposal and seeks to protect its intellectual property rights in the best possible way. Any infringement of Topsil's rights may result in costly legal processes requiring substantial resources, and which there can be no assurance that Topsil would win. This also applies to the risk that Topsil infringes its competitors' intellectual property rights.

CUSTOMERS

Topsil has a number of framework agreements and long-term customer contracts that stipulate the sale of a minimum amount of the Group's products. Should customers not buy the agreed amount of products, this may constitute a risk due to the extent of the contracts. If customers demand smaller amounts of silicon than the amounts Topsil has an obligation to buy as raw materials, this may result in higher raw material inventories.

Sales to the Group's three largest customers account for about 42% of revenue, and all three account for more than 10% of consolidated revenue. The loss of one or more of the Group's largest customers would therefore have an adverse impact on consolidated revenue. Topsil works to increase its customer base so as to mitigate its dependence on a few individual customers.

If customer qualifications of the new products fail to materialise or are significantly delayed, this would have a negative impact on Topsil.

SUPPLIERS

Topsil's use of third-party contractors constitutes a risk to product quality, and the Company seeks to mitigate this risk through tight control of the supply chain.

There are currently only two suppliers worldwide that can produce the most important raw material for the production of ultra-pure silicon in the right quality. Topsil has long-term contracts with both of them. If the Group loses one or both raw material suppliers, if they do not deliver the agreed amount of raw materials, or if they do not meet the agreed quality requirements, this would have an impact on the Group's production capacity.

If the market price of raw materials drops to a level below the contractually agreed prices, the Group may be under an obligation to buy raw materials at a premium to the market price. For this reason, Topsil regularly negotiates with its suppliers of raw materials.

Topsil has contracts with third-party contractors, including within radiation and manufacturing of wafers. If this collaboration stops or material disputes arise, this may affect the Group's ability to supply some of its products. In addition, the long qualification process has the effect that it is not possible to change from one supplier to another within a short period of time. Topsil seeks to reduce that risk by having several qualified suppliers of the Group's products to the extent possible and commercially justifiable.

DISTRIBUTORS
The Group has distributors in a number of geographical markets. If one or more distributors wish to make significant changes to the distribution terms or wish to terminate their contract, this would potentially impact Topsil's revenue in selected geographical areas or from specific customers. Topsil set up a subsidiary in Japan in 2013 in order to be closer to the Japanese market and is planning to strengthen its presence in China.

QUALITY
Ultra-pure silicon must have a high, uniform quality. If the Group's products do not meet the agreed quality requirements, this would impact customer relations. If quality problems, delays or disruptions occur in the production process or logistics at Topsil or a third-party contractor, this may entail significant extra costs and delays in delivery to the customer, which may result in claims for rebates, and could cause customer relations to suffer.

PRODUCTION
The production process of ultra-pure silicon is highly sensitive. There may be situations in which unknown circumstances may cause production to run at lower-than-normal yields and capacity during certain periods.

RESOURCES
Topsil will always depend on being able to attract qualified labour and, given its size, will depend on a number of key employees. If one or more key employees were to leave the Group, there is a risk that significant know-how would be lost.

Therefore, it is Management's responsibility to ensure that the Company always has the right employee 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, employee satisfaction surveys are conducted regularly across the organisation in order to gauge the general level of job satisfaction and job motivation.

Topsil's staff possess significant knowledge resources and specialist skills in the field of silicon production.

INSURANCE
Topsil is exposed to a number of risks relating to the operation of its business. In order to mitigate its risks, the Group has taken out insurance cover within a number of general areas, including all risks insurance, transport insurance, professional and product liability insurance and directors' and officers' liability insurance. In addition, the Group has taken out workers' compensation insurance based on local conditions.

FINANCIAL RISKS
As a result of the Group's activities, the equity and financial results are impacted by a number of different risk factors, mainly relating to changes in exchange rates and interest rate levels. See note 32 on page 67 "Financial risks and financial instruments" for further information.

CAPITAL RESOURCES
The Group's capital resources are reviewed regularly and consist of binding loan commitments, operating credits and cash reserves in the parent company and the subsidiaries.

Topsil renewed an agreement with its bankers in early 2015, involving an extension of existing credit facilities, which will run until 1 March 2016. Management will ensure that the capital resources are monitored on a continuing basis and that the credit facilities are renegotiated in a timely manner.

Based on the 2015 budget, Management believes that the existing capital resources and the expected future cash flows will be sufficient to maintain operations and to finance the Company's planned measures.

The Group's budgets, and consequently also its future capital resources, are inherently subject to risk since the extent as well as the timing of cash flow fluctuations will have an impact on the need for capital resources. Management believes that any negative deviations in its operations in respect of budgeted cash flows can be countered on a timely basis through cash flow-enhancing activities.

Further reference is made to note 32 to the financial statements on page 70 for a description of cash flows and capital resources.

STATUTORY REPORTS

Statutory report on corporate governance, cf. section 107b of the Danish Financial Statements Act

Topsil's statutory report on corporate governance, cf. section 107b of the Danish Financial Statements Act, covers the period 1 January – 31 December 2014.

The report consists of three elements:

- Corporate governance report
- Description of Topsil's management bodies
- An account of the main features of the Group's internal controls and risk management in relation to the financial reporting process.

Topsil's Board of Directors and Management Board continually work with corporate governance principles to ensure that the management structure and control systems are appropriate and satisfactory. The Board of Directors believes that clear management and communication guidelines help provide an accurate picture of Topsil.

Pursuant to section 107b of the Danish Financial Statements Act and clause 4.3 of the "Rules for issuers of Shares – Nasdaq Copenhagen", Topsil must report on how the Group addresses the latest recommendations by the Committee on Corporate Governance in Denmark of 6 May 2013. The recommendations are available on the website of The Committee on Corporate Governance www.corporategovernance.dk. In preparing the report, Topsil has adopted the "comply-or-explain" principle in relation to each individual recommendation. The Board of Directors believes that Topsil complies with the majority of the recommendations. Topsil complies with 45 of the 47 corporate governance recommendations. The Company complies partially with the remaining two recommendations.

The statutory report on corporate governance 2014, cf. section 107b of the Danish Financial Statements Act, is available on Topsil's website at:
www.topsil.com/media/163118/corporate_governance_2014_uk.pdf.

Statutory report on corporate social responsibility, cf. section 99a and 99b of the Danish Financial Statements Act

Topsil considers corporate social responsibility important. Based on and as a signatory to the UN Global Compact, which contains ten recognised principles for good conduct in the fields of human rights, labour standards, the environment and anti-corruption, the Company sets new targets for improvement from year to year. Topsil publishes its progress annually in a Communication on Progress (COP) report which is available at www.unglobalcompact.org.

In 2013, Topsil especially focused on environmental improvements and employee safety. The full report for the year is available at www.topsil.com/media/163115/topsil_csr_2014.pdf. The report also contains a report on the gender distribution in managerial positions, cf. the disclosure obligations under section 99b of the Danish Financial Statements Act.

As a result of its endorsement of the UN Global Compact, separate reporting on corporate social responsibility is not included in this annual report.

SHAREHOLDER INFORMATION

Topsil strives to maintain an open and continual dialogue with its shareholders, prospective investors and the general public.

TOPSIL'S SHARES

The equity markets showed varied trends in 2014: shares in the OMX C20 index rose by more than 18% during the period, while the shares of the OMXC SmallCap index gained only 4%. The price of Topsil's shares was DKK 0.41 per share at the end of 2014, equivalent to a 42% decline.

The Company's market capitalisation at 30 December 2014 was DKK 217 million.

Total turnover in the share in 2014 was 209 million shares, which was 18% lower than in 2013, when the turnover was 256 million shares.

Master data

Stock exchange:	Nasdaq Copenhagen
Index:	OMXC SmallCap
Sector:	Technology
ISIN code:	DK0010271584
Symbol:	TPSL
Share capital:	DKK 132,028,539.25
Denomination:	DKK 0.25
No. of shares:	528,114,157
Negotiable instruments:	Yes
Voting restrictions	No

SHARE CAPITAL

The share capital of Topsil Semiconductor Materials A/S amounts to DKK 132,028,539.25 nominal value and is divided into 528,114,157 shares of DKK 0.25 each. Topsil has only one share class, and the share of the capital held corresponds to the share of votes.

The Board of Directors and the Management Board regularly assess whether the Group's capital and share structures are consistent with the interests of the shareholders and the Company. The Company's share capital remained unchanged in 2014.

SHAREHOLDER STRUCTURE

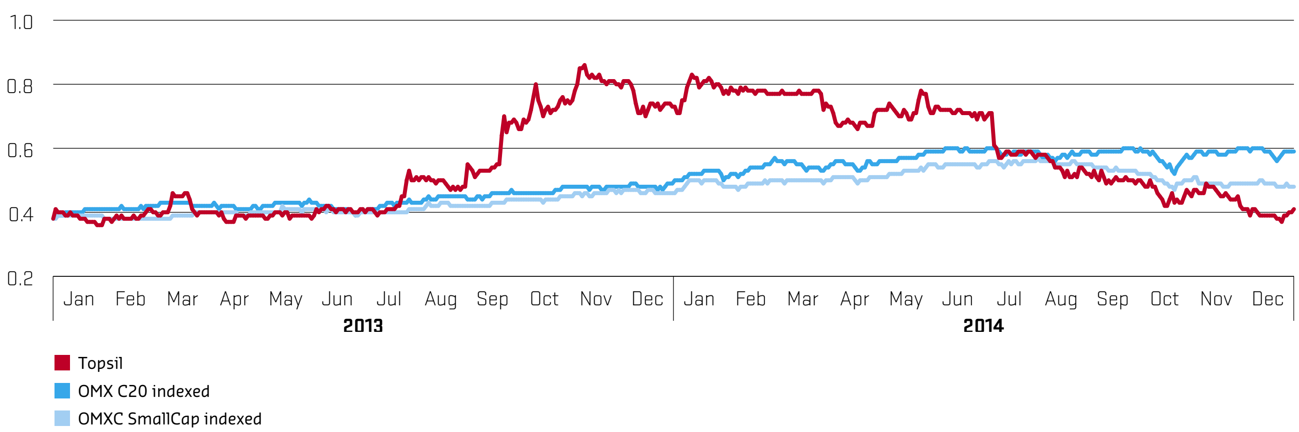
Topsil has 6,453 registered shareholders owning just over 82,8% of the share capital. Between them, the three largest shareholders hold 27.2% of the registered share capital. A list of shareholders who have notified the Company that they hold 5% or more of the share capital and votes under section 29 of the Danish Securities Act is shown on page 22.

MANAGEMENT'S HOLDINGS OF TOPSIL SHARES

As at 31 December 2014, members of the Board of Directors and their related parties held 77,348,750 shares (nominal value DKK 19,337,188), corresponding to 14.6% of the share capital and a market value of DKK 31.7 million, and members of the Management Board held 420,000 shares (nominal value DKK 105,000), corresponding to 0.1% of the share capital and a market value of DKK 172,000.

The shareholdings of the individual members of the Board of Directors and the Management Board and changes thereto during

SHARE PRICE PERFORMANCE 2013 AND 2014



Composition of shareholders at 24 March 2015	Number of shares	Capital DKK	Capital %
EDJ Gruppen, Esbjerg*	76,000,000	19,000,000	14.4
SmallCap Denmark, Copenhagen	39,997,481	9,999,370	7.6
Advice Invest, Copenhagen	27,296,419	6,824,105	5.2

* EDJ-Gruppen consists of Eivind Dam Jensen and related parties together with companies controlled by Eivind Dam Jensen.

2014 can be found on the Company's website under "About us/Management/Board of Directors" and "About us/Management/Management Board" and are specified in this annual report under "Board of Directors and Management Board"

In addition, members of the Management Board held a total of 25,429,306 warrants. The exercise periods, terms and subscription prises are set out in the Articles of Association.

TREASURY SHARES

Pursuant to section 198 of the Danish Companies Act, the Board of Directors is authorised to acquire treasury shares for a period of 18 months from the date of an annual general meeting.

Topsil did not hold any treasury shares at year end 2014.

AUTHORISATIONS

Pursuant to the Articles of Association, the Board of Directors has been authorised by the general meeting of shareholders to issue up to 200 million new shares during the period until 22 April 2018 with pre-emptive rights to existing shareholders and up to 200 million new shares without pre-emptive rights to existing shareholders. The aggregate nominal increase of the share capital may not exceed DKK 50 million. A maximum of 200 million new shares of DKK 0.25 each may be subscribed under the two authorisations.

Moreover, the general meeting of shareholders has authorised the Board of Directors to issue the following warrants to managerial staff of the Group:

- Until 25 April 2017, 731,434 warrants, equivalent to a nominal value of DKK 182,850.50.
- Until 28 April 2019, 40 million warrants, equivalent to a nominal value of DKK 10 million.

ARTICLES OF ASSOCIATION

Amendments to the Articles of Association are adopted by the shareholders in general meeting and require a majority of at least two-thirds of the votes cast and of the share capital represented at the general meeting, cf. section 106 of the Danish Companies Act .

The Articles of Association were most recently updated on 25 November 2014.

Topsil's register of shareholders is managed by:
Computershare A/S
Kongevejen 418
DK-2840 Holte, Denmark

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 24 April 2015 at 10:00 am at Topsil, Siliciumvej 1, DK-3600 Frederikssund, Denmark.

Notices convening shareholders to annual and extraordinary general meetings and agendas for the meetings are sent via e-mail to shareholders who have so requested. Shareholders may register for general meetings and find relevant documents on the shareholder portal on the Company website. In addition, Topsil inserts notices of annual and extraordinary general meetings in the Danish newspaper Berlingske Tidende.

At the next annual general meeting, the Board of Directors proposes re-election of the current Board members elected by the shareholders and of the Company's auditors, Deloitte.

DIVIDEND AND ALLOCATION OF PROFIT

The Board of Directors recommends to the Annual General Meeting that no dividend be declared in respect of the 2014 financial year. The Board of Directors recommends to the Annual General Meeting that the consolidated loss for the year of DKK 42.0 million be transferred to retained earnings.

INVESTOR QUERIES

Any questions and comments from shareholders, analysts and other stakeholders should be addressed to Kalle Hvidt Nielsen, CEO, or Jesper Bodeholt, CFO, via the Investor Secretariat at e-mail: investor@topsil.com, or tel.: +45 4736 5600.

