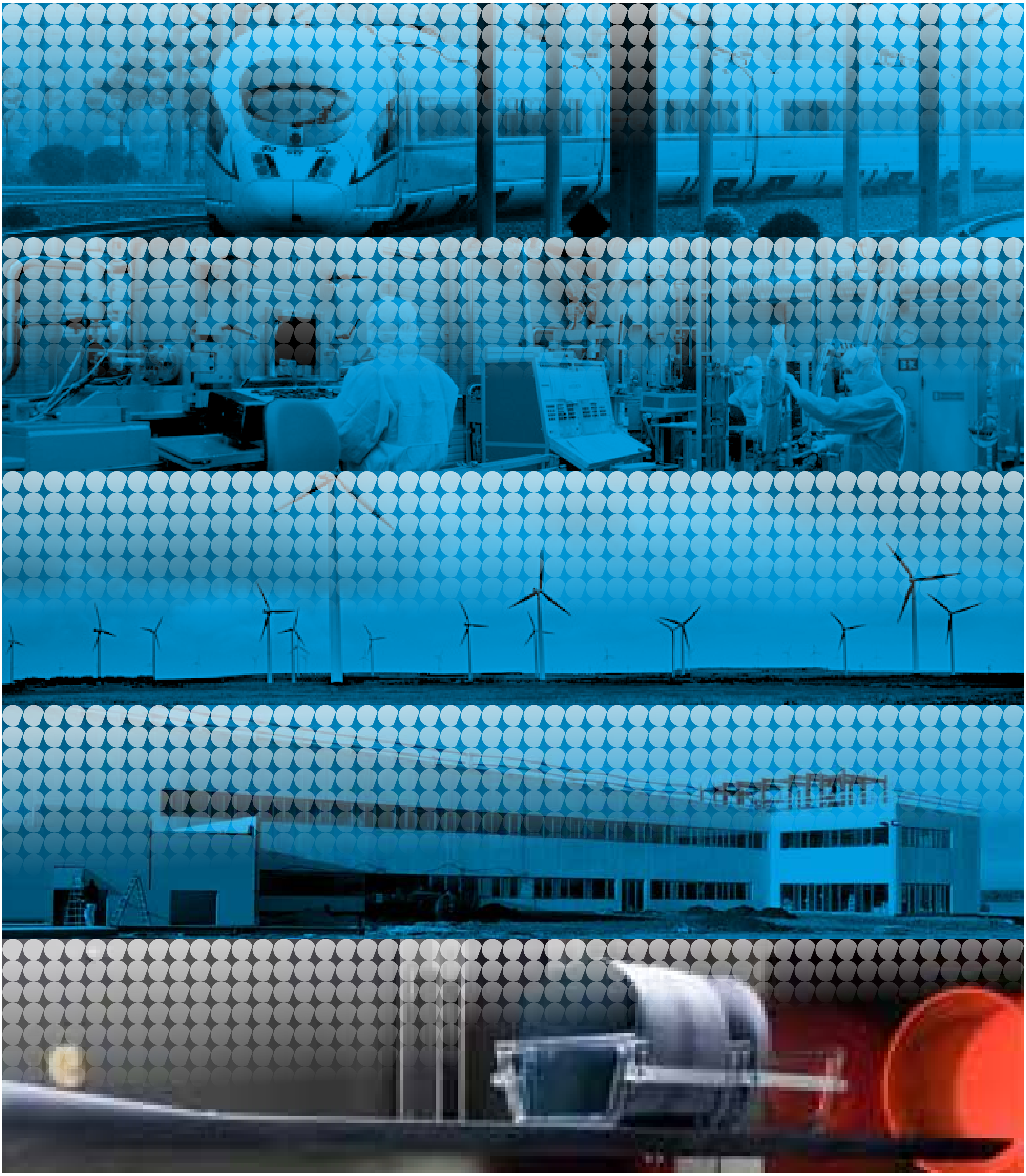


ANNUAL REPORT 2011

TOPSIL

CONTENT

MANAGEMENT REPORT

FINANCIAL STATEMENTS

This annual report is produced in Danish and English.
In case of discrepancies, the Danish version shall prevail.

FINANCIAL HIGHLIGHTS

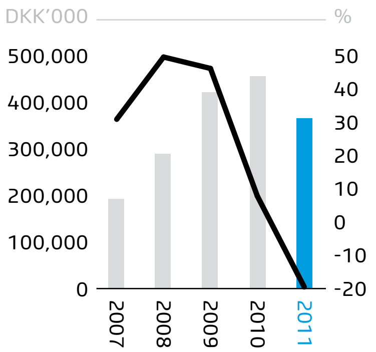
DKK'000

	2011	2010	2009	2008	2007
FIVE-YEAR FINANCIAL HIGHLIGHTS					
Revenue	367.439	456.705	423.483	289.402	193.231
EBITDA	35.106	102.040	99.813	72.225	57.920
EBIT	6.027	89.047	84.233	64.154	52.093
Net financials	(9.298)	(7.211)	(8.474)	(2.085)	(4.016)
Profit/(loss) for the year	**(6.818)**	**63.013**	**51.782**	**45.865**	**34.867**
Equity ex. non-controlling interests	394.010	401.784	236.040	179.049	149.327
Total assets	601.495	592.267	591.767	503.875	216.847
Invested capital	388.351	346.965	330.751	292.091	65.310
Net-interest bearing debt (net interest asset)	4.301	(92.637)	30.721	35.922	(89.976)
Net working capital (NWC)	138.905	118.673	132.161	106.539	36.187
Investments in property, plant and equipment	102.945	52.641	22.179	8.058	7.372
FINANCIAL RATIOS					
EBITDA-margin (%)	9,6	22,3	23,6	25,0	30,0
EBIT-margin/profit margin (%)	1,6	19,5	19,9	22,2	27,0
Return on invested capital (%)	1,6	26,3	27,0	35,9	108,5
Return on equity (%)	(1,4)	19,6	24,3	28,0	26,7
No. of shares ('000)	528.114	520.090	407.961	403.392	398.823
Earnings per share (kr.)	(0,01)	0,13	0,12	0,11	0,09
Average number of employees (FTE)	383	384	377	140	73

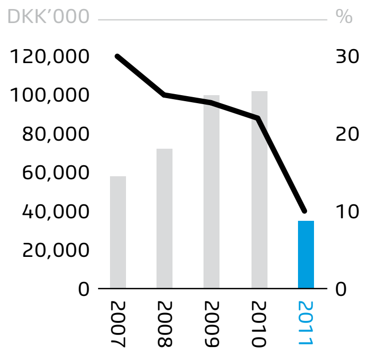
The financial highlights for 2007-2011 have been prepared in accordance with "Recommendations and Financial Ratios". See the description in note 1 to the financial statements, Accounting policies.

