INTERIM REPORT,
2. 2012

"Topsil's revenue for the first half of 2012 reflected a subdued market, but overall sales were still slightly higher than originally estimated. We expect the challenging market conditions to continue for the remainder of the year, and our focus will be on tight cost management and on accelerating already initiated activities. We made the expected progress in the development of larger-diameter silicon wafers in the quarter, and the installation of new machinery and equipment at the new plant proceeded according to plan."

KALLE HVIDT NIELSEN
CEO

29-08-2012
NASDAQ OMX Copenhagen · Nikolaj Plads 6 · 1067 København K

STOCK EXCHANGE ANNOUNCEMENT NR. 11/12

The Board of Directors of Topsil Semiconductor Materials A/S today considered and adopted the interim report for the three months ended 30 June 2012. The highlights of the interim report, which is unaudited, are shown below:

OVERVIEW

Revenue and earnings

Topsil generated revenue of DKK 76.0 million in Q2 2012 against DKK 103.7 million in the year-earlier period. For the first half of 2012, revenue dropped by 21% compared to the same period last year. This represents an improvement relative to the previous guidance for a revenue decline of 25% for the first half year.

The company's operating profit for Q2 2012 was DKK 5.3 million (corresponding to an EBITDA margin of 7.0%) against DKK 6.7 million in the same period last year (corresponding to an EBITDA margin of 6.4%).

Main events

Market trend and the introduction of new products
The weak demand continued in Topsil's primary market, the NTD market, in the second quarter of the year, particularly from the transport and infrastructure sectors, in which Topsil has a large market share.

Two qualifications of the new PFZ silicon and the CZ-EPI products were completed in the quarter, and a range of further qualifications are ongoing.

R&D
The R&D department achieved the expected progress in the development of a 200 mm FZ product in Q2 2012, as the first diameter successes were achieved.

New plant
The installation of new machinery and equipment continued as planned in Q2. The first test crystal was produced at the new facility towards the end of the period.

Outlook for 2012

In its stock exchange announcement of 8 August 2012, Topsil adjusted its expectations for the year. Topsil expects revenue in the range of DKK 260-280 million and EBITDA in the range of DKK 5-15 million.

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

FINANCIAL HIGHLIGHTS FOR THE GROUP (UNAUDITED)

DKK'000	Q2 2012	Q2 2011	H1 2012	H1 2011	FY 2011
Income statement					
Revenue	75,982	103,663	154,485	195,619	367,439
Earnings before interest, tax, depreciation and amortisation (EBITDA)	5,332	6,674	14,394	19,018	35,106
Operating profit/(loss) (EBIT)	(997)	2,023	1,801	9,954	6,027
Net financials	(7,096)	(1,036)	(4,363)	(3,236)	(9,298)
Profit/(loss) for the period after tax	**(8,964)**	**1,086**	**(4,616)**	**3,796**	**(6,818)**
Of which attributable to parent company shareholders	(8,935)	1,047	(4,595)	3,752	(5,750)
Cash flows:					
Cash flows from operating activities	(10,280)	(2,540)	15,074	1,635	16,324
Capital expenditure excluding investments in assets held for sale	35,727	12,703	88,987	32,185	102,945

	Q2 2012	Q2 2011	H1 2012	H1 2011	FY 2011
Balance sheet:					
Share capital	132,029	132,029	132,029	132,029	132,029
Equity attributable to parent company share-holders	400,213	412,207	400,213	412,207	394,010
Equity attributable to non-controlling share-holders	17,257	40,119	17,257	40,119	35,096
Total equity of the group	417,470	452,326	417,470	452,326	429,106
Total assets	678,664	592,768	678,664	592,768	601,495
Net interest-bearing debt (asset)	103,866	(34,253)	103,866	(34,253)	4,301
Invested capital	458,536	401,312	458,536	401,312	388,351
Net working capital	136,401	138,488	136,401	138,488	138,905
Financial ratios:					
EBITDA margin (%)	7.0	6.4	9.3	9.7	9.6
EBIT margin/profit margin (%)	(1.3)	2.0	1.2	5.1	1.6
Contribution ratio (%)	48.7	42.3	50.7	47.2	49.0
Equity ratio	62	76	62	76	71
Current number of shares (thousands)	528,114	528,114	528,114	528,114	528,114
Market value, DKK per share	0.41	0.98	0.41	0.98	0.48
Average number of full-time employees *	367	386	367	386	383

MANAGEMENT REPORT

At the beginning of 2012, Topsil expected weak demand in the market early in the year. Revenue for the first half year confirmed that the NTD market would continue to represent a challenge, especially in the transport and infrastructure sectors, in which Topsil has a large market share.