ANNOUNCEMENTS IN 2014 AND 2015

2014	Announcement
30.01	Topsil to expand its activities in Japan
25.03	Annual report 2013
02.04	Notice to convene Annual General Meeting
25.04	Framework agreements with Chinese customers
28.04	Decisions of Annual General Meeting 2014
29.04	Updated Articles of Association
29.04	Topsil establishes warrant programme for members of the Management Board and managerial employees
07.05	Warrant programme and Updated Articles of Association
07.05	Updated Articles of Association
27.05	Interim report, Q1 2014
03.07	Profit warning
21.08	Change of Management
26.08	Interim report, Q2 2014
04.09	Major shareholder announcement
09.09	Insiders' dealing
15.09	Change of Topsil management
25.11	Interim report, Q2 2014
25.11	Financial calendar 2015
25.11	Topsil establishes warrant programme to member of the Management Board
26.11	Updated Articles of Association

2015	Announcement
05.01	Extension of long term float zone wafer agreement
03.02	Customer complaint: Topsil to reach agreement with customer to release Topsil's products for manufacture

FINANCIAL CALENDAR 2015

Date	Announcement	Silent period
24.03	Annual Report 2014	24/02/2015 – 24/03/2015
24.04	Annual General Meeting	
26.05	Interim report Q1 2015	28/04/2015 – 26/05/2015
25.08	Interim report Q2 2015	28/07/2015 – 25/08/2015
24.11	Interim report Q3 2015	27/10/2015 – 24/11/2015

BOARD OF DIRECTORS AND MANAGEMENT BOARD

Board of Directors

JENS BORELLI-KJÆR (born1960)
Chairman
CEO
MSc (Physics), MBA (INSEAD),
B.Com. International Trade
Elected 2006, Chairman 2006
Chairman of the Nomination Committee and Remuneration Committee 2012
Current term expires in 2015
No. of shares held in Topsil (own and related parties): 693,750 (2013: 825,000)
Remuneration in 2014: DKK 450,000
Directorships and other managerial positions:
Chairman of the board of directors of Vitral A/S
Chairman of the board of directors of UAB Vitral, Lithuania
CEO of CCMA ApS
Special qualifications: Management experience from international industrial companies (electronics, building materials, and medical equipment). Special focus on production, product development and commercialisation

EIVIND DAM JENSEN (born 1951)
Deputy Chairman
CEO
State-authorised estate agent
Member of the Danish Association of Chartered Estate Agents, Diploma Administrator
Elected 2005, Deputy Chairman 2005
Current term expires in 2015
Member of the Nomination Committee 2012
Current term expires in 2015
No. of shares held in Topsil (own and related parties): 76,000,000 (2013: 76,000,000)
Remuneration in 2014: DKK 315,000
Directorships and other managerial positions:
Owner of Statsaut. Ejendomsmæglerfirma E. Dam Jensen.
Special qualifications: Purchase, sale, valuation and letting of commercial and investment properties and property management

JØRGEN FROST (born 1954)
CEO
MSc (Engineering), B.Com. (Marketing)
Elected 2006
Member of the Audit Committee 2010
Current term expires in 2015
No. of shares held in Topsil: 165,000 (2013: 165,000)
Remuneration in 2014: DKK 180,000
Audit committee: DKK 45,000
Directorships and other managerial positions:
CEO of M.J. Grønbech & Sønner Holding A/S and chairman of its subsidiaries
Founder, CEO of and member of the board of directors of Frost Invest A/S
Member of the board of directors of Fischer Holding A/S and chairman of its subsidiary Blendex A/S.
Member of the board of directors of Vestergaard Holding A/S and its subsidiaries
Member of the board of directors of the Rich. Müller Foundation and RM Rich. Müller A/S
Member of the board of directors of Focus Lighting A/S
Special qualifications: Industrial management experience from listed industrial companies

MICHAEL HEDEGAARD LYNG (born 1969)
CFO
MSc (Economics and Auditing), MBA (IMD)
Elected 2010
Chairman of the Audit Committee 2010
Member of the Nomination Committee 2012
Current term expires in 2015
No. of shares held in Topsil: 490,000 (2013: 490,000)
Remuneration in 2014: DKK 180,000
Audit committee: DKK 90,000
Directorships and other managerial positions:
CFO and member of the executive board of NKT Holding A/S, member of the boards of directors of several companies of the NKT Group, CEO, NKT Cables Group
Member of the board of directors of Burmeister & Wain Scandinavian Contractor A/S
Member of the board of directors of Investeringsselskabet Luxor A/S
Special qualifications: Traditional CFO disciplines in global listed industrial companies

JENS BALSLEV OLESEN (born1959)
elected by the employees
Float-zone operator, employed in 2007
Higher Preparatory Examination (HF)
Elected in 2011. Current term expires in 2015
No. of shares held in Topsil: 0 (2013: 0)
Remuneration in 2014: DKK 180,000
Directorships and other managerial positions: None
Special qualifications: Experience in float-zone production

JESPER LEED THOMSEN (born 1966)
elected by the employees
Controller, employed in 2004
Diploma in accounting, B.Com. Management Accounting and Process Management
Elected in 2011. Current term expires in 2015
No. of shares held in Topsil: 0 (2013: 0)
Remuneration in 2014: DKK 180,000
Directorships and other managerial positions: None
Special qualifications: Experience in traditional controller disciplines in listed global industrial companies

Management Board

KARL KRISTIAN HVIDT NIELSEN (born 1964)
CEO, employed in 2012
MSc Engineering, B.Com. Marketing
No. of shares held in Topsil: 420,000 (2013: 420,000)
No. of warrants held in Topsil: 20,590,892
Directorships and other managerial positions:
Chairman of the board of directors of Mita-Teknik A/S
Chairman of the board of directors of SSBV-Rovsing A/S

JESPER BODEHOLT (born 1970)
CFO, employed in 2013
MSc. Business Administration and Auditing, B.Com. Accounting and Management Accounting
No. of shares held in Topsil: 0 (2013: 0)
No. of warrants held in Topsil: 3,213,414
Directorships and other managerial positions: None

MICHAEL LISBY JENSEN (born 1972)
CSO, employed in 2014
MBA, BA in Business Administration, Diploma in Engineering
No. of shares held in Topsil: 0
No. of warrants held in Topsil: 1,625,000
Directorships and other managerial positions: None.

MANAGEMENT STATEMENT

We have today presented the annual report of Topsil Semiconductor Materials A/S for the financial year 1 January – 31 December 2014.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

In our opinion, the consolidated and parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2014 and of the results of the Group's and the parent company's operations and cash flows for the financial year ended 31 December 2014.

Furthermore, in our opinion the management report gives a true and fair view of the developments in the activities and financial position of the Group and the parent company, the results for the year and of the Group's and the parent company's financial position in general and describes the significant risk and uncertainty factors that may affect the Group and the parent company.

We recommend that the annual report be approved by the shareholders in general meeting.

Frederikssund, 24 March 2015

MANAGEMENT BOARD

Kalle Hvidt Nielsen
CEO

Jesper Bodeholt
CFO

Michael Lisby Jensen
CSO

BOARD OF DIRECTORS

Jens Borelli-Kjær
Chairman

Eivind Dam Jensen
Deputy Chairman

Jørgen Frost
Board member

Michael Hedegaard Lyng
Board member

Jens Balslev Olesen
Employee Representative

Jesper Leed Thomsen
Employee Representative

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Topsil Semiconductor Materials A/S

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND PARENT FINANCIAL STATEMENTS

We have audited the consolidated financial statements and parent financial statements of Topsil Semiconductor Materials A/S for the financial year 01.01.2014 – 31.12.2014, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including the accounting policies, for the Group as well as for the Parent. The consolidated financial statements and parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND 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 International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control as Management determines is necessary to enable the preparation and fair presentation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

OPINION

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2014, and of the results of their operations and cash flows for the financial year 01.01.2014 – 31.12.2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

STATEMENT ON THE MANAGEMENT COMMENTARY

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statements.

Copenhagen 24 March 2015

Deloitte
Statsautoriseret Revisionspartnerselskab

Bill Haudal Pedersen	Anders Oldau Gjelstrup
State Authorised	State Authorised
Public Accountant	Public Accountant

FINANCIAL STATEMENTS
1 JANUARY - 31 DECEMBER 2014

INCOME STATEMENT
1 JANUARY – 31 DECEMBER

PARENT COMPANY				GROUP	
2013	**2014**	**DKK'000**	**Note**	**2014**	**2013**
246,062	197,815	Revenue	3	272,328	312,102
(6.222)	6,628	Change in finished goods and work in progress		9,144	(5,213)
4,045	2,637	Work carried out for own account recognised as assets		5,501	4,617
345	50	Other operating income		132	345
(125,380)	(109,959)	Costs of raw materials and consumables		(156,204)	(167,382)
(42,830)	(56,005)	Other external expenses		(62,905)	(51,491)
(55,152)	(61,098)	Staff costs	4, 5, 6	(77,351)	(71,982)
(10,831)	(14,436)	Depreciation, amortisation and impairment	7	(29,348)	(27,391)
10,037	**(34,368)**	**Operating profit/(loss) (EBIT)**		**(38,703)**	**(6,395)**
0	(100.000)	Write-down of investments and receivables in subsidiaries	15	0	0
263	10,490	Financial income	8	1,342	585
(6,979)	(10,851)	Financial expenses	9	(12,242)	(6,900)
3,321	**(134,727)**	**Profit/(loss) before tax**		**(49,603)**	**(12,710)**
398	7,709	Tax on profit/(loss) for the year	10	7,611	2,920
3,719	**(127,018)**	**Profit/(loss) for the year**		**(41,992)**	**(9,790)**
		Appropriation of profit/(loss) for the year:			
		Parent company shareholders		(42,130)	(9,382)
		Non-controlling interests		138	(408)
				(41,992)	**(9,790)**
0.01	(0.24)	Earnings per share (DKK)	11	(0.08)	(0.02)
0.01	(0.22)	Diluted earnings per share (DKK)	11	(0.07)	(0.02)

STATEMENT OF COMPREHENSIVE INCOME
1 JANUARY – 31 DECEMBER

PARENT COMPANY				GROUP	
2013	**2014**	**DKK'000**	**Note**	**2014**	**2013**
3,719	(127,018)	Profit/(loss) for the year		(41,992)	(9,790)
		Items that may be reclassified to profit or loss:			
0	0	Foreign exchange adjustment re foreign companies		(9,030)	3,105
3,719	**(127,018)**	**Comprehensive income for the year**		**(51,022)**	**(12,895)**
		Distribution of comprehensive income for the year:			
3,719	(127,018)	Parent company shareholders		(50,321)	(12,203)
0	0	Non-controlling interests		(701)	(692)
3,719	**(127,018)**			**(51,022)**	**(12,895)**

CASH FLOW STATEMENT
FOR 2014

PARENT COMPANY				GROUP	
2013	**2014**	**DKK'000**	**Note**	**2014**	**2013**
10,037	**(34,368)**	**Operating profit/(loss) (EBIT)**		**(38,703)**	**(6,395)**
10,831	14,436	Depreciation, amortisation and impairment	7	29,348	27,391
946	1,258	Share-based payment recognised in the income statement		1,412	1,043
(1,184)	12.510	Change in net working capital	27	9.567	1,737
1,750	1,250	Tax paid/received		869	1,150
22	0	Financial income received		49	189
(6,091)	(7,486)	Financial expenses paid		(8,860)	(6,794)
16,311	**(12,400)**	**Cash flows from operating activities**		**(6,318)**	**18,321**
(7,582)	(5,492)	Acquisition of intangible assets	12	(5,492)	(8,505)
(12,148)	(5,272)	Acquisition of property, plant and equipment	14	(8,822)	(15,594)
0	50	Sale of property, plant and equipment		132	34
(538)	0	Acquisition of investments	15	0	0
(20,268)	**(10,714)**	**Cash flows from investing activities**		**(14,182)**	**(24,065)**
7,456	18,420	Loans and credits raised		14,452	7,594
7,456	**18,420**	**Cash flows from financing activities**		**14,452**	**7,594**
3,499	**(4,694)**	**Cash flows for the year**		**(6,048)**	**1,850**
1,818	5,317	Cash and cash equivalents at beginning of year		12,349	10,905
0	0	Market value adjustment of cash and cash equivalents		602	(406)
5,317	**623**	**Cash and cash equivalents at end of year**	19	**6,903**	**12,349**

BALANCE SHEET
AS AT 31 DECEMBER 2014

PARENT COMPANY		ASSETS		GROUP	
2013	**2014**	**DKK'000**	**Note**	**2014**	**2013**
0	0	Goodwill		17,067	17,772
6,533	27,120	Completed development projects		27,760	7,767
22,191	5,055	Development projects in progress		5,055	22,191
0	0	Rights of use		13,801	14,562
0	0	Other intangible assets		416	546
28,724	**32,175**	**Intangible assets**	12, 13	**64,099**	**62,838**
125,937	123,702	Land and buildings		167,333	173,307
102,512	97,541	Plant and machinery		163,710	173,697
2,356	1,760	Other fixtures and fittings, tools and equipment		1,781	2,537
3,676	4,355	Property, plant and equipment under construction		8,460	13,988
234,481	**227,358**	**Property, plant and equipment**	14	**341,284**	**363,529**
95,349	55,503	Investments in subsidiaries	15	0	0
15,875	9,075	Other non-current receivables	16	9,075	15,875
111,224	**64,578**	**Financial assets**		**9,075**	**15,875**
0	**0**	**Deferred tax asset**	10	**23**	**0**
374,429	**364,111**	**Non-current assets**	3	**414,481**	**442,242**
79,896	**83,771**	**Inventories**	17	**156,105**	**144,416**
30,193	23,699	Trade receivables	18	33,896	46,422
59,922	11,063	Receivables from subsidiaries		0	0
3,041	14,213	Other receivables		17,046	7,666
1,250	2,163	Income tax receivable		2,215	1,483
1,234	1,527	Prepayments		2,567	2,046
95,640	**52,665**	**Receivables**		**55,724**	**57,617**
5,317	**623**	**Cash and cash equivalents**	19	**6,903**	**12,349**
180,853	**137,059**	**Current assets**		**218,732**	**214,382**
555,282	**461,170**	**Assets**		**633,213**	**656,624**