"Assets held for sale", which are recognised in a separate line item in the balance sheet, have been recognised in the respective financial items in respect of financial highlights and ratios related to the balance sheet (invested capital, net working capital, net interest-bearing debt).

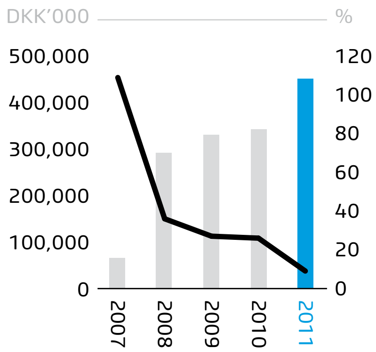
Revenue and growth



Operating profit/loss and profit margin (rolling 12 months)



Invested capital and return



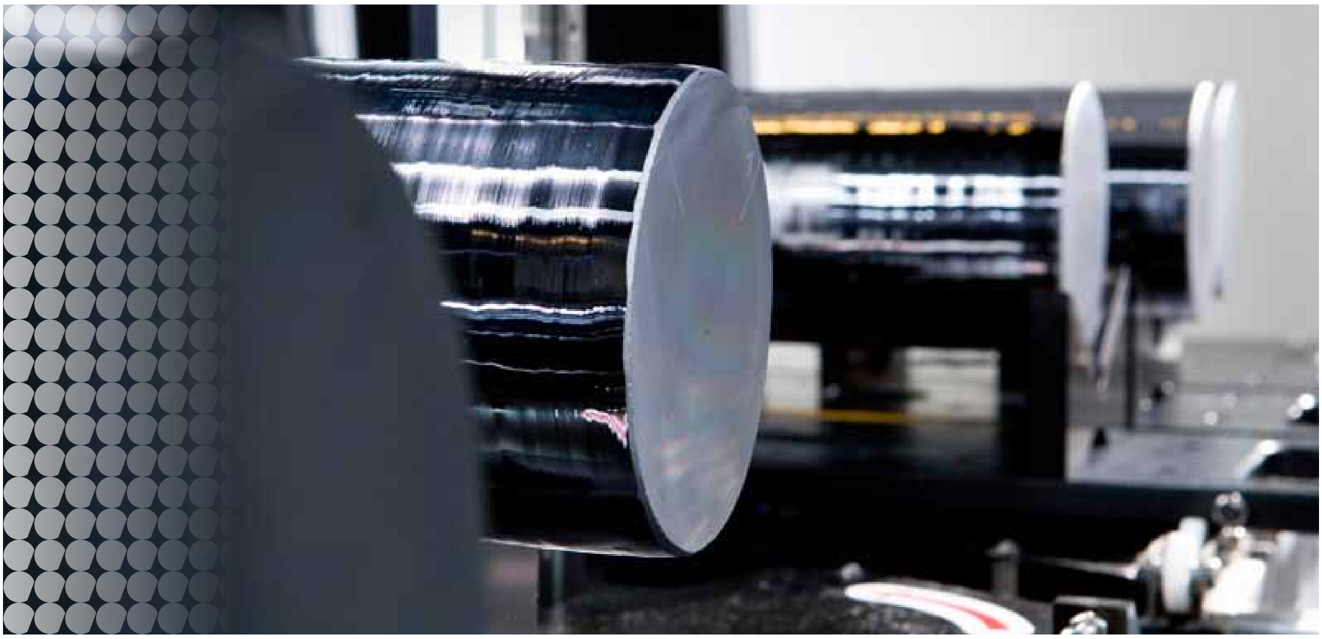
TOPSIL AT A GLANCE

Topsil Semiconductor Materials A/S manufactures ultra-pure silicon. Silicon is sold to the global semiconductor industry where it is used as a critical raw material in components to control and conduct electricity. Topsil has specialised in manufacturing the purest form of silicon in the market. This means it can be used for industrial components handling high and very high voltage levels, for example as controls for wind turbines and high-speed trains or for transmitting power through the grid. About three quarters of Topsil's production forms part of clean tech applications, that is products directly or indirectly contributing to energy efficiency and thus to a more intelligent use of energy.

Topsil applies two different production technologies producing silicon with different properties. Manufacturing silicon is a complex high-technology process where the raw material, quartz sand, is first distilled and then compressed to form raw silicon. Once Topsil has received the raw silicon from its suppliers, the material undergoes various processing stages before being melted at high temperatures to become ultra-pure silicon. Depending on the area of application, the material will undergo further processes. During the entire production process, the quality of the silicon is tested against a number of technical parametres before the end product is cut into wafers to be registered and carefully packed.

In the period from 2010 to 2012, Topsil is launching an ambitious investment programme as part of the Group's "Seizing the Opportunity" strategy. The strategy addresses long-term positive market trends driven by energy transport and control investments and increased focus on energy-efficient solutions world-wide. The investment programme comprises development of a number of new silicon products with improved technical properties and construction of a state-of-the-art silicon plant with higher production capacity. The plant is to replace the current domicile and primary production unit in Frederikssund, Denmark, whereas the other parts of production take place in Warsaw.

Topsil received the Business Gazelle Award 2009 and 2010 granted by the leading Danish business daily, Børsen. Group revenue for 2011 amounted to DKK 367.4 million and the EBITDA margin was 9.6%. At the end of 2011, Topsil had 369 employees.



HISTORY

It was the visionary civil engineer, Dr. Haldor Topsøe, who started to develop a silicon niche technology (float-zone) as a sideline to the production of catalysts in the early 1950s. Crystal growth testing and development of production machinery was initiated at his home in Hellerup, Denmark.

As the company continued to grow, Haldor Topsøe sought for a suitable plot in North Zealand to build a new plant in 1958; he chose Linderupgaard close to Roskilde Fiord in Frederikssund. Topsil collaborated with Haldor Topsøe until 1972, at which time the company was divested as an independent limited liability company.

The first production machines were constructed at Linderupvej in 1960 by Topsil's own engineers. During the following three decades, the company's machines were further developed into the machines that have become the platform for the current production plant.