Topsil's revenue was DKK 76.0 million in Q2 2012 against DKK 103.7 million in the same period last year, corresponding to a decline of 26.7%. For the first half of 2012, revenue dropped by 21% compared to the same period last year. This represents an improvement relative to the previous guidance for a revenue decline of 25% for the first half year.

Product launches
Two qualifications of the new PFZ silicon and CZ-EPI wafers were completed during the quarter, and an additional number of qualifications are currently ongoing. Overall, we experience slower than expected progress of the qualifications due to the generally challenging market environment. Sales of the new PFZ and the CZ-EPI products are expected to be moderately positive in 2012 and to pick up from 2013 onwards.

R&D
The R&D department achieved the expected progress in the development of a 200 mm FZ product in Q2 2012, as the first diameter successes were achieved. Topsil plans to submit the first wafers for testing during the course of Q3, and actual qualification wafers are expected to be distributed to a number of customers towards the end of the year. Initial revenue is expected in 2013.

New plant proceeding according to plan
The installation of new machinery and equipment at the new plant proceeded according to plan in Q2 2012. The first test crystal was produced at the new facility at the end of the reporting period, and the initial test products to undergo qualification are still expected to be delivered at the end of the year.

Relocation of the first employee groups to the new plant will take place in Q3 2012. Subsequently, the production unit will be relocated as customers will approve the products.

Tight cost management
With a view to enhancing efficiency and reducing costs, Topsil implemented initiatives in 2011 and 2012, which have already yielded significant results, including a considerable reduction of capacity costs. Furthermore, Topsil implemented shared group facilities, for example the grouping of two supply chain functions in a global supply chain, resulting in reduced costs and a higher level of efficiency. Topsil will continue to consider new opportunities to achieve operating efficiencies and has strengthened the production management by the appointment of a new head of department.

Q2 EBITDA performance
The group's EBITDA was DKK 5.3 million in Q2 2012 against DKK 6.7 million in the year-earlier period. The EBITDA margin for the quarter was 7.0% against 6.4% for the same period last year. EBITDA for the quarter was adversely affected by the lower revenue and consequently the lower capacity utilisation, but was at the same time positively affected by the impact of the cost reduction programmes, cutting staff and other external expenses by approximately 20% compared to the year-earlier period. Taking into account the one-off accruals in Q1 and Q2 of 2011, the gross margin for the same period this year settles at the same level.

Topsil's Q2 2012 EBIT was a loss of DKK 0.4 million against DKK 2.0 million in Q2 2011.

Net financials amounted to an income of DKK 7.1 million in Q2 2012, comprising net interest expenses of DKK 1.1 million and net foreign exchange losses of DKK 6.0 million, of which DKK 2.7 million was unrealised.

Topsil generated a loss before tax of DKK (7.5) million in Q2 2012 against a profit of DKK 1.0 million in Q2 2011.

Total assets and interest-bearing debt
At 30 June 2012, we had total assets of DKK 679.2 million against DKK 592.8 million at the year-earlier date, the increase being primarily attributable to the addition of fixed assets consisting of a new plant.

At 30 June 2012, net working capital amounted to DKK 136.4 million, which was a decline of DKK 2.1 million compared to a year earlier. Net working capital increased by DKK 15.3 million compared to the end of the previous quarter, primarily as a result of higher inventories.

Due to the subdued market and as a result of the initial steps in relocating to the new plant, Topsil's capital tie-up is higher than at the same period last year. Expectedly, inventories will be reduced in the second half of the year.

At 30 June 2012, the net interest-bearing debt was DKK 103.9 million against net interest-bearing assets of DKK 4.3 million at the beginning of the year and net deposits of DKK 34.3 million at 30 June 2011. This change was mainly due to investments in property, plant and equipment relating to the construction of the new plant in Frederikssund.

Cash flows from operating activities
There was a cash outflow from operating activities of DKK 10.3 million at 30 June 2012 against an outflow of DKK 2.5 million at 30 June 2011. This change was essentially attributable to the development in working capital as described above and, to a lesser degree, by the decline in EBITDA.

Following net investments of DKK 36.2 million and the raising of a loan for DKK 50.0 million in Q2 2012, the company recorded a total cash outflow of DKK 3.6 million. Cash and cash equivalents (overdraft facilities drawings less cash) amounted to DKK 13.9 million at 30 June 2012.