BALANCE SHEET
AS AT 31 DECEMBER 2014

PARENT COMPANY		EQUITY AND LIABILITIES		GROUP	
2013	**2014**	**DKK'000**	**Note**	**2014**	**2013**
132,029	132,029	Share capital	20	132,029	132,029
0	0	Translation reserve	21	(24,439)	(16,248)
1,520	2,932	Reserve for share-based payment	21	2,932	1,520
196,166	69,148	Retained earnings		217,237	259,367
329,715	**204,109**	**Equity attributable to parent company shareholders**		**327,759**	**376,668**
0	**0**	**Equity attributable to non-controlling interests**		**16,585**	**17,286**
329,715	**204,109**	**Equity**		**344,344**	**393,954**
162,456	0	Due to credit institutions	22	0	162,456
0	0	Finance lease liabilities	23	674	923
9,463	1,440	Prepayments received from customers		1,440	9,463
0	0	Other non-current liabilities		2,307	1,816
8,133	2,587	Deferred tax liabilities	10	5,693	11,815
180,052	**4,027**	**Non-current liabilities**		**10,114**	**186,473**
0	180,876	Due to credit institutions	22	187,519	10,611
4,951	0	Finance lease liabilities	23	207	5,149
18,654	27,024	Trade creditors	24	48,740	36,486
5,395	9,850	Debt to subsidiaries		0	0
5,678	6,707	Prepayments received from customers		6,707	5,678
266	0	Provisions	25	0	266
0	0	Income tax payable		36	0
10,571	27,355	Other payables	26	32,220	15,624
0	1,222	Deferred income		3,326	2,383
45,515	**253,034**	**Current liabilities**		**278,755**	**76,197**
225,567	**257,061**	**Total liabilities**		**288,869**	**262,670**
555,282	**461,170**	**Equity and liabilities**		**633,213**	**656,624**
		Operating lease liabilities	28		
		Charges, guarantees and contingent liabilities, contractual liabilities	29-31		
		Other notes without reference	32-39		

STATEMENT OF CHANGES IN EQUITY
FOR 2014 (GROUP)

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 01.01.2013	**132,029**	**(13,427)**	**477**	**268,749**	**387,828**	**17,978**	**405,806**
Profit/(loss) for the year	0	0	0	(9,382)	(9,382)	(408)	(9,790)
Other comprehensive income	0	(2,821)	0	0	(2,821)	(284)	(3,105)
Comprehensive income	0	(2,821)	0	(9,382)	(12,203)	(692)	(12,895)
Share-based payment, see note 6	0	0	1,043	0	1,043	0	1,043
Share-based payment, lapsed warrants, see note 6	0	0	0	0	0	0	0
Equity at 31.12.2013	**132,029**	**(16,248)**	**1,520**	**259,367**	**376,668**	**17,286**	**393,954**
Equity at 01.01.2014	**132,029**	**(16,248)**	**1,520**	**259,367**	**376,668**	**17,286**	**393,954**
Profit/loss for the year	0	0	0	(42,130)	(42,130)	138	(41,992)
Other comprehensive income	0	(8,191)	0	0	(8,191)	(839)	(9,030)
Comprehensive income	0	(8,191)	0	(42,130)	(50,321)	(701)	(51,022)
Share-based payment, see note 6	0	0	1,412	0	1,412	0	1,412
Share-based payment, lapsed warrants, see note 6	0	0	0	0	0	0	0
Equity at 31.12.2014	**132,029**	**(24,439)**	**2,932**	**217,237**	**327,759**	**16,585**	**344,344**

STATEMENT OF CHANGES IN EQUITY
FOR 2014 (PARENT COMPANY)

DKK'000	Share capital	Reserve for share-based payment	Retained earnings	Total equity
Equity at 01.01.2013	132,029	477	192,447	324,953
Comprehensive income for the year	0	0	13,719	13,719
Share-based payment, see note 6	0	1,043	0	1,043
Share-based payment, lapsed warrants, see note 6	0	0	0	0
Equity at 31.12.2013	132,029	1,520	196,166	329,715
Equity at 01.01.2014	132,029	1,520	196,166	329,715
Comprehensive income for the year	0	0	(127,018)	(127,018)
Share-based payment, see note 6	0	1,412	0	1,412
Share-based payment, lapsed warrants, see note 6	0	0	0	0
Equity at 01.01.2014	132,029	2,932	69,148	204,109

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The consolidated and the parent company financial statements of Topsil Semiconductor Materials A/S for 2014 are presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies in reporting class D (listed), pursuant to the Danish Statutory Order on Adoption of IFRS issued in accordance with the Danish Financial Statements Act and the Rules and Regulations of Nasdaq Copenhagen.

The consolidated financial statements and the parent company financial statements are presented in Danish kroner (DKK), which is the Group's presentation currency and the functional currency of the parent company.

The consolidated financial statements and parent company financial statements are prepared on the basis of the historical cost convention.

Implementation of new and changed Standards and interpretations
The following new and amended standards and interpretations, which apply for financial years beginning on 01 January 2014, have been implemented in the annual report for 2014.

Standards and interpretations affecting the profit/(loss) for the year or the financial position
The implementation of the new and amended standards and interpretations in the annual report for 2014 has not resulted in changes to accounting policies.

Standards and interpretations impacting presentation and disclosure
The implementation of the new and amended standards and interpretations in the annual report for 2014 has not resulted in changes to presentation or disclosure.

Standards and interpretations not yet in force
At the date of publication of this annual report, the following new standard has not yet entered into force and is therefore not included in this annual report:

> IFRS 12, *Disclosure of Interests in other Entities* (May 2011)
>
> The standard requires enhanced disclosures about non-controlling interests, among other things. Except for an increase in the scope of note disclosures, the standard is not expected to have a material impact on the consolidated financial statements for the coming financial years.
>
> The standard comes into force for financial years starting on or after 1 January 2014. The standard has been adopted for use in the EU.

Management believes that the application of the remaining new standards issued and amended standards and interpretations will not have a material impact on the annual reports for the coming financial years. Otherwise, the accounting policies are consistent with last year's, as described in the following.

Consolidated financial statements
The consolidated financial statements consolidate the financial statements of the parent company, Topsil Semiconductor Materials A/S, and subsidiaries in which the parent company directly or indirectly holds more than 50% of the shares.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the parent company and those of the subsidiaries, which are all prepared in accordance with the Group's accounting policies.

On consolidation, items of the same nature are aggregated and intra-group income and expenses, intra-group balances and shareholdings are eliminated. Unrealised gains and losses on transactions between consolidated companies are also eliminated.

Financial statement items of subsidiaries are fully consolidated. The non-controlling interests' proportionate share of the profit/loss is included in the consolidated profit/loss and comprehensive income for the year and as a separate item under consolidated equity.

Non-controlling interests
On initial recognition, non-controlling interests are either recognised at their fair value or at their pro-rata share of the fair value of the acquired company's identifiable assets, liabilities and contingent liabilities. The choice of method is made individually for each transaction. The non-controlling interests are subsequently adjusted for their proportionate share of changes to the equity of the subsidiary. The comprehensive income is allocated to the non-controlling interests irrespective of the non-controlling interest consequently becoming negative.

Acquisition or sale of non-controlling interests in a subsidiary not resulting in loss of controlling influence is recognised in the consolidated financial statements as an equity transaction, and the difference between the remuneration and the carrying amount is allocated to the parent company's share of equity.

Foreign currency translation
On initial recognition, transactions denominated in currencies other than the individual company's functional currency are translated at the exchange rate ruling at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Exchange differences between the exchange rate at the transaction date and the exchange rate at the date of payment or the balance sheet date, respectively, are recognised in the income statement under financial items.

Property, plant and equipment and intangible assets, inventories and other non-monetary assets acquired in foreign currency and measured based on historical cost are translated at the exchange rates at the transaction date.

On recognition in the consolidated financial statements of entities whose financial statements are presented in a functional currency other than Danish kroner (DKK), the income statements are translated at average exchange rates for the respective months, unless these deviate materially from the actual exchange rates at the transaction dates. In that case, the actual exchange rates are used. Balance sheet items are translated at the exchange rates at the balance sheet date. Goodwill is considered to be attributable to the acquired company in question and is translated at the exchange rate at the balance sheet date.

Exchange differences arising on the translation of foreign subsidiaries' opening balance sheet items to the exchange rates at the balance sheet date and on the translation of the income statements from average exchange rates to exchange rates at the balance sheet date are recognised in other comprehensive income.

Foreign exchange adjustment of receivables from or payables to subsidiaries which are considered part of the parent company's overall investment in the subsidiary in question are also taken directly to equity in the consolidated financial statements, whereas they are recognised in the income statement of the parent company.

Share-based incentive schemes
Share-based incentive schemes in which employees can only opt to buy shares in the parent company (equity-settled schemes) are measured at the equity instruments' fair value at the grant date and recognised in the income statement under staff costs over the vesting period. The balancing item is recognised directly in equity.

The fair value of the equity instruments is determined using Black&Scholes' model with the parameters indicated in note 6.

Employee shares are recognised at an amount calculated as the difference between the market price and the exercise price at the grant date.

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

Current tax payable and receivable is recognised in the balance sheet as the tax calculated on the taxable income for the year, adjusted for tax paid on account.

The calculation of the year's current tax is based on the tax rates and tax rules applicable at the balance sheet date.

Deferred tax is measured using the tax rates and tax rules that, based on legislation in force or in reality in force at the balance sheet date, are expected to apply in the respective countries when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changed tax rates or rules are recognised in the income statement, unless the deferred tax can be attributed to items previously recognised directly in equity. In the latter case, the change is also recognised directly in equity.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.However, deferred tax is not recognised on temporary differences relating to the initial recognition of goodwill or the initial recognition of a transaction, apart from business combinations, and where the temporary difference existing at the date of initial recognition affects neither profit/loss for the year nor taxable income.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, unless the parent company is able to control when the deferred tax is to be realised and it is likely that the deferred tax will not crystallise as current tax within the foreseeable future.

Deferred tax is calculated based on the planned use of the individual asset and the settlement of the individual liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised in the balance sheet at the value at which the asset is expected to be realised, either through a set-off against deferred tax liabilities or as net tax assets to be offset against future positive taxable income. At each balance sheet date, it is assessed whether it is likely that there will be sufficient future taxable income for the deferred tax asset to be utilised.

INCOME STATEMENT

Revenue
Revenue, comprising the sale of silicon ingots and wafers and property management, is recognised in the income statement once delivery and transfer of risk to the buyer has taken place.

Revenue is measured as the fair value of the consideration received or receivable. If interest-free credit has been granted for payment of the outstanding consideration extending beyond the usual credit period, the fair value of the payment is calculated by discounting future payments. The difference between the fair value and the nominal value of the consideration is recognised as financial income in the income statement over the extended credit period by using the effective interest method.

Revenue is stated exclusive of VAT, duties, discounts, etc., levied on behalf of a third party.

Costs of raw materials and consumables
Costs of raw materials and consumables comprise direct costs incurred in generating the revenue. Costs concerning development projects in the production environment that do not qualify for recognition in the balance sheet are also recognised in costs of raw materials and consumables.

Other operating income and operating costs
Other operating income and costs comprise items of a secondary nature relative to the main activity of the Group, including gains and losses on sales of intangible assets and property, plant and equipment, if the selling price of the assets exceeds the original cost.

Other external expenses
Other external expenses include distribution, selling, and advertising costs, administrative expenses, expenses for office premises, bad debts, etc. Other external expenses also comprise costs of development projects that do not qualify for recognition in the balance sheet.

Government grants
Government grants are recognised when there is reasonable certainty that the conditions for the grant have been met and that the grant will be received.

Grants to cover expenses incurred are recognised in the income statement proportionally over the periods in which the associated expenses are recognised. The grants are set off against the expenses incurred. Government grants associated with an asset are recognised in prepayments and recognised as income over the useful life of the asset.

Staff costs
Staff costs comprise wages and salaries and social security costs, pensions, share-based payment, etc. to the employees of the Group. Staff costs also comprise costs for development projects that do not qualify for recognition in the balance sheet.

Financial items
Financial items comprise interest income and expenses, the interest element of finance lease payments, realised and unrealised foreign exchange gains and losses as well as surcharges and allowances under the Tax Prepayment Scheme.

BALANCE SHEET

Intangible assets
Goodwill
On initial recognition, goodwill is measured and recognised as the excess of the cost of the acquired company over the fair value of the acquired assets, liabilities and contingent liabilities, as described under the consolidated financial statements.

On recognition of goodwill, the goodwill amount is allocated to those of the Group's activities that generate separate cash flows (cash-generating units). Goodwill is not amortised, but is tested for impairment at least once a year, as described below.

Other intangible assets
Development projects concerning products and processes which are clearly defined and identifiable are recognised as intangible assets if it is probable that the product or the process will generate future economic benefits for the Group and the development costs of the individual asset can be measured reliably.

Other development costs are recognised as costs in the income statement when incurred.

On initial recognition, development projects are measured at cost. The cost of development projects comprises costs such as salaries and amortisation that are directly attributable to the development projects and are necessary to complete the project calculated from the date when the development project first qualifies for recognition as an asset.

The Group recognises borrowing costs in the cost of qualifying assets with longer manufacturing periods.

The amortisation base is cost. The cost of a total asset is split into smaller parts that are depreciated separately if such components have different useful lives.

Completed development projects are amortised on a straight-line basis over their expected useful lives. The amortisation period is usually five years, but may in certain cases be as long as 20 years if this longer amortisation period is deemed to be more representative of the Group's use of the developed product, etc. Amortisation for the year is recognised in the income statement under "Depreciation and amortisation".

Development projects are written down to their recoverable amount where this is lower than the carrying amount, as described below. Development projects in progress are tested for impairment at least once a year.

Other intellectual property rights in the form of rights of use, patents and customer lists are measured at cost less accumulated amortisation and impairment losses. Other intellectual property rights are amortised on a straight-line basis over the remaining life of the patent. If the actual life of the patent is shorter than either the remaining term or the contract period, amortisation is provided over the shorter life of the patent.

Other intellectual property rights are written down to their recoverable amount where this is lower than the carrying amount, as described below.

Property, plant and equipment
Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the purchase price and any costs directly attributable to the acquisition and any preparation costs incurred until the date when the asset is available for use. In the case of assets produced by the Group itself, cost comprises costs that are directly attributable to the production of the asset including materials, components, sub-suppliers and wages. For assets held under finance leases, the cost is the lower of the fair value of the asset and the present value of the future lease payments.

The Group recognises borrowing costs in the cost of qualifying assets with longer manufacturing periods.

The depreciation base is cost less the residual value. The residual value is the amount expected to be obtainable in a sale of the asset, less costs to sell, if the asset already had the age and were in such condition as the asset is expected to be at the end of its useful life. The residual values used constitute 20-30% of cost. The cost of a total asset is split into smaller parts that are depreciated separately if such components have different useful lives.