Already in the 1960s, the silicon industry was dominated by a few major multinational groups engaged in severe competition. By specialising in the float-zone niche and remaining competitive in technology as well as in quality, Topsil found its raison d'être. The Company launched its first breakthrough product in the 1960s: The ultra-pure "hyper pure silicon" (HPS) which is used in high voltage products.

In 1974, Topsil introduced Neutron Transmutation Doped silicon (NTD) to the world market. Neutron doping is a technology that enables conductivity in silicon to be controlled. The company developed the technique in close development collaboration with researchers at Risø National Laboratory near Roskilde, supported, on the customer side, by the company which is today known by the name ABB.

The next milestone was the development of Gas-doped Float Zone silicon (PFZ) for use in medium-voltage components. The production of PFZ started in the early 1990s, manufactured by a new generation of silicon machines which could also produce silicon with larger diametres.
At the turn of the millennium, Topsil experimented with ultra-pure silicon for use in solar cell panels which was believed to be a huge market. It soon became clear, however, that even though ultra-pure silicon-based solar cells may be more efficient than conventionally produced solar cells, a profitable production could not be obtained. However, Topsil's ultra-pure silicon for solar cells is still in the market, its primary use being a reference material.

Over the years, Topsil has faced major financial challenges due to severe competition in the silicon industry. In 2005, Topsil set to tackle a number of strategic challenges caused by – not least – the lack of raw materials and the dependence on external suppliers of wafers.

Raw materials were ensured through the signing of long-term contracts, resulting in a stable delivery from two raw material suppliers in the world market, and they have since been tied up with a number of long-term contracts on the customer side.

At the end of 2008, Topsil acquired Cemat Silicon S.A. in Poland, which, among other things, gave the Company access to its own wafer production and which included a 53% ownership interest in the property company Cemat'70 S.A., of which Cemat Silicon S.A. is the largest single lessee.

During the same period, the green agenda really started to gain a foothold among the political decision-makers across the globe. Driven by growing demand for green energy and energy maximising solutions, the market for componets, addressing the highest voltage levels, which requires ultra-pure silicon, (the power market) gained momentum. Topsil decided to exploit its market potential and launched its pro-active "Seizing the Opportunity" strategy in 2010 which will remain in effect up until and including 2012.

It became clear that to be able to keep up with key customers' growth plans, it would be necessary to expand the business. The production facilities at Linderupvej in Frederikssund had become too small and outdated to ensure an efficient production flow and to meet the consistently growing demands for quality and cleanliness. Therefore, building a new FZ plant with a view to increasing the satisfaction and loyalty of the existing customers and developing the Company's ability to attract new customers, was central to realising the strategy. At the same time, it was necessary to develop new products for the high-growth areas.

The financing for these investments was provided through the proceeds from a fully subscribed rights issue in 2010, loans obtained through Topsil's bankers and consistent cash flows from operations.

MAIN EVENTS IN 2011

Topsil's overall revenue amounted to DKK 367.4 million in 2011, equal to a 19.5% decline compared with 2010. Revenue was in line with the most recently announced expectations.

EBITDA amounted to DKK 35.1 million in 2011, compared with DKK 102.0 million in 2010, corresponding to an EBITDA margin of 9.6% against 22.3% in 2010. EBITDA was in line with the most recently announced expectations.

EBIT was DKK 6.0 million in 2011 against DKK 89.0 million in 2010, equivalent to an EBIT margin of 1.6% against 19.5% the year before.

Profit/(loss) before tax for 2011 came to DKK (3.3) million, which was DKK 85.1 million lower than in 2010. The loss for the year after tax was DKK (6.8) million against profit of DKK 63.0 million in 2010.

The revenue reduction was primarily owing to an unexpected, market-driven slowdown in the NTD area in mid 2011, which was particularly pronounced in the transport area, in which Topsil has a large market share, and an increasingly competitive market. At the same time, the introduction of a new improved product for the medium-voltage segment was prolonged due to a longer than expected customer qualification process.

During the second half of the year, Topsil's production was affected by inconsistent quality of raw materials for NTD production from one of Topsil's suppliers, resulting in a lower rate of utilisation and a longer production process. Topsil signed an agreement with the supplier at the end of the year, addressing the problem technically and commercially going forward.

Topsil continued to focus on developing new products, and the work to produce the next generation of FZ silicon with a larger diameter progressed during the year.

At the opening of the year, Topsil signed an agreement for the purchase of a plot for the construction of a new silicon plant at the newly parcelled Copenhagen Cleantech Park in the municipality of Frederikssund. The main part of the plant was completed during 2011 according to plan, which involves an overall investment of almost DKK 200 million, of which more than 50% was recognised in 2011 and the year before.