Updated expectations for 2012
In our stock exchange announcement of 8 August 2012, we lowered our expectations for the year as a result of the general economic uncertainty making market and sales conditions extremely difficult. Therefore, the expected positive turning point in the second half of the year is no longer considered realistic. Furthermore, Topsil has been notified that one of its major customers will fail to comply with its minimum purchase obligation for 2012 due to lower activity levels.

Topsil expects revenue in the range of DKK 260-280 million and EBITDA in the range of DKK 5-15 million.

These expectations are based on exchange rates of DKK 600/USD 100 and DKK 180/PLN 100.

INVESTOR INFORMATION

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

Date	Announcement	
09.08.2012	no. 10/12:	Topsil lowers its revenue and EBITDA expectations for 2012
13.06.2012	no. 09/12:	Report on insiders' dealing in shares
23.05.2012	no. 08/12:	Quarterly report Q1 2012
09.05.2012	no. 07/12:	Warrant programme – updated Articles of Association
09.05.2012		Updated Articles of Association
08.05.2012	no. 06/12:	Updated Articles of Association
26.04.2012	no. 05/12:	Topsil establishes a warrant programme for members of the Management Board and managerial employees
26.04.2012	no. 04/12:	Decisions of Annual General Meeting 2012
02.04.2012	no. 03/12:	Notice to convene Annual General Meeting
28.03.2012	no. 02/12:	Annual report 2011
27.01.2012	no. 01/12:	Acquisition of Cemat'70 minority shares

Further information:

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

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

STATEMENT BY THE BOARD OF DIRECTORS AND MANAGEMENT BOARD

The Board of Directors and Management Board today considered and adopted the interim report of Topsil Semiconductor Materials A/S for the three months ended 30 June 2012.

The interim report is presented in accordance with IAS 34 *"Interim financial reporting"* as adopted by the EU and Danish disclosure requirements for the interim reports of listed companies.

In our opinion, the interim financial statements give a true and fair view of the group's assets, liabilities and financial position at 30 June 2012 and of the results of the group's operations and cash flows for Q2 2012.

In our opinion, the management report includes a fair review of the development and performance of the business and financial position of the group, the financial results for the period as well as the financial position in general of the consolidated companies, together with a description of the principal risks and uncertainties that the group faces.

Frederikssund, 29 August 2012

Management Board:

Kalle Hvidt Nielsen CEO	Jørgen Bødker EVP, Director of Logistics, Sales & Marketing

Board of Directors:

Jens Borelli-Kjær Chairman	Eivind Dam Jensen Deputy Chairman
Jørgen Frost Board member	Michael Hedegaard Lyng Board member
Jens Balslev Olesen Elected by the employees	Jesper Leed Thomsen Elected by the employees

Disclaimer:

The forward-looking statements in this interim report reflect Management's current expectations for certain future events and financial results. Forward-looking statements are inherently subject to uncertainty, and actual results may therefore differ materially from expectations. Factors that may cause actual results to differ materially from expectations include, but are not limited to, general economic developments and developments in financial markets, changes in the silicon market, market acceptance of new products as well as the launch of competing products. Topsil is only under an obligation to update and adjust the expectations provided to the extent required by Danish law, including the Danish Securities Trading Act and similar legislation.

INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE

DKK'000	Q2 2012	Q2 2011	H1 2012	H1 2011	FY 2011
Revenue	75,982	103,663	154,485	195,619	367,439
Direct production costs	(38,970)	(59,776)	(76,209)	(103,310)	(187,454)
Other external expenses and Staff costs	(31,680)	(37,213)	(63,882)	(73,291)	(144,879)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**5,332**	**6,674**	**14,394**	**19,018**	**35,106**
Depreciation, amortisation and impairment	(6,329)	(4,651)	(12,593)	(9,064)	(29,079)
Operating profit/(loss) (EBIT)	**(997)**	**2,023**	**1,801**	**9,954**	**6,027**
Net financials	(7,096)	(1,036)	(4,363)	(3,236)	(9,298)
Profit/(loss) before tax	**(8,093)**	**987**	**(2,562)**	**6,718**	**(3,271)**
Tax on profit/(loss) for the period	(871)	99	(2,054)	(2,922)	(3,547)
Profit/(loss) for the period	**(8,964)**	**1,086**	**(4,616)**	**3,796**	**(6,818)**

Appropriation of profit/(loss) for the period:					
Parent company shareholders	(8,935)	1,047	(4,595)	3,752	(5,750)
Non-controlling interests	(29)	39	(21)	44	(1,068)
	(8,964)	**1,086**	**(4,616)**	**3,796**	**(6,818)**

Earnings per share:

	Q2 2012	Q2 2011	H1 2012	H1 2011	FY 2011
Profit loss attributable to the group's shareholders (DKK'000)	(8,935)	1,047	(4,595)	3,752	(5,750)
Average number of shares (thousands)	528,114	526,108	528,114	526,108	527,992
Average number of shares, diluted (thousands)	538,769	543,404	538,769	543,404	548,973
Earnings per share (DKK)	(0.02)	0.00	(0.01)	0.01	(0.01)
Diluted earnings per share (DKK)	(0.02)	0.00	(0.01)	0.01	(0.01)

STATEMENT OF COMPREHENSIVE INCOME

DKK'000	Q2 2012	Q2 2011	H1 2012	H1 2011	FY 2011
Profit/(loss) for the period	(8,964)	1,086	(4,616)	3,796	(6,818)
Foreign exchange adjustment relating to foreign companies	(2,809)	892	4,245	(874)	(14,737)
Comprehensive income for the period	**(11,773)**	**1,978**	**(371)**	**2,922**	**(21,555)**
Parent company shareholders	(10,863)	1,723	(1,731)	3,111	(16,342)
Non-controlling interests	(910)	255	1,360	(189)	(5,213)
	(11,773)	**1,978**	**(371)**	**2,922**	**(21,555)**

CASH FLOW STATEMENT

DKK’000	Q2 2012	Q2 2011	H1 2012	H1 2011	FY 2011
Operating profit (EBIT)	(997)	2,023	1,801	9,954	6,027
Depreciation, amortisation and impairment	6,329	4,652	12,593	9,059	29,079
Change in net working capital	(15,542)	(9,709)	4,958	(18,915)	(21,503)
Other	(70)	494	(4,278)	1,537	2,721
Cash generated from operations (operating activities)	**(10,280)**	**(2,540)**	**15,074**	**1,635**	**16,324**
Tax paid on account	0	0	(4,861)	(3,402)	(7,435)
Net financials	(7,096)	(1,036)	(4,363)	(3,236)	(9,165)
Cash flows from operating activities	**(17,376)**	**(3,576)**	**5,850**	**(5,003)**	**(276)**
Acquisition of intangible assets	(512)	(1,661)	(2,868)	(7,247)	(4,807)
Acquisition of property, plant and equipment	(35,727)	(12,703)	(88,987)	(32,185)	(102,945)
Cash flows from investing activities	**(36,239)**	**(14,364)**	**(91,855)**	**(39,432)**	**(107,752)**
Raising of money market loans	50,000	0	90,000	0	30,000
Acquisition, non-controlling interests	0	0	(12,129)	0	0
Proceeds from the issue of shares, net	0	353	0	5,846	5,847
Other	0	27	0	(3,217)	0
Cash flows from financing activities	**50,000**	**380**	**77,871**	**2,629**	**5,847**
Change in cash and cash equivalents	**(3,615)**	**(17,560)**	**(8,134)**	**(41,806)**	**(72,181)**
Cash and cash equivalents at beginning of period	13,920	66,440	23,449	90,387	90,387
Market value adjustment of cash and cash equivalents	3,579	(247)	(1,431)	52	5,243
Cash and cash equivalents at end of period	**13,884**	**48,633**	**13,884**	**48,633**	**23,449**
Specification of cash and cash equivalents:					
Cash and cash equivalents	23,930	63,845	23,930	63,845	23,482
Overdraft facilities drawings	(10,046)	(15,212)	(10,046)	(15,212)	(33)
Net cash and cash equivalents at end of period	**13,884**	**48,633**	**13,884**	**48,633**	**23,449**

The cash flow statement for H1 2011 is stated inclusive of assets and liabilities held for sale.

BALANCE SHEET

Assets

	30.6 2012	30.6 2011	31.12.2011
Completed development projects	10,836	13,680	11,715
Goodwill	17,291	18,474	16,636
Other intangible assets	15,145	861	14,714
Development projects in progress	10,492	6,632	8,568
Intangible assets	**53,764**	**39,647**	**51,633**
Land and buildings	55,275	5,549	56,462
Plant and machinery	101,187	101,426	102,801
Other fixtures and fittings, tools and equipment	3,952	6,425	4,903
Property, plant and equipment under construction	184,494	40,148	99,075
Property, plant and equipment	**344,908**	**153,548**	**263,241**
Other non-current receivables	24,142	30,021	26,818
Financial assets	**24,142**	**30,021**	**26,818**
Deferred tax asset	**11,514**	**6,190**	**10,497**
Non-current assets	**434,328**	**229,406**	**352,189**
Inventories	**161,955**	**125,344**	**146,338**
Receivables	50,898	71,259	70,670
Other receivables	6,231	6,959	7,692
Prepaid tax	0	1,886	0
Prepayments	1,322	1,101	1,124
Receivables	**58,451**	**81,205**	**79,486**
Cash and cash equivalents	**23,930**	**56,779**	**23,482**
Assets held for sale	0	100,034	0
Current assets	**244,336**	**363,362**	**249,306**
Assets	**678,664**	**592,768**	**601,495**