Straight-line depreciation is provided based on the estimated useful lives of the assets as follows:

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

Land is not depreciated. Depreciation methods, useful lives and residual values are reassessed annually.

Property, plant and equipment are written down to their recoverable amount if this is lower than the carrying amount, see below.

Impairment of property, plant and equipment, intangible assets and investments in subsidiaries
The carrying amounts of property, plant and equipment, intangible assets with determinable useful lives and investments in subsidiaries are tested at the balance sheet date to determine whether there are any indications of impairment. If this is the case, the recoverable amount of the asset is determined to establish if there is a need to recognise an impairment loss and the extent of such impairment loss. The recoverable amount of development projects in progress and goodwill is tested annually regardless of whether any indication of impairment has been established.

If the asset does not generate any cash flows independently of other assets, the recoverable amount is calculated for the smallest cash-generating unit of which the asset forms part.

The recoverable amount is calculated as the higher of the fair value less costs to sell and the value in use of the asset or the cash-generating unit, respectively. In determining the value in use, the estimated future cash flows are discounted to their present value, using a discount rate reflecting current market assessments of the time value of money as well as risks that are specific to the asset or the cash-generating unit and which have not been taken into account in the estimated future cash flows.

If the recoverable amount of the asset or the cash-generating unit is lower than the carrying amount, the carrying amount is written down to the recoverable amount. For cash-generating units, the write-down is allocated in such a way that goodwill amounts are written down first, and any remaining need for write-down is allocated to other assets in the unit, although no individual assets are written down to a value lower than their fair value less expected costs to sell.

Impairment losses are recognised in the income statement. If write-downs are subsequently reversed as a result of changes in the assumptions on which the calculation of recoverable amount is based, the carrying amount of the asset or the cash-generating unit is increased to the adjusted recoverable amount, not exceeding the carrying amount that the asset or cash-generating unit would have had, had the write-down not been made. Impairment of goodwill is not reversed.

Investments in subsidiaries
On initial recognition, investments in subsidiaries are measured at cost plus transaction costs. Where the recoverable amount of the investments is lower than cost, the investments are written down to this lower value.

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

The cost of raw materials and consumables comprises the purchase price plus delivery costs. The cost of manufactured goods and work in progress comprises the cost of raw materials, consumables and direct labour as well as allocated fixed and variable indirect production costs.

Variable indirect production costs comprise indirect materials and wages and are allocated based on preliminary calculations of the goods actually produced. Fixed indirect production costs comprise maintenance costs and depreciation and impairment of the machinery and equipment used in the production process as well as general factory administration and management expenses. Fixed production costs are allocated on the basis of the normal capacity of the production plant.

The net realisable value of inventories is calculated as the expected selling price less completion costs and costs incurred in making the sale.

Receivables
Receivables comprise non-current deposits in connection with the purchase and sale of goods and receivables from sale of goods and services. Receivables are classified as loans and receivables, which are financial assets with fixed or determinable payments that are not quoted in an active market and are not derivative financial instruments.

On initial recognition, receivables are measured at fair value and subsequently at amortised cost, which usually corresponds to the nominal value less write-downs for bad debts. Write-downs are assessed individually.

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

Pension obligations etc.
The Group has entered into defined contribution plans and similar plans with a substantial part of the Group's employees. In case of defined contribution plans, fixed contributions are paid regularly to independent pension companies and the like. The contributions are recognised in the income statement over the vesting period. Payments due are recognised as a liability in the balance sheet. Other pension liabilities are defined contribution plans and statutory plans in foreign subsidiaries.

Provisions
Provisions are recognised when the Group has a legal or constructive obligation as a consequence of past events during the financial year or prior years, and when it is likely that settlement of the obligation will require an outflow of the Group's financial resources. Warranty commitments cover commitments to repair faulty or defective products sold within the warranty period.

Provisions are measured as the best estimate of the costs required to settle the liabilities at the balance sheet date. Provisions with an expected term of more than a year after the balance sheet date are measured at present value.

Lease liabilities
Lease liabilities concerning assets held under finance leases are recognised in the balance sheet as liabilities and measured at the inception of the lease at the lower of the fair value of the leased asset and the present value of future lease payments.

On subsequent recognition, lease liabilities are measured at amortised cost. The difference between the present value and the nominal value of the lease payments is recognised in the income statement over the term of the lease as a financial expense.

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

Other financial liabilities
Other financial liabilities comprise bank debt, trade payables and other payables to public authorities. On initial recognition, other financial liabilities are measured at fair value less transaction costs. In subsequent periods, financial liabilities are measured at amortised cost, applying the effective interest method, to the effect that the difference between the proceeds and the nominal value is recognised in the income statement as a financial expense over the term of the loan.

CASH FLOW STATEMENT

The consolidated cash flow statement is presented according to the indirect method and shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the year.

The cash effect of acquisitions and divestments of entities is shown separately under cash flows from investing activities. Cash flows from the acquisition of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from the disposal of enterprises are recognised up to the date of disposal.

Cash flows from operating activities are presented according to the indirect method and stated as operating profit, adjusted for non-cash operating items and changes in working capital and financial income and expenses, less the income tax paid during the financial year attributable to operating activities.

Cash flows from investing activities comprise payments related to the purchase and sale of financial assets, including non-current prepayments for goods, subsidiaries as well as the purchase, development, improvement, sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or the composition of the parent company's share capital and related costs as well as the raising and repayment of loans, cash deposits, instalments on interest-bearing debt, acquisition of treasury shares and payment of dividends. Furthermore, cash flows regarding assets held under finance leases in the form of lease payments made are recognised.

Cash and cash equivalents comprise cash deposits.

Segment information
The Group's segments are the "production and sale of silicon ingots and wafers" and "property management".

Financial highlights and financial ratios
The financial highlights and financial ratios have been defined and calculated in accordance with "Recommendations and Financial Ratios 2010" issued by the Danish Association of Financial Analysts.

Financial ratios	Formula
EBITDA margin (%)	$\frac{\text{EBITDA*100}}{\text{Revenue}}$
EBIT margin (%) (Profit margin)	$\frac{\text{EBIT*100}}{\text{Revenue}}$
Return on invested capital (%) incl. goodwill	$\frac{\text{EBIT*100}}{\text{Average invested capital}}$
Contribution ratio (%)	$\frac{\text{Contribution margin* 100}}{\text{Revenue}}$
Equity ratio (%)	$\frac{\text{Equity*100}}{\text{Total assets}}$
Return on equity (%)	$\frac{\text{Profit/loss for the year after tax*100}}{\text{Average equity}}$

Calculations of earnings per share and diluted earnings per share are specified in note 11.

Net working capital (NWC) is defined as the value of inventories, receivables and other operating assets less trade payables and other current operating liabilities. Cash and cash equivalents and deferred tax assets are not included in the net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities less interest-bearing assets, such as cash and cash equivalents.

Invested capital is defined as net working capital plus the carrying amount of property, plant and equipment and non-current intangible assets, less other provisions and non-current operating liabilities.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is defined as EBIT plus depreciation, amortisation and goodwill impairment of the year.

Contribution margin is defined as revenue less or plus changes in inventories of finished goods and work in progress, work performed for own account and recognised under assets and other operating income and expenses for raw materials and consumables.

2. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES

In applying the Group's accounting policies, as outlined in note 1, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities which cannot be immediately inferred from other sources.

The estimates and assumptions applied are based on historical experience and other factors that Management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the Group is subject to risks and uncertainties that may cause actual outcomes to deviate from such estimates. Risks for Topsil are described in "Risk management is a high priority" on pages 18-19 and in note 32 "Financial risks and financial instruments".

Estimates and underlying assumptions are reviewed in an ongoing process. Changes to accounting estimates are recognised in the reference period in which the change occurs and in future reference periods if the change affects the period in which it is made as well as subsequent reference periods.

Development projects
For completed development projects with carrying amounts of DKK 27.8 million (Group) as at 31 December 2014, Management believes there is no evidence of impairment in addition to the amortisation made.

Completed development projects comprise *inter alia* of the new 200 mm process completed in 2014. Management believes that the life of this project is 20 years, for which reason that has been chosen as the depreciation period for the project.

For development projects in progress with carrying amounts of DKK 5.1 million (Group) as at 31 December 2014, Management believes there is no evidence of impairment.

Recoverable amount of non-current assets
Determining any need for impairment write-down of recognised intangible and tangible assets requires a calculation of the value in use of the cash-generating units to which the assets have been allocated. Calculating the value in use assumes that an estimate of future expected cash flows has been made and that a reasonable discount rate has been determined. The carrying amount of the Group's intangible assets was DKK 64.1 million as at 31 December 2014, and the carrying amount of tangible assets was DKK 341.3 million. For a detailed description of discount rates etc., see note 12.

Impairment test of investments in and receivables from subsidiaries
Investments in subsidiaries are recognised in the parent company's financial statements at cost less any write-downs to the recoverable amount. Management made an impairment test of investments, including in Topsil Poland, as at 31 December 2014, which resulted in an impairment write-down of DKK 40 million. See note 15. This impairment test included estimates of future cash flows, and the determination of the recoverable amount is therefore inherently subject to uncertainty.

In addition, Management has assessed the valuation of receivables from subsidiaries, which resulted in an impairment write-down of DKK 60 million as at 31 December 2014.

Inventories
The carrying amount of inventories is determined based on a number of assumptions that are partly based on Management estimates. Material estimates concerning inventories include an assessment of the net realisable value, including write-downs for obsolescence and slow-moving goods. Moreover, Management estimates the exploitation of capacity in connection with the recognition of indirect production costs.

Complaint case
The Company has made a claim against a third-party contractor as a result of the supply of defective Float Zone wafers. The negotiations had not been completed at the date of presentation of the financial statements. Part of the claim is recognised as a receivable in accordance with the recognition criteria under IFRS, resulting in the recognition in the income statement of an amount in the region of DKK 12 million in 2014 in relation to the case. The receivable is based on a Management estimate, which is inherently subject to uncertainty.

Forward-looking statements
All forward-looking statements in this annual 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.

Tax asset utilisation
Deferred tax assets are recognised for all unutilised tax losses and differences to the extent it is considered likely that they can be utilised through taxable income within a foreseeable number of years.

The Annual Report is published Danish and English. In the event of any discrepancy between the two versions, the Danish version shall prevail.

3. SEGMENT INFORMATION

Based on IFRS 8, Operating segments, the Topsil Group is assessed to have two segments. "sales of silicon ingots and wafers" and "property management".

Other segment information:
Specification of sales of products is stated below:

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
246,062	197,815	Sale of silicon ingots and wafers	258,544	298,291
0	0	Property management	13,784	13,811
246,062	**197,815**	**Total**	**272,328**	**312,102**

Distribution of revenue, assets and liabilities on activities at Group level:

GROUP 2014

DKK'000	Silicon	Property management	Total
Revenue	258,544	13,784	272,328
EBITDA	(14,622)	5,267	(9,355)
Depreciation, amortisation and impairment	(24,636)	(4,712)	(29,348)
Operating profit	(39,258)	555	(38,703)
Financial income	986	356	1,342
Financial expenses	(12,165)	(77)	(12,242)
Profit/(loss) before tax	(50,437)	834	(49,603)
Assets	545,422	87,791	633,213
Addition of property, plant and equipment during the year	7,491	1,331	8,822
Total liabilities	275,856	13,013	288,869

GROUP 2013

DKK'000	Silicon	Property management	Total
Revenue	298,291	13,811	312,102
EBITDA	16,067	4,929	20,996
Depreciation, amortisation and impairment	(22,575)	(4,816)	(27,391)
Operating profit	(6,508)	113	(6,395)
Financial income	134	451	585
Financial expenses	(6,677)	(223)	(6,900)
Profit/(loss) before tax	(13,051)	341	(12,710)
Assets	566,294	90,330	656,624
Addition of property, plant and equipment during the year	13,717	1,877	15,594
Total liabilities	249,961	12,709	262,670

3. SEGMENT INFORMATION (continued)

The distribution of sales of silicon ingots and wafers at Group level is shown below:

Percentage distribution of revenue for the year	2014	2013
FZ-NTD	54	60
FZ-PFZ	16	14
FZ-HPS	7	7
CZ-EPI	16	15
CZ	7	4
Total:	**100**	**100**

Revenue by geographical market:

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
192,973	153,024	Europe	185,375	222,868
11,333	13,004	USA	21,660	18,914
41,756	31,787	Asia	65,293	70,320
246,062	**197,815**	**Total**	**272,328**	**312,102**

Information on significant customers:

Of the total consolidated revenue, DKK 116.7 million (2013: DKK 142.3 million) constitutes sales to three customers within the segment for silicon ingots and wafers. The three customers (2013: two) each account for more than 10% of consolidated revenue. The Group has long-term contracts with the customers in question for the delivery of silicon wafers.

Non-current assets distributed on physical locations:

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
279,080	268,608	Denmark	268,608	279,080
95,349	55,503	Poland	145,873	163,162
374,429	**324,111**	**Total**	**414,481**	**442,242**

Transactions between segments were made on an arm's length basis.

The accounting policies used in computing the segment information are the same as those used by the Group; see note 1.

4. STAFF COSTS

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
1,620	1,620	Directors' fees	1,620	1,620
46,645	52,273	Wages and salaries	60,134	57,263
462	239	Bonuses for managerial employees	512	863
457	102	Bonuses for Management Board	102	457
947	1,258	Share-based payment	1,412	1,043
3,984	4,405	Pension contributions, defined contribution plans	5,313	4,198
1,037	1,201	Other social security costs	8,258	6,538
55,152	**61,098**	**Total**	**77,351**	**71,982**
90	**96**	**Average number of employees**	**356**	**344**

The calculation of the average number of employees (FTE) is based on pension contributions for employees in the parent company (the ATP method (ATP: Danish Labour Market Supplementary Pension)), while the calculation of the average for subsidiaries is based on the number of employees at the end of each month.

At the end of 2014, the parent company had 98 full-time employees (2013:98), and the Group had 356 (2013: 355) full-time employees.

Group and parent company

Remuneration of Board of Directors, Management Board and managerial employees.