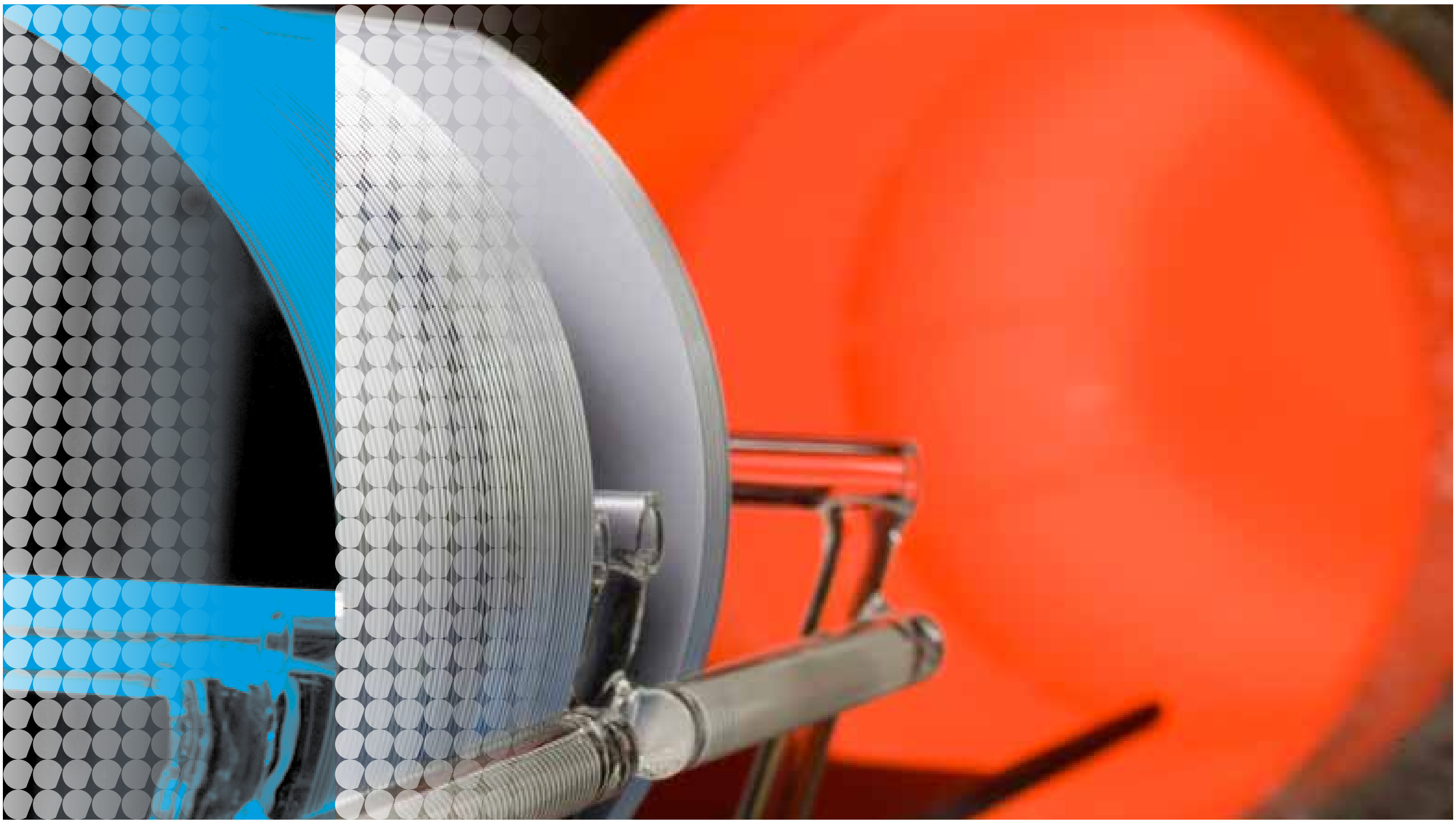
To adjust the cost level, Topsil cut costs in a number of areas, including by reducing the Group's headcount by 10%. The full impact of this cost reduction programme will materialise in 2012.

After the end of the financial period, Topsil acquired an additional 25% of the property company Cemat '70 S.A., bringing the Group's ownership interest to 78%. The acquisition of the shares secures Topsil full right of disposal and the right to sell all or part of the the property.

At the end of October, CEO Keld Lindegaard Andersen resigned and his successor, Kalle Hvidt Nielsen, took up the position as CEO on 1 January 2012.

Despite the unsatisfactory trend during the year, the Group has adequate cash flows and capital resources to implement the planned investment programme.

In line with expectations, the **financial results for the year** were considerably down compared to the year before, and Management considers the performance unsatisfactory.



2011 – A CHALLENGING YEAR FOR TOPSIL

For Topsil, 2011 was a challenging year. In the second quarter of the year, construction works on the state-of-the-art silicon plant which is in the process of being completed as the first company in the newly established Copenhagen Cleantech Park south of Frederikssund commenced. The plant framework will enable Topsil to fully exploit its business potential going forward since it is located in an area that – in the coming years – will develop into a power centre for technology companies wishing to adopt a sustainable profile.

2011 was also a year in which major parts of Topsil's key market, the power market, unexpectedly slowed down at the beginning of the second half of the year. The change in market conditions and the delayed launch of several new products led the Company to downgrade its expectations for the year. In the second and third quarters, Topsil had to adjust its cost base in relation to the activity level, including implementing a number of necessary organisational adjustments. Late in the year, the Company announced upper management changes, in the form of a new company CEO.

Slow-down in the market, but continued expectation of an attractive long-term market perspective

At the beginning of 2011, indications in Topsil's primary market, the power market, were that the market was heading towards growth in the short term as well as in the long term. The long-term perspective is driven by global trends such as continued investments in transport and energy infrastructure, more stringent requirements for energy efficiency and development and maturing of alternative sources of energy. At the same time, Topsil continuously received positive indications from customers, and several customers were in the process of expanding production to prepare for an increased business volume. Thus, Topsil expected the power market to develop positively in 2011 relative to 2010.

Mid year, however, the demand for Topsil's ultra-pure silicon took a rather different turn compared to expectations. The power market, for which the pace of development is largely driven by political decisions, slowed down, thus, in the short term, breaking the trend of several years of positive growth rates. To Topsil, the slowdown resulted in customer orders being reduced and leading to a lower revenue for the year. Consequently, the order visibility in 2012 is currently lower than it has been for a number of years. However, this does not change the fact that recognised, independent industry sources continue to expect market growth in the long term.

Investment programme addressing market opportunities

Topsil's investment programme, which is part of the "Seizing the Opportunity" strategy, has specific focus on the long-term growth perspectives in the power market. Topsil expects the power market to gather pace within a foreseeable future and the investment programme, which builds on the development of a number of new products and improved production facilities at the new plant, to provide a platform that will enable the Company to fully exploit the growth potential as the market again gains momentum.

Topsil's most important priority in the coming year will be to steer the projects launched since 2010 safely to a successful conclusion. Thus, 2012 will be a year dedicated to rounding off a number of important projects both in terms of new products, final implementation of a more streamlined organisation and the completion of the new plant. We look forward to moving activities to our new facilities for the benefit of customers, shareholders and employees.

KALLE HVIDT NIELSEN
CEO

THE "SEIZING THE OPPORTUNITY" STRATEGY

Topsil's "Seizing the Opportunity" strategy is a Niche-plus strategy further developing the well-founded niche position that Topsil has established over a number of years as a producer of silicon for the most complex semiconductor components. The strategy covering the period from 2010 to 2012 aims to exploit the long-term market growth in Topsil's primary market, the power market, thus securing the Company's continued development and expansion.

"Seizing the Opportunity" is a pro-active growth strategy containing two main elements: Firstly, it must develop more new products with a view to building a stronger platform in those parts of the power market that are expected to obtain the highest growth rates in the coming years, in particular the medium-voltage segment. Secondly, the production capacity will be modernised and expanded in the form of a new plant and new production equipment.