TOPSIL

BALANCE SHEET

Equity and liabilities

	30.6 2012	30.6 2011	31.12.2011
Share capital*	132,029	132,029	132,029
Translation reserve	(20,153)	(13,066)	(23,017)
Reserve for share-based payments	6,548	5,455	5,970
Retained earnings	281,789	287,789	279,028
Equity attributable to parent company share-holders	**400,213**	**412,207**	**394,010**
Equity attributable to non-controlling interests	**17,257**	**40,119**	**35,096**
Equity	**417,470**	**452,326**	**429,106**
Finance lease liabilities	6,781	9,317	8,236
Prepayments received on account from customers	19,187	21,642	24,043
Other non-current liabilities	1,076	1,117	1,003
Deferred tax liabilities	17,412	7,374	16,798
Non-current liabilities	**44,456**	**39,450**	**50,080**
Debt to credit institutions	130,046	15,212	30,033
Finance lease liabilities	2,688	2,813	2,688
Trade creditors	66,083	47,783	65,987
Prepayments received on account from customers	195	17	278
Income tax payable	0	1,774	2,668
Provisions	1,847	1,607	3,198
Other payables	15,879	17,453	17,457
Current liabilities	**216,738**	**86,659**	**122,309**
Liabilities relating to assets held for sale	0	14,333	0
Total liabilities	**261,194**	**140,442**	**172,389**
Equity and liabilities	**678,664**	**592,768**	**601,495**

STATEMENT OF CHANGES IN EQUITY

DKK'000	Share capital	Translation reserve	Reserve for share-based payment	Retained earnings	Equity attributable to parent company shareholders	Equity attributable to non-controlling interests	Total equity
Equity at 01.01.2011	**130,022**	**(12,425)**	**6,118**	**278,069**	**401,784**	**40,309**	**442,093**
Comprehensive income for the period	0	(641)	0	3,752	**3,111**	(189)	**2,922**
Share-based payment	0	0	1,465	0	**1,465**	0	**1,465**
Cash capital increase	2,007	0	0	3,840	**5,847**	0	**5,847**
Share-based payments, share options exercised	0	0	(2,128)	2,128	**0**	0	**0**
Equity at 30.06.2011	**132,029**	**(13,066)**	**5,455**	**287,789**	**412,207**	**40,120**	**452,327**

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 01.01.2012	**132,029**	**(23,017)**	**5,970**	**279,028**	**394,010**	**35,096**	**429,106**
Comprehensive income for the period	0	2,864	0	(4,595)	**(1,731)**	1,360	**(371)**
Share-based payment	0	0	578	0	**578**	0	**578**
Acquisition, non-controlling interests	0	0	0	7,356	**7,356**	(19,199)	**(11,843)**
Cash capital increase	0	0	0		**0**	0	**0**
Share-based payments, share options exercised	0	0		0	**0**	0	**0**
Equity at 30.06.2012	**132,029**	**(20,153)**	**6,548**	**281,789**	**400,213**	**17,257**	**417,470**

NOTES TO THE FINANCIAL STATEMENTS

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

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

Judgments and estimates
The preparation of interim reports requires Management to make accounting judgments and estimates that affect the accounting policies applied and the assets, liabilities, income and expenses recognised. Actual results may differ from these estimates. The most significant estimates made by Management in applying the group's accounting policies and the most significant uncertainty attached thereto are the same as those applying to the preparation of Annual Report 2011.

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

A substantial part of the group's sales takes place in USD and EUR. Raw materials etc. are also typically purchased in USD and EUR, whereas other cost items are typically incurred in DKK or PLN. The group does not use derivative financial instruments to hedge currency risks 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. A currency fluctuation in USD/DKK of ± DKK 0.50 would subject the group to a currency risk of about ± DKK 0.4 million based on the balance sheet items in USD at the balance sheet date. Similarly, a currency fluctuation in PLN/DKK of ± DKK 0.1 would subject the group to a currency risk of about ± DKK 0.1 million based on the balance sheet items in PLN at the balance sheet date. The group's currency risk in connection with fluctuations in EUR/DKK is considered immaterial.

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