	Board of Directors		Management Board		Managerial employees	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Directors' fees	1,620	1,620	0	0	0	0
Wages and salaries	0	0	7,453	5,557	8,286	11,268
Bonuses	0	0	102	457	512	863
Pension contributions	0	0	417	353	764	455
Share-based payment	0	0	974	749	438	294
Total	**1,620**	**1,620**	**8,946**	**7,116**	**10,000**	**12,880**

The fee to the Chairman of the Board of Directors for the current term amounted to DKK 450 thousand. (2013: DKK 450 thousand), Deputy Chairman DKK 315 thousand (2013: DKK 315 thousand) and other members DKK 180 thousand (2013: DKK 180 thousand). Furthermore, the fee to the Chairman of the Audit Committee amounted to DKK 90 thousand (2013: DKK 90 thousand) and the fee to each of the remaining members of the Audit Committee is half that amount.

Salaries to the members of the Management Board in 2014 also includes severance pay to the sales director who has left the Company.

The Management Board and other managerial employees are covered by special bonus schemes, see below:

For the 2014 financial year, the Chief Executive Officer is entitled to a bonus at the rate of 1.0% of the pre-tax profit according to the consolidated financial statements for the year and at the rate of 4.0% of the consolidated pre-tax profit growth relative to the pre-tax profit according to the consolidated financial statements for the prior financial year.

For the 2014 financial year, the Chief Financial Officer is entitled to a bonus at the rate of 0.7% of the pre-tax profit according to the consolidated financial statements for the year and at the rate of 2.8% of the consolidated pre-tax profit growth relative to the pre-tax profit according to the consolidated financial statements for the prior financial year. For the CSO and other managerial employees, bonuses are subject to individual targets. The CSO's bonus is calculated as from 1 September 2014.

The plans are unchanged from 2013.

5. PENSION PLANS

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
3,984	4,405	Pension contributions, defined contribution plans	5,313	4,198
3,984	**4,405**	**Total**	**5,313**	**4,198**

The Group has entered into defined contribution plans only. Under defined contribution plans, the employer pays regular contributions to an independent pension company, pension fund or the like, but bears no risk in relation to the future development of interest rates, inflation, mortality, disability, etc. in so far as the amount that will eventually be paid to the employee is concerned.

6. SHARE-BASED PAYMENT

In 2012, 2013 and 2014, the Management Board and a number of managerial employees were granted warrants to subscribe for shares in the parent company at a fixed strike price. The warrants are equity-settled share-based remuneration schemes. The value of the warrants is recognised in the income statement under staff costs on a straight-line basis from the grant date until the vesting date, which means that at the exercise date no further recognition is made in the income statement.

	Number of warrants ('000)	**Weighted average strike price (DKK)**
Warrants granted at 01.01.2013	10,591	0.56
Granted during the year	18,127	0.53
Forfeited due to termination of employment	0	0
Exercised during the year	0	0
Lapsed during the year	0	0
Warrants granted at 31.12.2013	**28,718**	**0.54**
Warrants granted at 01.01.2014	28,718	0.54
Granted during the year	12,176	0.84
Forfeited due to termination of employment	(3,627)	0.66
Exercised during the year	0	0
Lapsed during the year	0	0
Warrants granted at 31.12.2014	**37,267**	**0.63**

(The weighted average term to maturity is 553 days (2013: 710 days)

	2014	**2013**
Number of exercisable warrants at year end	0	0
Number of exercisable warrants at the release of the full-year profit announcement ('000)	0	0
Total fair value at 31 December of outstanding warrants (DKK '000)	**4,403**	**3,538**
Weighted average fair value per warrant	0.12	0.11
Weighted average strike price per warrant	0.63	0.54

In 2014, the fair value of warrants was recognised at DKK 1,412 thousand (2013: DKK 1,043 thousand).

6. SHARE-BASED PAYMENT (continued)

The grant year, strike price and exercise period for the individual grants are as follows:

Year of grant	Strike price	Exercise period	Granted	Adjusted number	Lapsed	Expired	Exercised	Not exercised
2012	0.56	2015-2017	10,590,560	0	0	0	0	10,590,560
2013	0.53	2016-2018	18,126,806	0	(2,257,600)	0	0	15,869,206
2014	0.84	2017-2019	12,176,200	0	(1,369,702)	0	0	10,806,498
Total			**40,893,566**	**0**	**(3,627,302)**	**0**	**0**	**37,266,264**

The fair values calculated at the grant date are based on the Black&Scholes model for valuation of warrants including dilution. Five separate grants have been made, two of them in 2012, one in 2013 and two in 2014.

The assumptions applied in determining the fair value at the grant date of warrants granted during the year are as follows:

	Granted in 2014	Granted in 2013	Granted in 2012
Weighted average share price at grant	0.70	0.42	0.44
Weighted average strike price	0.84	0.53	0.56
Volatility, first grant	42.7%	43.0%	55.9%
Volatility, second grant	38.9%	-	62.7%
Expected duration	3	3	3
Expected dividend per share	0	0	0
Risk-free interest rate	0.0%	0.1%	0.4%
Warrants granted ('000)	10,806	15,869	10,591
Weighted average fair value per warrant	0.14	0.09	0.14
Total fair value (DKK '000)	**1,492**	**1,428**	**1,483**

The expected volatility is based on the historical volatility (calculated over the past year) adjusted for expected changes as a result of publicly available information. The fair value is based on exercise of the warrants at the earliest opportunity.

Warrants that have not been exercised are forfeited if the owner terminates his/her employment. Any warrants not exercised by 2017, 2018 and 2019, respectively, will lapse.

For the grant in 2012, each warrant held by the CEO entitles him to subscribe for one share with a nominal value of DKK 0.25 at a subscription price of DKK 0.40 per share plus an annual hurdle rate of 8%; for the other participants in the programme, the strike price is DKK 0.51 plus the same hurdle rate.

For the grant in 2013, each warrant entitles the holder to subscribe for one share with a nominal value of DKK 0.25 at a subscription price of DKK 0.42 per share plus an annual hurdle rate of 8%.

For the grant in 2014, each warrant entitles the holder to subscribe for one share with a nominal value of DKK 0.25 at a subscription price of DKK 0.70 per share plus an annual hurdle rate of 8%. For the grant to the CSO, each warrant entitles the holder to subscribe for one share with a nominal value of DKK 0.25 at a subscription price of DKK 0.45 per share plus the same hurdle rate.

For members of the Management Board, the warrants lapse on termination of the employment relationship, whether by resignation by the employee or termination by the Company. No member of the Management Board may exercise warrants equivalent to a total gain of more than 300% of his or her annual compensation (before tax) on the date of grant. For other managerial employees, an upper limit of 100% applies.

6. SHARE-BASED PAYMENT (continued)

In 2014, the following changes occurred in Management's holding of warrants:

Number of warrants	Holding 01.01.14	Granted 2014	Forfeited 2014	Exercised 2014	Expired 2014	Holding 31.12.14
Management Board	20,637,470	9,547,138	(3,627,302)	0	0	26,557,306
Other managerial employees	8,079,896	2,629,062	0	0	0	10,708,958
Total	**28,717,366**	**12,176,200**	**(3,627,302)**	**0**	**0**	**37,266,264**

Warrants granted in 2012 may be exercised in the period from 26 April 2015 until 26 April 2017 twice a year within a four-week exercise window starting on the date of the announcement of either the financial statements or the half-year interim financial statements. Warrants granted in 2013 may be exercised in the period from 23 April 2016 until 23 April 2018 twice a year within a four-week exercise window starting on the date of the announcement of either the financial statements or the half-year interim financial statements. Warrants granted in 2014 may be exercised in the period from 29 April 2017 until 29 April 2019 twice a year within a four-week exercise window starting on the date of the announcement of either the financial statements or the half-year interim financial statements. Warrants granted to the CSO may be exercised in the period from 25 November 2017 until 25 November 2019 twice a year within a four-week exercise window starting on the date of the announcement of either the financial statements or the half-year interim financial statements.

7. DEPRECIATION, AMORTISATION AND IMPAIRMENT

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
2,083	2,041	Amortisation, intangible assets	2,905	4,516
8,748	12,395	Depreciation, property, plant and equipment	26,899	23,018
0	0	Amortisation, subsidies, property, plant and equipment	(456)	(143)
10,831	**14,436**	**Total**	**29,348**	**27,391**

8. FINANCIAL INCOME

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
241	217	Interest from Group undertakings	0	0
18	0	Interest on bank deposits, etc.	49	156
4	0	Miscellaneous interest	0	49
0	10,273	Foreign exchange adjustments	1,293	380
263	**10,490**	**Total**	**1,342**	**585**

9. FINANCIAL EXPENSES

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
5,605	8,359	Interest on bank loans	8,886	6,074
254	97	Interest relating to finance lease liabilities	168	385
64	4	Miscellaneous interest	11	64
(2,143)	0	Recognised in the cost of property, plant and equipment	0	(2,143)
3,780	**8,460**	**Interest expenses**	**9,065**	**4,380**
2,311	2,391	Fees, guarantees, etc.	3,177	2,520
888	0	Foreign exchange adjustments	0	0
6,979	**10,851**	**Total**	**12,242**	**6,900**

Financing costs recognised in the cost of property, plant and equipment in progress in 2013 are calculated on the basis of the expenses incurred in the financial year and an interest rate of 3.09%-3.39% based on actual financing costs in the parent company.

10. TAX ON THE PROFIT/LOSS FOR THE YEAR AND DEFERRED TAX

GROUP

The current tax for the financial year was calculated at a tax rate of 24.5% for 2014 and 25% for 2013.

DKK'000	**2014**		**2013**	
Current tax	1,568		1,494	
Change in deferred tax including change in value	6,043		785	
Adjustment of current tax relating to prior years	0		(92)	
Adjustment of deferred tax relating to prior years	0		1,342	
Total	**7,611**		**2,920**	
Tax on the profit/loss for the year can be specified as follows:				
Profit/(loss) before tax	**(49,603)**		**(12,710)**	
Tax at a rate of 24.5% (2013: 25%)	12,153	(24.5%)	3,178	(25.0%)
Effect of different tax rate in foreign undertakings	(956)	1.9%	(962)	7.5%
Tax base of non-deducible expenses and non-taxable income	(976)	2.0%	871	(6.9%)
Adjustment of current tax relating to prior years	0	-	(92)	0.7%
Adjustment of deferred tax relating to prior years	0	-	(733)	5.8%
Value adjustment of deferred tax	(2,033)	4.1%	(406)	3.2%
Effect on deferred tax of change in tax rate	(577)	1.2%	402	3.2%
Effective tax/tax rate for the year	**7,611**	**(15.3%)**	**2,920**	**(23.0%)**

10. TAX ON THE PROFIT/LOSS FOR THE YEAR AND DEFERRED TAX (continued)

GROUP

Breakdown of deferred tax for the Group stated in the balance sheet:	**2014**	**2013**
Temporary differences in tax assets and liabilities		
Deferred tax, net	(5,670)	(11,815)
Distributed on:		
Tax asset cf. balance sheet	23	0
Deferred tax cf. balance sheet	(5,693)	(11,815)

2014 **DKK '000**	**Deferred tax 01.01.14**	**Recognised in income statement 2014**	**Foreign exchange adjustment 2014**	**Deferred tax 31.12.14**
Intangible assets	(8,215)	(760)	75	(8,900)
Property, plant and equipment	(17,139)	3,780	304	(13,055)
Inventories	(692)	(854)	(77)	(1,623)
Trade receivables	594	(1,635)	26	(1,015)
Other payables	(143)	3,928	(99)	3,686
Temporary differences	**(25,595)**	**4,459**	**229**	**(20,907)**
Tax loss carry-forwards	22,751	3,617	(545)	25,823
Unutilised tax losses	**22,751**	**3,617**	**(545)**	**25,823**
Value adjustment	(8,971)	(2,033)	418	(10,586)
Total	**(11,815)**	**6,043**	**102**	**(5,670)**

The Group does not expect to be able to utilise the portion of tax losses related to the subsidiary in Poland within 3-5 years, and the value of this portion has therefore been adjusted. The Group still expects to be able to utilise the remaining value of the capitalised tax losses in Poland of DKK 2,191 thousand.

2013 **DKK '000**	**Deferred tax 01.01.13**	**Recognised in income statement 2013**	**Foreign exchange adjustment 2013**	**Deferred tax 31.12.13**
Intangible assets	(7,940)	(312)	37	(8,215)
Property, plant and equipment	(15,521)	(1,846)	228	(17,139)
Inventories	(600)	(60)	(32)	(692)
Trade receivables	(3,516)	4,005	105	594
Other payables	1,046	(1,155)	(34)	(143)
Temporary differences	**(26,531)**	**632**	**304**	**(25,595)**
Tax loss carry-forwards	22,500	559	(308)	22,751
Unutilised tax losses	**22,500**	**559**	**(308)**	**22,751**
Value adjustment	(8,702)	(406)	137	(8,971)
Total	**(12,733)**	**785**	**133**	**(11,815)**

The Group does not expect to be able to utilise the portion of tax losses related to the subsidiary in Poland within 3-5 years, and the value of this portion has therefore been adjusted. The Group still expects to be able to utilise the remaining value of the capitalised tax losses in Poland of DKK 6,128 thousand.

10. TAX ON THE PROFIT/LOSS FOR THE YEAR AND DEFERRED TAX (continued)

PARENT COMPANY

The current tax for the financial year was calculated at a tax rate of 24.5% for 2014 and 25% for 2013.