The strategy entails an extensive investment programme amounting to approximately DKK 300 million, of which about DKK 200 million will be allocated directly to the ongoing plant construction. The financing of the investment programme is continuously secured within the framework of the existing financial resources obtained, among other things, through the rights issue completed in 2010.

Strategy implementation

In 2011, Topsil signed an agreement for the purchase of a plot for construction of a new silicon plant in the newly parcelled Copenhagen Cleantech Park in the municipality of Frederikssund; the main part of the new plant has now been completed according to plan. 2012 will be allocated to completing the construction process and commencing production. Employees and existing machinery will be gradually relocated from Linderupvej to the new premises throughout som time, as Topsil's primary focus is to ensure that the supply chain to the customers remains intact.

At the beginning of the year, Topsil launched a new product with improved technical properties especially targeting the medium-voltage segment of the power market. The market launch was delayed relative to the original plan essentially due to longer than expected qualification processes with customers. The market launch of the improved silicon product is now proceeding according to plan in respect of the number of qualifications.

The development work on producing next generation silicon with larger diametres (200 mm) continued in 2011. Topsil expects to initiate qualifications of this new product to the first customers by end 2012.

MARKET AND CUSTOMERS

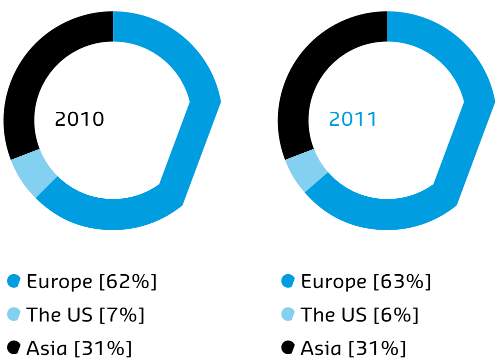
The vast majority of Topsil's products are sold to large, global companies using silicon in industrial semiconductor components, for example for energy production and energy infrastructure and transportation. This part of the market, the power market, demands ultra-pure silicon, which is a prerequisite for the finished component to be able to handle the highest voltage levels with the least possible loss of heat and, consequently, energy.

Topsil believes that more than nine out of ten of the Company's silicon wafers are used in the power market, which according to the independent industry source, Yole Developpement (end February 2012) was worth DKK 5.8 billion in 2011, corresponding to approximately 10% of the total silicon market according to Semiconductor Equipment and Materials International (SEMI).

Long-term market trends

Accounting for 90% of the revenue, the power market is by far Topsil's most important market with a vast long-term growth potential. The market is driven by factors such as global growth, population growth and urbanisation, and consequently the expansion of energy infrastructure, passenger transportation and industry production. Increasing demand will push energy prices from conventional energy sources further upwards, which again will attract interest in maximising energy exploitation at all levels, thus constituting an important incentive for further developing alternative sources of energy.

Revenue, 2011 breakdown by geography



The demand for ultra-pure silicon for industrial use is closely related to the long-term politically motivated infrastructure and energy investments. According to the independent industry source, Yole Developpement, the power market grew more than 6% p.a. on average during 2005-2010, and significantly more in the last part of the period. In the years up until and including 2016 Yole Developpement expects the average annual growth rate to constitute 6% for the entire power market, of which medium-voltage segment components will account for the highest growth rates.

PRODUCTS AND PRODUCT DEVELOPMENT

The properties of any silicon wafer are generated on the basis of close collaboration between customers and Topsil. The process from raw material to finished wafer is long and extensive and will always be adapted to customer requirements through specifications in respect of doping, resistivity and other parametres. The finished wafer is delivered to customers who will divide it into smaller entities for mounting in components. The application of the final component will determine the size, surface and thickness of a silicon wafer and the number of entities it will subsequently be divided into.

Topsil's product range offering broad and flexible applications

Topsil offers a broad and flexible product range based on two different production methods with different application areas. The primary production method generates ultra-pure Float Zone (FZ) silicon for electrical components to handle high and very high voltage for industrial use, for example for controlling wind turbines or in the electricity grid. This part of the business constituted 82% of the Company's revenue in 2011. Topsil delivered FZ silicon wafers with a diameter of up to 150 mm in 2011 and is in the process of developing the next generation of silicon in the form of wafers with a diameter of 200 mm.

Topsil's other production method generates Czochralski (CZ) silicon especially used in components to handle lower voltage levels, for example power supplies. This part of the business constituted 18% of revenue in 2011. If CZ silicon is subsequently given an epitaxial coating (EPI), properties are added which correspond to the product properties of FZ silicon, but targeted towards lower voltage segments. In 2011, Topsil delivered CZ and CZ-EPI silicon wafers with a diameter of up to 150 mm.

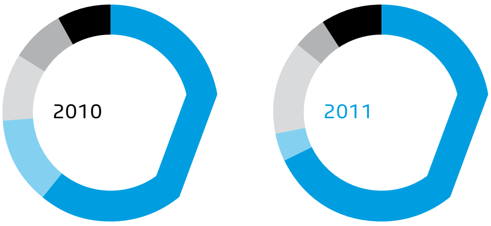
Topsil's primary product is irradiated FZ silicon used in the far most complex industrial components. This product, Neutron Transmutation Doped silicon (NTD), is produced at the production facilities in Denmark, after which they undergo irradiation in reactors around the world offering this service.

Intensified product development is the basis for future growth

Topsil's product range builds on strong technical skills developed from more than 50 years of experience in silicon production. In close collaboration with leading knowledge institutions all over the world, Topsil has been a contributor all along from development of NTD silicon in collaboration with Risø National Laboratory in the 1970s to the launch of other new specialty products as new technologies have gained a foothold in the industry.

Over time, the demands for silicon's performance have only increased. To be able to respond to the expectations of tomorrow it is important to continue investing in product development. During the strategy period, efforts will concentrate on the development of new, larger diameter silicon products and technical improvements of the existing product range.

Revenue, 2011 breakdown by products



2010	2011
FZ-NTD [61%]	FZ-NTD [68%]
CZ [13%]	CZ [4%]
CZ-EPI [10%]	CZ-EPI [14%]
FZ-HPS [8%]	FZ-HPS [5%]
FZ-PFZ [8%]	FZ-PFZ [9%]

PRODUCTION AND THE PRODUCTION PROCESS

With the continued development of the silicon technology, customers' demands for Topsil's time of delivery, quality, flexibility and cost efficiency are increasing.

In respect of plant and equipment, investments in the new plant and new production facilities are key in preparing Topsil's business for the future, among other things, in the form of improved development facilities, optimised cleanrooms and a more appropriate production flow. However, it is first and foremost employees' expertise, know-how and motivation that will secure the long-term competitiveness and profitability of the Company.

Improvements through employee participation at all levels

The continued improvement of processes and working procedures and the ongoing training and motivation of employees to work methodically on process improvements in all links of the value chain, is a vital task for Topsil. As a means of improving productivity, standardising and driving improvement projects, Topsil systematically uses different improvement models, including Lean, 5S and Six Sigma methods, ensuring broad employee participation in problem solving processes.

Long-term agreements securing raw material access and business continuation

With only two global producers of silicon raw materials for the FZ production, a high, uniform quality level and continued raw material supplies are crucial to Topsil. Topsil has therefore signed long-term contracts with both producers, thus securing the continued long-term delivery of raw material, including access to raw material for development of FZ products with a larger diameter. Following the signing of the raw material contracts, Topsil also signed long-term contracts with the Group's six largest customers corresponding to a guaranteed minimum revenue of at least 40% of the revenue in 2010 and up to 2015.

Integration between production units progressing

In 2011, a number of initiatives were made to expand the integration between the Group's two production units. Related functions in the two countries were brought under joint management, and a new CEO was recruited for Topsil's subsidiary. A number of organisational adjustments were completed and processes and working procedures were integrated.

Quality standards with stricter quality requirements paving the way for greater market potential

Topsil is certified according to the ISO9001 Quality Standard on both locations and to the ISO14001 Environment Standard on the CZ-based part of the business. In 2011, certification according to the TS16949 standard was prepared. This standard is increasingly demanded by Topsil's customers and is espesially known from the transport sector. The TS16949 standard makes even stricter requirements for quality, productivity and ongoing supply chain improvements, and Topsil believes that a future TS16949 certification will further strengthen the Company's reputation as a high-quality supplier.

FINANCIAL PERFORMANCE IN 2011

INCOME STATEMENT

Revenue in Topsil came to DKK 85.7 million in Q4 2011 against DKK 125.3 million in Q4 2010 bringing total revenue for 2011 to DKK 367.4 million against DKK 456.7 million in 2010, equivalent to a revenue decline of 19.5%. Revenue was in line with the most recently announced expectations of revenue of DKK 370 million for the 2011 financial year.

Customer contracts entered into resulted in more favourable purchase and delivery terms for contract customers. However, the favourable conditions have not fully offset the general negative market trend during the year. In 2011, 82% of Group revenue was generated from FZ products, of which FZ-NTD products accounted for the major part, namely 68%. In 2011, the sale of CZ products fell by approximately one third compared to 2010 and was thus adversely affected by the general market slowdown and the transition from CZ to CZ-EPI sales.

Costs of raw materials and consumables fell from DKK 229.3 million in 2010 to DKK 203.3 million in 2011. This fall was attributable to smaller FZ and CZ product volumes produced. The contribution margin for 2011 fell relative to 2010 as a result of the generally lower capacity utilisation and quality issues related to raw materials.

Other external expenses increased to DKK 54.1 million in 2011 from DKK 52.9 million in 2010 due to ordinary price trends relating to the sales and back-office functions.

Staff costs increased to DKK 90.7 million in 2011 from DKK 83.0 million in 2010. The increase of DKK 7.7 million is a reflection of significant costs pertaining to managerial changes in Denmark and Poland. The Group had 369 employees (of which about 3% were under notice) at 31 December 2011 against 396 at 31 December 2010. Thus, overall the cost reduction programmes implemented have reduced the employee headcount by approximately 10%.

EBITDA amounted to DKK 10.6 million in Q4 2011, equal to an EBITDA-margin of 12.4%. As expected, Q4 performance was the second best for 2011, albeit at a much lower level than in 2010, when EBITDA for Q4 amounted to DKK 32 million equal to an EBITDA margin of 25.5%. For the financial year 2011, EBITDA amounted to DKK 35.1 million, or 9.6% of revenue, against DKK 102.0 million and an EBITDA margin of 22.3% in 2010. The reduction of the Group's EBITDA margin in 2011 compared with 2010 was attributable to the significantly lower revenue and the resulting lower capacity utilisation, lower contribution ratio, and costs pertaining to extensive managerial changes.

This was in line with the most recently announced expectations of EBITDA in the level of DKK 35 million.

Depreciation, amortisation and impairment for the year amounted to DKK 29.1 million against DKK 13 million the year before and was affected by accumulated amortisation of DKK 5.9 million relating to the assets in Cemat'70 S.A., which was reclassified from "assets held for sale", which are not amortised, to being fully consolidated. As a result, the accumulated amortisation for the period is recognised as an expense.

Topsil's **EBIT** for 2011 came to DKK 6.0 million against DKK 89.0 million in 2010, corresponding to a profit margin of 1.6% relative to 19.5% in 2010. As expected, EBIT for 2011 was down considerably compared to the year before.

Financial items were a net expense of DKK 9.2 million in 2011 against DKK 7.2 million in 2010. The net expense was affected by a fall in financial income as a result of investments in property, plant and equipment, including, primarily, the new plant under construction, reducing cash and cash equivalents from DKK 90.4 million at the opening of the year to DKK (6.6) million at the end of the year and increasing financial expenses in the form of exchange rate adjustments, particularly in Q4.

Profit/(loss) before tax came to DKK (3.3) million in 2011, which was a decline of DKK 85.1 million compared with the result for 2010.

Tax on the profit/loss for the year was DKK 3.5 million.

The profit/(loss) came to DKK (6.8) million after tax against a profit of DKK 63.0 million in 2010, equal to a decline of DKK (69.8) million. Management considers the performance to be unsatisfactory.

BALANCE SHEET

Total assets amounted to DKK 601.5 million at 31 December 2011, which was on a level with the year before. On the balance sheet, the ownership interest in Cemat'70 S.A. is, unlike previous years, no longer recognised under "assets held for sale" and "liability relating to assets held for sale" but consolidated.

ASSETS

Intangible assets and tangible assets came to a total of DKK 314.9 million at the end of 2011 against DKK 165.3 million in 2010. The increase was primarily owing to higher investments in the form of plot and buildings in connection with the construction of the new plant, and the reclassification of Cemat'70 S.A. which is no longer recognised as "assets held for sale".