DKK'000	2014		2013	
Current tax	2,163		1,250	
Change in deferred tax	5,546		(2,102)	
Adjustment of current tax relating to prior years	0		(92)	
Adjustment of deferred tax relating to prior years	0		1,342	
Total	**7,709**		**398**	
Tax on the profit/loss for the year can be specified as follows:				
Profit/(loss) before tax	**(134,727)**		**3,321**	
Tax at a rate of 24.5% (2013: 25%)	33,008	(24.5%)	(830)	(25.0%)
Tax base of non-deductible expenses and non-taxable income	(24,722)	18.3%	380	11.5%
Adjustment of current tax relating to prior years	0	-	(92)	(2.8%)
Adjustment of deferred tax relating to prior years	0	-	1,342	40.4%
Effect of change in tax rate	(577)	0.4%	(402)	(12.1%)
Effective tax/tax rate for the year	**7,709**	**(5.7%)**	**398**	**12.0%**

2014 DKK'000	Deferred tax 01.01.14	Recognised in income statement 2014	Deferred tax 31.12.14
Intangible assets	(6,319)	(760)	(7,079)
Property, plant and equipment	(7,809)	1,627	(6,182)
Inventories	(1,767)	(1,010)	(2,777)
Other payables	110	295	405
Temporary differences	**(15,785)**	**152**	**(15,633)**
Tax loss carry-forwards	7,652	5,394	13,046
Unutilised tax losses	**7,652**	**5,394**	**13,046**
Value adjustment	0	0	0
Total	**(8,133)**	**5,546**	**(2,587)**

2013 DKK'000	Deferred tax 01.01.13	Recognised in income statement 2013	Deferred tax 31.12.13
Intangible assets	(5,806)	(513)	(6,319)
Property, plant and equipment	(3,470)	(4,339)	(7,809)
Inventories	(1,850)	83	(1,767)
Other payables	0	110	110
Temporary differences	**(11,126)**	**(4,659)**	**(15,785)**
Tax loss carry-forwards	5,095	2,557	7,652
Unutilised tax losses	**5,095**	**2,557**	**7,652**
Value adjustment	0	0	0
Total	**(6,031)**	**(2,102)**	**(8,133)**

11. EARNINGS PER SHARE

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
0.01	(0.24)	Earnings per share	(0.08)	(0.02)
0.01	**(0.22)**	**Earnings per share, diluted**	**(0.07)**	**(0.02)**

The calculation of earnings per share is based on the following:

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
3,719	(127,018)	Earnings used in the calculation of earnings per share	(42,130)	(9,382)
3,719	**(127,018)**	**Earnings used in the calculation of diluted earnings per share**	**(42,130)**	**(9,382)**

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
528,114	528,114	Average number of shares issued	528,114	528,114
528,114	**528,114**	**Average number of shares used to calculate earnings per share**	**528,114**	**528,114**
28,717	37,266	Average dilutive effect of outstanding warrants	37,266	28,717
556,831	**565,380**	**Average number of shares used to calculate diluted earnings per share**	**565,380**	**556,831**

Average number of shares issued calculated as:

Number of days prior to a capital increase multiplied by the number of shares in circulation. If several capital increases are made, the number of days between the capital increases is added together, multiplied by the number of shares in circulation during the relevant period. The sum is divided by 365.

12. INTANGIBLE ASSETS

GROUP

2014 DKK '000	Goodwill	Completed development projects	Development projects	Rights-of use	Other intangible assets	Total
Cost at 1 January 2014	17,772	43,110	22,191	15,523	1,167	99,763
Foreign exchange adjustments	(705)	(304)	0	(615)	(44)	(1,668)
Addition of assets developed in-house	0	0	5,492	0	0	5,492
Transfers	0	22,628	(22,628)	0	0	0
Disposals	0	0	0	0	0	0
Cost at 31 December 2014	**17,067**	**65,434**	**5,055**	**14,908**	**1,123**	**103,587**
Amortisation and impairment at 1 January 2014	0	(35,343)	0	(961)	(621)	(36,925)
Foreign exchange adjustment	0	272	0	44	26	342
Amortisation	0	(2,603)	0	(190)	(112)	(2,905)
Disposals	0	0	0	0	0	0
Amortisation and impairment at 31 December 2014	**0**	**(37,674)**	**0**	**(1,107)**	**(707)**	**(39,488)**
Carrying amount at 31 December 2014	**17,067**	**27,760**	**5,055**	**13,801**	**416**	**64,099**

2013 DKK '000	Goodwill	Completed development projects	Development projects	Rights-of use	Other intangible assets	Total
Cost at 1 January 2013	18,068	40,120	16,788	15,812	1,202	91,990
Foreign exchange adjustments	(296)	(112)	0	(289)	(35)	(732)
Addition of assets developed in-house	0	0	8,505	0	0	8,505
Transfers	0	3,102	(3,102)	0	0	0
Disposals	0	0	0	0	0	0
Cost at 31 December 2013	**17,772**	**43,110**	**22,191**	**15,523**	**1,167**	**99,763**
Amortisation and impairment at 1 January 2013	0	(31,174)	0	(812)	(532)	(32,518)
Foreign exchange adjustment	0	56	0	42	23	121
Amortisation	0	(4,225)	0	(191)	(112)	(4,528)
Disposals	0	0	0	0	0	0
Amortisation and impairment at 31 December 2013	**0**	**(35,343)**	**0**	**(961)**	**(621)**	**(36,925)**
Carrying amount at 31 December 2013	**17,772**	**7,767**	**22,191**	**14,562**	**546**	**62,838**

12. INTANGIBLE ASSETS (continued)

PARENT COMPANY

2014 DKK '000	Completed development projects	Development projects in progress	Other intangible assets	Total
Cost at 1 January 2014	35,625	22,191	56	57,872
Addition of assets developed in-house	0	5,492	0	5,492
Transfers	22,628	(22,628)	0	0
Disposals	0	0	0	0
Cost at 31 December 2014	**58,253**	**5,055**	**56**	**63,364**
Amortisation and impairment at 1 January 2014	(29,092)	0	(56)	(29,148)
Amortisation	(2,041)	0	0	(2,041)
Disposals	0	0	0	0
Amortisation and impairment at 31 December 2014	**(31,133)**	**0**	**(56)**	**(31,189)**
Carrying amount at 31 December 2014	**27,120**	**5,055**	**0**	**32,175**

2013 DKK '000	Completed development projects	Development projects in progress	Other intangible assets	Total
Cost at 1 January 2013	33,446	16,788	56	50,290
Addition of assets developed in-house	0	7,582	0	7,582
Transfers	2,179	(2,179)	0	0
Disposals	0	0	0	0
Cost at 31 December 2013	**35,625**	**22,191**	**56**	**57,872**
Amortisation and impairment at 1 January 2013	(27,009)	0	(56)	(27,065)
Amortisation	(2,083)	0	0	(2,083)
Disposals	0	0	0	0
Amortisation and impairment at 31 December 2013	**(29,092)**	**0**	**(56)**	**(29,148)**
Carrying amount at 31 December 2013	**6,533**	**22,191**	**0**	**28,724**

12. INTANGIBLE ASSETS (continued)

Management considers all intangible assets apart from goodwill to have limited economic lives. The Group holds a patent, which has been capitalised under other intangible assets. This patent will expire in 2026. The most significant activities in 2014 related to in-house development of processes for manufacturing new types of silicon crystals.

Goodwill

Goodwill arose in connection with the acquisition of Topsil Semiconductor Materials S.A. and its subsidiary. The goodwill is based on the economic benefits obtained by Topsil Semiconductor Materials S.A. and the parent company Topsil Semiconductor Materials A/S, respectively, in the form of increased access to wafering and polishing based on the employees and know-how taken over. Furthermore, Topsil obtains the possibility of increased sales of CZ products to current customers, and Topsil Semiconductor Materials S.A.'s customers gain access to FZ products. The recoverable amount has been calculated for Topsil Semiconductor Materials S.A. and Topsil Semiconductor Materials A/S as a single cash-generating unit since it is assessed that separate cash flows cannot be calculated for each of the legal entities.

The greatest uncertainties in that respect are associated with determining discount factors and growth rates as well as expected changes in selling prices and production costs during the budget and terminal periods.

The discount factors determined reflect the market valuations of the time value of money expressed by a risk-free interest rate and the specific risks associated with the individual cash-generating unit. The discount factors are determined on a pre-tax basis. The calculation of the present value is based on a discount factor of 8.6% (2013: 8.6%). The discount factor is based on a risk-free interest rate of 0.8% (2013: 2.0%), corresponding to the yield on a 10-year Danish government bond, including a country margin for the Polish entity, and an expected risk premium relating partly to the Company and partly to the risk profile of the industry.

The estimated changes in selling prices and production costs are based on historical experience as well as expectations as to future market changes.

The calculation of the value in use of the cash-generating unit is based on the cash flows included in the most recent management-approved budget for the coming financial year and the strategy plan. The calculation includes a five-year period (2015-2019) and a terminal period. The average annual growth in revenue during the period is 6.3% (2013: 3.9%) and 1.5% (2013: 1.5%) during the terminal period.

At the balance sheet date, the present value of the cash-generating unit exceeded the carrying amount, implying that goodwill was not impaired.

13. DEVELOPMENT COSTS

PARENT COMPANY			GROUP	
2013	2014	DKK'000	2014	2013
10,467	8,828	Development costs incurred	9,823	11,922
(7,582)	(5,492)	Development costs recognised in intangible assets	(5,492)	(8,505)
2,885	**3,336**	**Total**	**4,331**	**3,417**

14. PROPERTY, PLANT AND EQUIPMENT

GROUP

2014 **DKK'000**	**Land and buildings**	**Plant and machinery**	**Other fixtures and fittings, tools and equipment**	**Plant in progress**	**Total**
Cost at 1 January 2014	191,419	254,590	17,140	13,988	477,137
Foreign exchange adjustments	(1,710)	(4,244)	(59)	(409)	(6,422)
Additions	1,030	1,133	498	6,161	8,822
Transfers	0	11,280	0	(11,280)	0
Disposals	0	(1,730)	(181)	0	(1,911)
Cost at 31 December 2014	**190,739**	**261,029**	**17,398**	**8,460**	**477,626**
Depreciation and impairment at 1 January 2014	(18,112)	(80,893)	(14,603)	0	(113,608)
Foreign exchange adjustment	767	1,752	0	0	2,519
Depreciation	(6,061)	(19,908)	(1,155)	0	(27,124)
Disposals	0	1,730	141	0	1,871
Depreciation and impairment at 31 December 2014	**(23,406)**	**(97,319)**	**(15,617)**	**0**	**(136,342)**
Carrying amount at 31 December 2014	**167,333**	**163,710**	**1,781**	**8,460**	**341,284**
Of which assets held under finance leases	0	1,628	0	0	1,628

2013 **DKK'000**	**Land and buildings**	**Plant and machinery**	**Other fixtures and fittings, tools and equipment**	**Plant in progress**	**Total**
Cost at 1 January 2013	78,624	184,431	17,525	189,159	469,739
Foreign exchange adjustments	(275)	(1,800)	(21)	(260)	(2,356)
Additions	0	600	657	14,337	15,594
Transfers	113,070	76,178	0	(189,248)	0
Disposals	0	(4,819)	(1,021)	0	(5,840)
Cost at 31 December 2013	**191,419**	**254,590**	**17,140**	**13,988**	**477,137**
Depreciation and impairment at 1 January 2013	(12,774)	(69,045)	(14,402)	0	(96,221)
Foreign exchange adjustment	175	493	15	0	683
Depreciation	(5,513)	(17,160)	(1,237)	0	(23,910)
Disposals	0	4,819	1,021	0	5,840
Depreciation and impairment at 31 December 2013	**(18,112)**	**(80,893)**	**(14,603)**	**0**	**(113,608)**
Carrying amount at 31 December 2013	**173,307**	**173,697**	**2,537**	**13,988**	**363,529**
Of which assets held under finance leases	0	18,097	0	0	18,097

14. PROPERTY, PLANT AND EQUIPMENT (continued)

PARENT COMPANY

2014 DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Plant in progress	Total
Cost at 1 January 2014	127,641	147,543	17,012	3,676	295,872
Additions	0	1,134	498	3,640	5,272
Transfers	0	2,961	0	(2,961)	0
Disposals	0	(846)	0	0	(846)
Cost at 31 December 2014	**127,641**	**150,792**	**17,510**	**4,355**	**300,298**
Depreciation and impairment at 01 January 2014	(1,704)	(45,031)	(14,656)	0	(61,391)
Depreciation	(2,235)	(9,066)	(1,094)	0	(12,395)
Disposals	0	846	0	0	846
Depreciation and impairment at 31 December 2014	**(3,939)**	**(53,251)**	**(15,750)**	**0**	**(72,940)**
Carrying amount at 31 December 2014	**123,702**	**97,541**	**1,760**	**4,355**	**227,358**
Of which assets held under finance leases	0	0	0	0	0

2013 DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Plant in progress	Total
Cost at 1 January 2013	14,626	84,271	17,376	173,291	289,564
Additions	0	600	657	10,891	12,148
Transfers	113,015	67,491	0	(180,506)	0
Disposals	0	(4,819)	(1,021)	0	(5,840)
Cost at 31 December 2013	**127,641**	**147,543**	**17,012**	**3,676**	**295,872**
Depreciation and impairment at 1 January 2013	(49)	(43,870)	(14,564)	0	(58,483)
Depreciation	(1,655)	(5,980)	(1,113)	0	(8,748)
Disposals	0	4,819	1,021	0	5,840
Depreciation and impairment at 31 December 2013	**(1,704)**	**(45,031)**	**(14,656)**	**0**	**(61,391)**
Carrying amount at 31 December 2013	**125,937**	**102,512**	**2,356**	**3,676**	**234,481**
Of which assets held under finance leases	0	16,846	0	0	16,846

15. INVESTMENTS IN SUBSIDIARIES

PARENT COMPANY

2013	2014	DKK'000
94,704	95,349	Cost at 1 January
107	154	Addition warrants in subsidiaries
538	0	Addition Topsil Semiconductor Materials KK, Japan
0	(40,000)	Impairment of investments
95,349	**55,503**	**Cost at 31 December**

Any need for impairment write-down of the investment in subsidiaries was separately tested.

In that connection, an assessment was made of the most significant uncertainties associated with the determination of discount factors and growth rates as well as expected changes in selling prices and production costs during the budget and terminal periods.

The discount factors determined reflect the market valuations of the time value of money expressed by a risk-free interest rate and the specific risks associated with the individual cash-generating unit. The discount factors are determined on a pre-tax basis. The calculation of the present value is based on a discount factor of 9.3% (2013: 10.6%). The discount factor is based on a risk-free interest rate of 2.6% (2013: 4.7%), corresponding to the yield on a 10-year Polish government bond, and an expected risk premium relating to the risk profile of the Company and the industry.

The estimated changes in selling prices and production costs are based on historical experience as well as expectations as to future market changes.

The calculation of the value in use is based on the cash flows included in the most recent management-approved budget for the coming financial year and the strategy plan, in which the legal entities have been separated out. The calculation includes a five-year period (2015-2019) and a terminal period. The average annual growth in revenue during the period is 1.2% (2013: 8.0%) and 1.5% (2013: 1.5%) during the terminal period.

At the balance sheet date, the carrying amount exceeded the present value of the cash-generating unit, implying that there is a need for impairment of the investment. Based on the assessment, an impairment loss of DKK 40 million has been recognised. The impairment has been made of investments in the silicon segment. As a consequence of the impairment of investments, a write-down of DKK 60 million of receivables from subsidiaries has been recognised.

The Group's non-controlling interests concern the subsidiary Cemat'70 S.A. The company makes up the Group's segment for property management (cf. note 3). Non-controlling interests account for 22.4%, equivalent to DKK 19.6 million, of the Group's assets (2013: DKK 20.2 million) and DKK 2.9 million of the Group's liabilities (2013: DKK 2.8 million).