Financial assets came to DKK 26.8 million in 2011 against DKK 32.5 million in 2010. The reduction was caused by guarantees provided to suppliers being amortised according to contract. Hence, the amounts released were added to the Group's cash resources.

Inventories came to DKK 146.3 million at the end of the year, which was significantly higher than in the year before (2010: DKK 113.0 million) and was due to stockpiling for the imminent plant relocation. Inventories made up 39.8% of revenue at the end of the year, compared with 24.7% the year before.

Receivables increased from DKK 77.6 million in 2010 to DKK 79.5 million at the end of 2011. This increase was due to the majority of the revenue in Q4 2011, albeit at a lower level than in the year-earlier period, being recognised very late in the quarter. Receivables were 21.7% against 16.6% the year before.

Assets held for sale were reduced by DKK 100.0 million to DKK 0 due to Cemat'70 S.A. no longer being recognised as "assets held for sale".

Cash and cash equivalents
At the balance sheet date, the Group had cash holdings of DKK 23.5 million. At 31 December 2011, the Group had unutilised credit facilities of DKK 132 million, of which DKK 59.8 million was attributable to the construction of the new plant.

EQUITY AND LIABILITIES

The Group's equity at 31 December 2011 was DKK 429.1 million, of which DKK 35.1 million was attributable to non-controlling interests and DKK 394.0 million was attributable to the shareholders of Topsil Semiconductor Materials A/S. The change in equity before non-controlling interests was mainly due to the negative performance in the financial results for the year.

The Group's **non-current liabilities** came to DKK 50.1 million at the end of 2011. The change of DKK 5.8 million from DKK 44.3 million in 2010 was partly due to instalments on finance lease commitments and the reclassification of Cemat'70 S.A. which is no longer recognised as "assets held for sale".

Current liabilities amounted to DKK 122.3 million at 31 December 2011 against DKK 91.2 million in 2010. This increase was primarily due to reclassification as Cemat'70 S.A. is no longer recognised as "assets held for sale".

Invested capital came to DKK 388.4 million at the end of the year compared with DKK 347.0 million at the end of the year before, which was mainly attributable to investments in tangible assets in relation to the new plant. The return on invested capital came to 1.6% against 26.3% the year before.

CASH FLOWS AND INTEREST-BEARING DEBT

Cash flows from operating activities decreased in 2011 and constituted DKK 16.3 million against DKK 135.8 million in 2010. EBITDA for the year only accounted for DKK 35.1 million in 2011 against DKK 102.0 million in 2010. The change in net working capital contributed DKK (21.5) million in 2011 compared with DKK 29.1 million in 2010, primarily due to the increase of DKK 33.3 million in inventories and offset by an increase in trade-creditors of DKK 17.5 million. In 2011, net working capital constituted 38% of Group revenue against 26% in 2010.

Cash flows from investing activities came to DKK (107.8) million in 2011 against DKK (52.7) million in 2010. This large increase was attributable to investments in building and operating equipment relating to the new plant constituting an important element for the future of the Group.

Cash flows from financing activities came to DKK 5.8 million in 2011 against DKK (10.7) million in 2010.

Cash flows for the year thus came to DKK (102.2) million against DKK 29.3 million in 2010.

At 31 December 2011 the Group had net interest-bearing debt of DKK 4.3 million against a net-bearing asset of DKK 92.6 million in 2010, which is owing to the Group's negative cash flow in the year.

Net interest-bearing debt amounted to DKK 27.8 million at 31 December 2011 against DKK 15.6 million in 2010. The difference of DKK 23.5 million relative to the net interest-bearing debt was made up by interest-bearing assets, mainly cash and cash equivalents.

The Group had credit facilities of DKK 212 million which at 31 December 2011 were allocated for guarantees to contract partners of DKK 80 million and DKK 132 million for fixed-term loans and open credit facilities, of which net DKK 6.5 million was utilised.

PROPERTY MANAGEMENT

The Group's **property company Cemat'70 S.A.** has previously been recognised under "assets held for sale", but this company is now fully consolidated. After the end of the reporting period, the Group acquired an additional 25% of the share capital in the property company Cemat'70, bringing the Group's ownership interest to 78%.

The financial results of Cemat'70 S.A. are included in the figures for the entire Group.

Cemat'70 S.A.'s revenue in 2011 was DKK 15.3 million, down 9% relative to the year before. The company's operations were stable and generated positive cash flows. The company's financial highlights are described in note 3 to the financial statements.

EVENTS AFTER THE BALANCE SHEET DATE

After the end of the financial period, Topsil acquired an additional 25% of the property company Cemat'70, and the Group's ownership interest is now 78%. The aim of the acquisition remains to sell the entire shareholding.

Topsil's existing ownership interest of 52.9% was associated with restrictions in the decision-making phase, but by bringing the ownership interest above 75%, Topsil acquired a controlling interest, enabling it to make the necessary decisions and transactions in the property company Cemat'70. With the extended shareholder interest, Topsil obtained full right of disposal and consequently a significantly improved platform for sale of the entire shareholding.

OUTLOOK FOR 2012

Significant, positive developments characterised the power market in the second half of the noughties. As a result, demand for ultra-pure silicon exceeded supply by a considerable margin, providing attractive market terms for the silicon industry and for Topsil.

However, the slowdown in the power market in mid 2011 caused demand to decline and the market to become increasingly competitive. Consequently, the current order visibility for Topsil is lower than it has been for a number of years.

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

New strategy to be communicated

Topsil expects to communicate a new strategy in the course of the second half of 2012.

Revenue and EBITDA

Topsil will commence relocating production to the new plant, which will be a highlighting event of the year. At the same time, the market is only expected to gradually recover during the second half.

For 2012, Topsil expects revenue to decline by 5-10% relative to 2011. This expectation is based on the assumption of a fall of about 25% in the first half of the year followed by minor growth in the second half of the year.

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

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

The first product qualifications are expected to be launched at the new plant according to plan

In 2012, construction of the new plant will be completed, while new production equipment will be gradually installed. The first qualification samples are expected at the end of the year.

As a result of initiating the plant relocation, Topsil's inventory levels for 2012 as a whole will be higher than usual.

Topsil continues to expect FZ silicon production at both locations in 2013 as customer qualifications will continue to take place at the new plant.

Financing is in place within the existing range of financial resources.