15. INVESTMENTS IN SUBSIDIARIES (continued)

	Domicile	Ownership interests (%) 2014	Ownership interests (%) 2013	No. of voting rights (%) 2014	No. of voting rights (%) 2013	Activity
Topsil Semiconductor Materials S.A.	Poland	100.00	100.00	100.00	100.00	Production and sale of silicon wafers to the semiconductor industry
Cemat´70 S.A.	Poland	77.6	77.6	77.6	77.6	Letting of commercial properties
W133 Sp. Z.O.O.	Poland	100.00	100.00	100.00	100.00	Holding of rights
W131 Sp. Z.O.O.	Poland	100.00	100.00	100.00	100.00	Holding of rights
Topsil Semiconductor Materials KK	Japan	100.00	100.00	100.00	100.00	Sale of silicon wafers to the semiconductor industry

Topsil Semiconductor Materials S.A. holds the ownership interest in Cemat'70 S.A., while Cemat'70 S.A. holds the ownership interests in W133 Sp. Z.O.O. and W131 Sp. Z.O.O. Topsil Semiconductor Materials A/S holds the ownership interest in Topsil Semiconductor Materials KK in Japan.

16. OTHER NON-CURRENT RECEIVABLES

PARENT COMPANY			GROUP	
2013	2014	DKK'000	2014	2013
13,625	9,075	Prepayment of goods	9,075	13,625
2,250	0	Deposit, rent	0	2,250
15,875	**9,075**	**Total**	**9,075**	**15,875**

Prepayment of goods is adjusted on a current basis as the Group buys the volumes agreed. The above prepayment covers the period 2016-2017.

17. INVENTORIES

PARENT COMPANY			GROUP	
2013	2014	DKK'000	2014	2013
47,620	44,867	Raw materials and consumables	58,820	55,375
32,276	37,979	Work in progress	51,757	41,395
0	925	Manufactured goods and goods for resale	45,528	47,646
79,896	**83,771**	**Total**	**156,105**	**144,416**

Inventory writedowns in the parent company amounted to DKK 112 thousand in 2014 (2013: DKK 0). Inventory writedowns in the Group totalled DKK 9,838 thousand in 2014, (2013: DKK 10,140).

18. TRADE RECEIVABLES

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
30,273	24,193	Trade receivables	35,454	47,904
(80)	(494)	Loss provisions included in the above receivables and recognised in "Other external expenses"	(1,558)	(1,482)
30,193	**23,699**	**Total**	**33,896**	**46,422**

All overdue receivables against which provisions have been made are overdue by more than three months.

Overdue receivables for which provisions have not been made:

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
5,036	2,175	Overdue by up to 1 month	3,564	10,481
590	74	Overdue by 1 to 3 months	901	686
97	0	Overdue by more than 3 months	804	956
5,723	**2,249**	**Total**	**5,269**	**12,123**

Overdue receivables for which provisions have not been made, by geographical area:

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
5,415	2,008	Europe	3,877	8,225
152	241	USA	600	360
156	0	Asia	792	3,538
5,723	**2,249**	**Total**	**5,269**	**12,123**

A provision is made to reduce the carrying amount of receivables if the value is found to be impaired based on an individual assessment of each debtor's ability to pay, for example in case of suspension of payment, bankruptcy, etc., should this be deemed necessary. Receivables are written down to net realisable value, corresponding to the sum of expected future net payments received on the receivables.

The carrying amount of receivables equals their fair value.

Provision account for receivables:

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
520	**80**	**Provision account at 01.01**	**1,482**	**1,897**
(520)	0	Losses during the year	0	(692)
0	0	Reversed provisions	(629)	234
80	414	Provisions for the year to cover losses	705	511
80	**494**	**Provision account at 31.12**	**1,558**	**1,482**

19. CASH AND CASH EQUIVALENTS, CF. THE CASH FLOW STATEMENT

The Group's cash and cash equivalents primarily consist of deposits with banks. No significant credit risk is deemed to be associated with cash and cash equivalents. Bank deposits carry floating rates of interest. The carrying amount equals the fair value of the assets.

20. SHARE CAPITAL

The share capital consists of 528,114,157 shares with a denomination of DKK 0.25 each. The shares are not divided into classes, and no shares have special rights attached.

Number of shares	**2014**	**2013**
Number of shares at 01.01	528,114,157	528,114,157
Number of shares at 31.12	**528,114,157**	**528,114,157**
DKK'000		
Denomination, nom. value DKK 0.25	132,029	132,029
Total	**132,029**	**132,029**

21. OTHER RESERVES

The translation reserve comprises all foreign exchange adjustments arising on translation of the financial statements of entities with other functional currencies than DKK.

The reserve for share-based payment comprises the accumulated value of vested warrants (equity-settled schemes) measured at the fair value of the equity instruments at the grant date and recognised over the vesting period. The reserve is dissolved as the employees exercise their vested warrants or the warrants expire without being exercised.

22. OTHER CREDIT INSTITUTIONS AND BANK DEBT

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
162,456	180,876	Debt to credit institutions	187,519	173,067
162,456	**180,876**		**187,519**	**173,067**
		The debt falls due as follows:		
0	180,876	Within 1 year	187,519	10,611
162,456	0	Between 1 and 2 years from the balance sheet date	0	162,456
0	0	Between 2 and 3 years from the balance sheet date	0	0
0	0	Between 3 and 4 years from the balance sheet date	0	0
0	0	Between 4 and 5 years from the balance sheet date	0	0
0	0	More than 5 years from the balance sheet date	0	0
162,456	**180,876**		**187,519**	**173,067**
		Other debt to credit institutions and bank debt is recognised in the balance sheet as follows:		
0	180,876	Current liabilities	187,519	10,611
162,456	0	Non-current liabilities	0	162,456
162,456	**180,876**	**Total**	**187,519**	**173,067**

An agreement was made with the principal bankers in March 2015 and the debt is consequently classified as a current liability.

2014

Name	**Company**	**Currency**	**Expiry**	**Fixed or floating interest rate**	**Interest rate % p.a.**	**Fair value DKK'000**
Overdraft facility	Poland	PLN	2015	Floating	Wibor+2.1%	6,643
Money market facility	Parent company	DKK	2015	Floating	Cibor+3.15%	10,876
Corporate loan	Parent company	DKK	2015	Floating	9.75%	70,000
Fixed-term loan	Parent company	DKK	2015	Floating	Cibor+3.15%	100,000
31.12.2014						**187,519**

2013

Name	**Company**	**Currency**	**Expiry**	**Fixed or floating interest rate**	**Interest rate % p.a.**	**Fair value DKK'000**
Overdraft facility	Poland	PLN	2014	Floating	Wibor+2.1%	10,611
Money market facility	Parent company	DKK	2015	Floating	Cibor+3.9%	37,456
Fixed-term loan	Parent company	DKK	2015	Floating	Cibor+3.15%	125,000
31.12.2013						**173,067**

23. FINANCE LEASE LIABILITIES

GROUP

The Group leases production equipment in the form of machinery and plant on finance leases if the terms are favourable and ensure continued financial flexibility for the Group. The average lease term is 4.5 years. All leases have a fixed payment profile and none of the leases comprise conditional lease payment clauses. The leases are terminable during the lease period against financial compensation. The Group has guaranteed the residual values of the assets at the end of the lease term and must assign a buyer for the assets.

	Minimum lease payments, DKK '000		Present value of minimum lease payments, DKK '000	
	2014	2013	2014	2013
Finance lease liabilities fall due as follows:				
Within 1 year from the balance sheet date	207	5,148	207	5,148
Between 1 and 5 years from the balance sheet date	674	924	674	924
More than 5 years from the balance sheet date	0	0	0	0
At 31 December	**881**	**6,072**	**881**	**6,072**
Amortisation premium for future recognition	0	148	0	148

The carrying amount equals the fair value of the liabilities.

The financial lease liabilities comprise machinery.

2014	Expiry	Fixed or floating interest rate	Present value of minimum lease payments DKK'000	Fair value DKK'000
Lease liability	2018	Floating	881	881
31.12.2014				

2013	Expiry	Fixed or floating interest rate	Present value of minimum lease payments DKK'000	Fair value DKK'000
Lease liability	2014	Floating	4,951	4,951
Lease liability	2018	Floating	1,121	1,121
31.12.2013			**6,072**	**6,072**

24. TRADE CREDITORS

PARENT COMPANY			GROUP	
2013	2014	DKK'000	2014	2013
		Amounts owed to suppliers for goods and services delivered	18,654 48,740	27,024 36,486
18,654	**27,024**		**48,740**	**36,486**

The carrying amount equals the fair value of the liabilities. Amounts owed to suppliers falling due within one year

25. PROVISIONS

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
1,955	266	Provisions, 01.01	266	1,955
(1,689)	(266)	Used during the year	(266)	(1,689)
0	0	Provisions made during the year	0	0
266	**0**	**Provisions, 31.12**	**0**	**266**

26. OTHER PAYABLES

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
376	431	Payroll liabilities, tax liabilities, social security contributions, etc.	1,294	1,308
6,214	7,323	Holiday pay liabilities, etc.	8,759	7,731
1,388	1,917	VAT and other indirect tax liabilities	1,917	1,388
2,593	17,684	Other accrued expenses	20,250	5,197
10,571	**27,355**	**Total**	**32,220**	**15,624**

The carrying amount of payables in respect of payroll, tax deducted at source, social security contributions, holiday pay, etc., VAT and other indirect taxes, income tax payable and other accrued expenses corresponds to the fair value of these liabilities. Holiday pay liabilities, etc. represent the Group's obligation to pay wages and salaries during holidays in the next financial year, to which the employees have earned entitlement as at the balance sheet date. All items under other payables are expected to be settled within 1 year.

27. CHANGE IN NET WORKING CAPITAL

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
11,699	(3,875)	Change in inventories	(11,689)	14,594
701	(4,971)	Change in receivables	2,841	1,429
(10,640)	14,801	Change in trade creditors and other payables	18,415	(14,286)
(2,944)	6,555	Change in balances with subsidiaries before write-down	0	0
(1,184)	**12,510**	**Total**	**9,567**	**1,737**

28. OPERATING LEASE LIABILITIES

It is the parent company's policy to lease cars and certain operating equipment on operating leases. The leases have been entered into for terms of 3-5 years with fixed lease payments that are subject to annual index adjustments.

PARENT COMPANY			GROUP	
2013	2014	DKK'000	2014	2013
		Operating leases are specified as follows:		
906	876	Within 1 year	1,279	1,585
1,490	954	Between 1 and 5 years	1,218	1,886
0	0	More than 5 years	0	0
2,396	**1,830**	**Total**	**2,497**	**3,471**

For the parent company, an amount of DKK 1,022 thousand has been recognised in respect of operating leases for 2014 (2013: DKK 1,044 thousand).

For the Group, an amount of DKK 1,643 thousand has been recognised in respect of operating leases for 2014 (2013: DKK 1,795 thousand).

29. CHARGES

In security of the account with the Group's principal bankers, an all-moneys mortgage for DKK 50.0 million has been issued, a mortgage has been registered against the Group's real property in Denmark for DKK 50 million, and the parent company's shareholding in Topsil Semiconductor Materials S.A. and in Topsil Semiconductor Materials S.A.'s shareholding in Cemat'70 S.A. have been provided as collateral security.

30. GUARANTEES AND CONTINGENT LIABILITIES

The parent company has issued a payment guarantee for PLN 4 million vis-à-vis Raiffeisen Bank, Warsaw, as security for the credit facilities in Topsil Semiconductor Materials S.A.

31. CONTRACTUAL COMMITMENTS

Raw material suppliers

The Group has concluded non-terminable long-term contracts with raw material suppliers securing supplies of polysilicon until 31 December 2017. Under these contracts, the Group is committed to buy a minimum of polysilicon. For the period 2015 - 2017, minimum commitments have been made equivalent to DKK 247.7 million.

32. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
30,193	23,699	Trade receivables	33,896	46,422
59,922	11,063	Intra-group receivables	0	0
3,041	14,213	Other receivables, current	17,046	7,666
15,875	9,075	Other receivables, non-current	9,075	15,875
5,317	623	Cash and cash equivalents	6,902	12,349
114,348	**58,673**	**Loans, advances and receivables**	**66,919**	**82,312**
0	180,876	Debt to credit institutions, current	187,519	10,611
162,456	0	Debt to credit institutions, non-current	0	162,456
5,395	9,850	Debt to subsidiaries	0	0
5,678	6,707	Prepayments received, current	6,707	5,678
9,463	1,440	Prepayments received, non-current	1,440	9,463
4,951	0	Finance lease liabilities, current	207	5,149
0	0	Finance lease liabilities, non-current	674	923
0	0	Other non-current liabilities	2,307	1,816
18,654	27,024	Trade creditors	48,740	36,486
10,571	27,355	Other payables	32,220	15,624
217,168	**253,252**	**Financial liabilities, measured at amortised cost**	**279,814**	**248,206**

The Group's risk management policy

Risk management is an integral part of the day-to-day business management and is subject to continuous review by Management. Management believes that all material risks, apart from financial risks, concern supplier and customer relations. Due to the nature of its operations and financing, the Group is exposed to fluctuations in exchange rates and interest rates. The Group manages the financial risks centrally and co-ordinates cash management, including capital procurement and investment of surplus cash. The Group has a low-risk profile, with currency, interest rate and credit risks arising only in connection with commercial relations. It is the Group's policy not to actively speculate in financial risks.

The Group manages its financial risks by means of a model to manage its cash budgeting covering a period of one year.

Currency risk

Currency risk constitutes the risk of losses (or the possibility of gains) when exchange rates change. Currency risk arises when income and expense items in foreign currency are recognised in profit or loss or from value adjustment of balance sheet items denominated in other currencies.

A substantial part of the Group's sales are settled in USD and EUR. Raw materials etc. are also typically purchased in USD and EUR, whereas other cost items are typically settled in DKK or PLN. The Group does not use derivative financial instruments to hedge currency risks from cash flows or balance sheet items. Instead, the Group uses foreign currency to settle same-currency debt items, which generally reduces the currency risk.

32. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (continued)

Unhedged net position at balance sheet date:

GROUP

2014 **Currency**	**Cash, deposits and securities DKK'000**	**Receivables DKK'000**	**Liabilities DKK'000**	**Net position DKK'000**	**Of which hedged DKK'000**	**Unhedged net position DKK'000**
USD	4,639	22,200	(29,240)	(2,401)	0	(2,401)
EUR	9,363	18,422	(12,580)	15,205	0	15,205
JPY	56	720	(67)	709	0	709
PLN	1,905	3,700	(20,587)	(14,982)	0	(14,982)
DKK	14	5,623	(216,496)	(210,859)	0	(210,859)
Other currencies	0	277	(844)	(567)	0	(567)
31.12.2014	**15,977**	**50,942**	**(279,814)**	**(212,895)**	**0**	**(212,895)**

2013 **Currency**	**Cash, deposits and securities DKK'000**	**Receivables DKK'000**	**Liabilities DKK'000**	**Net position DKK'000**	**Of which hedged DKK'000**	**Unhedged net position DKK'000**
USD	3,457	1,777	(6,854)	(1,620)	0	(1,620)
EUR	15,878	27,269	(20,235)	22,912	0	22,912
JPY	538	301	(176)	663	0	663
PLN	6,090	22,431	(40,193)	(11,672)	0	(11,672)
DKK	2,261	2,310	(180,337)	(175,766)	0	(175,766)
Other currencies	0	0	(411)	(411)	0	(411)
31.12.2013	**28,224**	**54,088**	**(248,206)**	**(165,894)**	**0**	**(165,894)**

	2014	**2013**
Equity sensitivity to exchange rate fluctuations (DKK '000)		
Impact if the USD exchange rate were DKK 0.50 lower than the actual rate	100	200
Impact if the PLN exchange rate were DKK 0.20 lower than the actual rate	1,700	1,300
Profit sensitivity to exchange rate fluctuations (DKK '000)		
Impact if the USD exchange rate were DKK 0.50 lower than the actual rate	100	200
Impact if the PLN exchange rate were DKK 0.20 lower than the actual rate	1,700	1,300

32. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (continued)

PARENT COMPANY

2014 Currency	Cash, deposits and securities DKK'000	Receivables DKK'000	Liabilities DKK'000	Net position DKK'000	Of which hedged DKK'000	Unhedged net position DKK'000
USD	330	24,275	(14,016)	10,589	0	10,589
EUR	9344	19,690	(12,046)	16,988	0	16,988
JPY	10	521	0	531	0	531
PLN	0	0	(10,361)	(10,361)	0	(10,361)
DKK	14	4,212	(215,985)	(211,759)	0	(211,759)
Other currencies	0	277	(844)	(567)	0	(567)
31.12.2014	**9,698**	**48,975**	**(253,252)**	**(194,579)**	**0**	**(194,579)**

2013 Currency	Cash, deposits and securities DKK'000	Receivables DKK'000	Liabilities DKK'000	Net position DKK'000	Of which hedged DKK'000	Unhedged net position DKK'000
USD	3,114	63,762	(13,303)	53,573	0	53,573
EUR	15,817	27,248	(17,722)	25,343	0	25,343
JPY	0	205	0	205	0	205
PLN	0	(369)	(5,395)	(5,764)	0	(5,764)
DKK	2,261	2,310	(180,337)	(175,766)	0	(175,766)
Other currencies	0	0	(411)	(411)	0	(411)
31.12.2013	**21,192**	**93,156**	**(217,168)**	**(102,820)**	**0**	**(102,820)**

	PARENT COMPANY 2014	2013
Equity sensitivity to exchange rate fluctuations (DKK '000)		
Impact if the USD exchange rate were DKK 0.50 lower than the actual rate	(800)	(4,900)
Profit sensitivity to exchange rate fluctuations (DKK '000)		
Impact if the USD exchange rate were DKK 0.50 lower than the actual rate	(800)	(4,900)

Interest rate risk

The Group's interest rate exposure is primarily attributable to interest-bearing debt.

Interest rate risk	GROUP 2014	2013
Profit sensitivity to interest rate change (DKK '000)		
Impact if the effective interest rate were +/- 1%	+/- 1,800	+/- 1,600
Equity sensitivity to interest rate fluctuations (DKK '000)		
Impact if the effective interest rate were +/- 1%	+/- 1,800	+/- 1,600

32. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (continued)

	PARENT COMPANY	
Interest rate risk	**2014**	**2013**
Profit sensitivity to interest rate change (DKK '000)		
Impact if the effective interest rate were +/- 1%	+/- 1,800	+/- 1,500
Equity sensitivity to interest rate fluctuations (DKK '000)		
Impact if the effective interest rate were +/- 1%	+/- 1,800	+/- 1,500

Credit risk

The Group's credit risks associated with financial activities correspond to the amounts recognised in the balance sheet. The Group assesses the need for insurance on individual debtors on an ongoing basis. The assessment is based on the individual debtor's present and expected future commitment to the Group.

The primary credit risk of the Group is associated with trade receivables. No special credit risks are found to exist in this regard.

Capital management

The Group evaluates the need to adapt its capital structure on an ongoing basis. Management believes that the financing of the Group's future operations will be secured with the new bank agreement with Jyske Bank and cash flows from operating activities.

The priority of the free cash flow generated by the Group is first to repay interest-bearing debt as it falls due and secondly to spend free cash flows on the Group's continued expansion and shareholder dividends.

For the Group, equity as a percentage of total equity and liabilities at the end of 2014 was 54.4% (2013: 59.5%). The realised return on equity for the Group for 2014 was (12.0%) (2013: 2.5%).

The Company's gearing at the balance sheet date is calculated as follows:

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
162,456	180,876	Credit institutions/bank debt	187,519	173,067
(5,317)	(623)	Cash and cash equivalents	(6,902)	(12,349)
(2,250)	0	Other non-current receivables	0	(2,250)
154,889	**180,253**	**Net interest-bearing debt**	**180,617**	**158,468**
329,715	**204,109**	**Equity**	**344,344**	**393,954**
0.47	**0.88**	**Financial gearing**	**0.52**	**0.40**

32. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (continued)

Liquidity and capital resources

At Group level, free cash and cash equivalents amounted to DKK 6.9 million as at 31 December 2014, and unused operating credits amounted to DKK 14.7 million. DKK 1.9 million of the Group's free cash and cash equivalents belongs to Cemat'70 S.A.

In March 2015, Topsil renewed its agreement with its bankers under which the existing facilities were extended until 1 March 2016. The agreement was set up as a committed corporate loan for up to DKK 250 million, consisting of operating facilities of DKK 190 million and a guarantee limit of DKK 60 million.

The established bank loans are subject to covenants relating to the Group's future operating budget and balance sheet budget. Based on the 2015 budget, Management believes that the existing capital resources and the expected future cash flows will be sufficient to maintain operations and to finance the Company's planned initiatives.

The Group's budgets, and consequently also its future capital resources, are inherently subject to risk since the extent and timing of cash flow fluctuations will have an impact on the Company's capital resources. Management believes that any negative deviations in its operations relative to budgeted cash flows can be mitigated on a timely basis by cash flow-enhancing measures.

As at 31 December 2014, liabilities of DKK 6.8 million was due for payment between 6 and 12 months. Of the long-term liabilities, DKK 4.5 million falls due between 1 and 5 years. Other liabilities fall due within 6 months.

33. FEE FOR AUDITORS APPOINTED BY THE GENERAL MEETING

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
410	390	Deloitte, audit of annual report	595	630
70	15	Deloitte, tax advice	41	152
0	0	Deloitte, assurance engagements other than audits	0	0
270	145	Deloitte, non-audit services	333	420
750	**550**	**Total**	**969**	**1,202**

34. RELATED PARTIES

The Group has no related parties exercising control.

The Group has the following related parties:
- Ejendomsaktieselskabet Bangs Gård, owned by a shareholder and Deputy Chairman
- Frost Invest A/S, owned by a member of the Board of Directors
- CCMA ApS, owned by a member of the Board of Directors

The Group had transactions with the following related parties in 2013 and 2014:
- Ejendomsaktieselskabet Bangs Gård

The parent company has the following related parties:
- Topsil Semiconductor Materials S.A., subsidiary in Poland
- Cemat'70 S.A., subsidiary in Poland
- Ejendomsaktieselskabet Bangs Gård, owned by a shareholder and Deputy Chairman
- Frost Invest A/S, owned by a member of the Board of Directors
- CCMA ApS, owned by a member of the Board of Directors

The parent company had transactions with the following related parties in 2013 and 2014:
- Topsil Semiconductor Materials S.A., Poland
- Cemat'70 S.A., Poland
- Ejendomsaktieselskabet Bangs Gård

35. RELATED PARTY TRANSACTIONS

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
1,587	0	Rent, Ejendomsaktieselskabet Bangs Gård	0	1,587
76,222	70,217	Subsidiaries, sale of goods	0	0
141,003	99,682	Subsidiaries, purchase of goods	0	0
512	528	Subsidiaries, interest income	0	0
271	311	Subsidiaries, interest expenses	0	0
219,595	**170,738**	**Total**	**0**	**1,587**

Other management remuneration, etc. is stated separately in connection with note 4, staff costs. All related party transactions have been carried out on an arm's length basis.

PARENT COMPANY			GROUP	
2013	**2014**	**DKK'000**	**2014**	**2013**
2,250	0	Deposit, Ejendomsaktieselskabet Bangs Gård	0	2,250
(156)	(754)	Liability etc. in connection with vacating premises, Ejendomsaktieselskabet Bangs Gård	(754)	(156)
17,805	26,258	Subsidiaries, loans	0	0
77,687	8,688	Subsidiaries, debtor receivable	0	0
(35,575)	(23,883)	Subsidiaries, creditor payable	0	0
62,011	**10,309**	**Total outstanding amounts**	**(754)**	**2,094**

The leased premises at Linderupvej 4 were finally vacated at the end of 2014.

36. SHAREHOLDER INFORMATION

The parent company has registered the following shareholders holding more than 5% of the voting rights or nominal value of the share capital:

Composition of shareholders	**Number of shares**	**Capital DKK**	**Capital %**
EDJ-Gruppen Bangs Gård, Kongensgade 34, 4., 6700 Esbjerg, Denmark	76,000,000	19,000,000	14.4
Depotet SmallCap Danmark A/S Toldbodgade 53 1253 Copenhagen K, Denmark	39,997,481	9,999,370	7.6
Advice Invest Olfert Fischers Gade 8 1311 Copenhagen K	27,296,419	6,824,105	5.2

37. BOARD OF DIRECTORS AND MANAGEMENT BOARD

The Board of Directors and Management Board of Topsil Semiconductor Materials A/S hold shares in Topsil Semiconductor Materials.

	Shareholdings, nominal value, DKK '000	
Shares (own and related parties*)	**2014**	**2013**
Jens Borelli-Kjær, Chairman	173	206
Eivind Dam Jensen (EDJ-Gruppen), Deputy Chairman	19,000	19,000
Jørgen Frost, member of the Board of Directors	41	41
Michael Hedegaard Lyng, member of the Board of Directors	123	123
Kalle Hvidt Nielsen, CEO	105	105
Total	**19,442**	**19,475**

* Related parties are Management's close family and companies in which they hold managerial positions or directorships.

38. EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date, the existing long-term float-zone contract with one of the Group's biggest customers has been extended to the end of 2017. As part of the agreement, the customer will contribute to covering the liquidity effect of the extension.

The parties have agreed on resumption of deliveries to the customer affected by the complaint. The customer's minimum purchase obligations under the existing long-term contract will be distributed over 2015 and 2016 instead of one year. The extended contract thus supports a slower start-up phase.

In March 2015, Topsil renewed the agreement with the Group's principal bankers. Under the agreement, its existing facilities were extended until 1 March 2016.

39. ADOPTION OF THE ANNUAL REPORT FOR PUBLICATION

The Board of Directors adopted this annual report for publication at a board meeting held on 24 March 2015. The annual report will be presented to the shareholders of the parent company for approval at the annual general meeting to be held on 24 April 2015.

GLOSSARY

Term	Explanation
CZ-EPI	CZ-EPI is CZ-based silicon which is supplied with an extra crystalline layer, thus significantly improving the product's conducting properties. Depending on the application of the product, the thickness of the EPI layer may vary. EPI silicon is especially used for more complex consumer electronics.
Czochralski (CZ) technology	Czochralski (CZ) is the most commonly used technology for production of silicon in which crushed raw silicon is remelted in large vessels. CZ silicon is used in, for example, components for consumer electronics and for production of solar panels, which are relatively simple electric components.
Doting	Phosphorus or boron is added to the silicon material to control the electric properties. Phosphorus or boron is added by means of processes such as diffusion or ion implanting.
Electric component	An electric component is a device usually mounted in a “case” designed to have particular electrical properties. Electric components cover the entire spectrum from state-of-the art components conducting, for example, electricity over long distances without energy loss, to very simple components mounted in, for example, coffee machines.
Float-Zone (FZ) technology	Float Zone (FZ) is a state-of-the art technology used to remelt silicon raw material from ingot to ultra-pure silicon. The remelting process takes place in purpose-built furnaces at very high temperatures. Ultra-pure silicon or FZ silicon is the purest form of silicon there is. It can therefore be used in the most technically complex electric components of the semiconductor industry.
FZ-HPS	FZ-HPS is the designation of ultra-pure silicon based on the float zone technology. Primarily used for high-voltage products such as sensors and detectors.
FZ-NTD	FZ-NTD silicon is neutron-irradiated FZ silicon. Neutron-irradiation takes place in reactors and is a separate process following the FZ process. Having undergone neutron-irradiation, FZ silicon acquires a very precise doping and consequently the best semiconductor properties. FZ-NTD silicon can be used in the most state-of-the-art electric components for industrial purposes.
FZ-PFZ	FZ-PFZ silicon is silicon which is gas-doped during the FZ process. Gas-doping enables silicon to control electricity. Gas-doped silicon has good semiconductor properties. Gas-doping renders the material usable in, for example, components for industrial purposes such as electric cars and hybrid vehicles.
The semiconductor industry	The semiconductor industry is a designation of the entire industry producing electric components. The industry primarily consists of global companies.
Customer qualification	Customer testing of silicon in own production to determine whether the silicon meets the customer's requirements. A qualification process is highly resource intensive and typically takes a year or longer.
MAT	Moving Annual Total. A variable expressing a value over a period of 12 months. The variable may be revenue, production, demand, etc. Every month, the figure for the new month is added, and the figure for the first month of the prior 12 months is deducted.
Power market	The power market constitutes approximately 10% of the entire semiconductor industry. The power market is the part of the semiconductor industry covering the most advanced components. Float zone silicon is primarily used in the power market.
Wafer	The term describing a silicon wafer.

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