Increasing number of customer qualifications for new products will lift sales

In accordance with the ongoing customer qualifications, PFZ and CZ products will constitute a growing share of the sales in 2012 compared to 2011. The number of new customer qualifications is expected to grow during the year which will have a slight impact in 2012 and a larger impact later on.

The development of new silicon products with larger diametres is progressing, actual sales expected in 2013

The next generation of silicon with larger diameter is under development. Topsil plans to initiate qualifications of new products at the end of 2012, but is not expecting actual production for selling in the year. Actual sales are not expected until in 2013.

SPECIAL RISKS

Topsil has a risk prevention plan in place for covering, managing and mitigating risks. The risk prevention plan comprises procedures and policies and a number of specific measures to address any challenges related to business, market and suppliers and any challenges associated with production of silicon.

Furthermore, Topsil has obtained coverage through statutory and other insurances which the Group deems relevant.

The description of risks is not exhaustive and the risk factors have not been listed in order of priority.

Market and business risks

The majority of Topsil's silicon products are used for end products within infrastructure, energy-saving solutions and sustainable energy, areas highly impacted by political decisions. Shifting political prioritisation resulting in changing investment focus, deferments or cancellation of major investments will thus have an impact on the Group's activity level and/or growth potential.

Should the market price on silicon wafers drop, this may impact the Group's profitability.

Technology and product change

If new or substitute technologies or production methods are developed of the same quality and with the same or better properties as and at a lower price than that of ultra-pure silicon, this may impact the Group's competitiveness. If the developments of the new larger diameter products are delayed or if the Group does not succeed in completing the development of the products, this may have an impact on the Group's future competitiveness.

Competition

Even though Topsil is one of the world's largest suppliers of ultra-pure silicon to the power market, the Group is also a relatively small player amongst very large competitors. This may entail business risks as a result of Topsil's weaker capital base.

The CZ market is characterised by capital-intensive production facilities, a considerable number of competitors and high cyclicality; however, the niche markets that Topsil addresses, are not quite as competitive. In the event of increased competition in the niche markets, this might entail price pressure.

Customers

Sales to the Group's three largest customers account for more than 50% of the revenue, and the customers each account for more than 10% . The loss of one or more of the Group's largest customers will therefore have an adverse impact on consolidated revenue.

The Group has a number of long-term customer contracts that guarantee sale of a minimum amount of its products. Should customers not buy the agreed amount of products, this may constitute a risk due to the extent of the contracts. Likewise, it might constitute a risk if demand outside the customer contracts is not sustained.

Suppliers

There are only two suppliers of raw materials for production of ultra-pure silicon. Topsil has signed long-term contracts with both of these suppliers. If the Group loses the raw material suppliers or if they do not deliver the agreed amount of products, this may have an impact on the Group's production capacity. If the market price of silicon drops to a level below the contractually agreed prices, the Group is obliged to buy raw materials at prices higher than the market price.

Production of ultra-pure silicon makes high demands on the quality of raw silicon. Inadequate raw silicon quality may thus impact the Group's production and its ability to perform the customer contracts.

If customers demand amounts of silicon which are smaller than the amounts that Topsil must buy according to the raw materials contracts, this may result in higher raw material inventories.

The Group is still dependent on having access to irradiation capacity.

Distributors

The Group has distributors in a number of geographic markets. If one or more distributors wish to make significant changes to the distribution terms or wish to terminate their contract altogether, this may impact Topsil's revenue in these geographic areas or from specific customers.

Production and access to resources

Ultra-pure silicon must have a high uniform quality. If the Group's products do not meet the agreed quality requirements, this may impact customer relations.

If delays in or disruption of the production process or logistics failure occur that entail delays in delivery, this may result in considerable, additional costs and/or claims for discounts, and customer relations will suffer.

After having outsourced wafering activities for a number of years, the Group has now started insourcing a proportion to the subsidiary Cemat Silicon S.A. based on an overall evaluation of costs, volumes, production times and flows. If the insourcing does not proceed according to plan, this may result in delays and increased costs.

Topsil is, at any time, dependent on being able to attract qualified labour, and due to its size, dependent on a number of key employees. If one or more key employees were to leave the Group, there is a risk that development activities and production as a whole would be adversely affected.

Construction of a new plant

The Group is constructing a new plant in Denmark. The completion of this project and the subsequent relocation from the old to the new plant is a process requiring strong management focus. The construction of and transfer to the plant is associated with higher risks than the Group's ordinary operations. Such risks include budget overruns, delays in construction work or delayed commissioning and testing of production equipment, which may impact other investment opportunities and the date of the qualifications.

Group companies

If synergies with the subsidiary Cemat Silicon S.A. are not achieved, this may adversely affect the Group.

Cemat'70 S.A. is a property company with a property portfolio of about 60 leases. If a major part of the lease agreements are terminated, and the properties cannot be relet, this may impact the profitability of Cemat'70 S.A. The aim remains to sell the entire shareholding of Cemay'70 S.A. If this is not achieved, Topsil might have to deal in property management for an extended period of time.

Financial risks

As a result of the Group's activities, the equity and financial results are impacted by several risks, mainly relating to changes in exchange rates and interest rate levels. See note 35 for further information.

GROUP OVERVIEW

The Group consists of the parent company Topsil Semiconductor Materials A/S and its Polish subsidiary Cemat Silicon S.A. together with Cemat'70 S.A., which is a subsidiary of Cemat Silicon S.A. The Polish companies were acquired in 2008.

Cemat Silicon S.A. is a wholly owned subsidiary.

At the end of 2011, Cemat Silicon S.A. had a 52.9% stake in Cemat'70 S.A., which is a property company. The remaining 47.1% is owned by: Polish State Treasury (24.7%) SPEC (local Polish energy company) (9.4%), the employees (7.6%) and other investors (5.4%). The property is based in Warsaw and consists of the buildings from which Cemat Silicon runs its business, and about 60 other leases.

Cemat Silicon S.A. occupies about one third of Cemat'70 S.A.'s building space. Cemat Silicon S.A.'s share of the capital corresponds to its share of votes in the subsidiary.

The carrying amount of the company is specified in a separate note to the financial statements.

TOPSIL SEMICONDUCTOR MATERIALS A/S

CEMAT SILICON S.A., 100%

CEMAT'70 S.A., 52.9%

STATUTORY REPORT ON CORPORATE GOVERNANCE

Topsil's statutory report on corporate governance covers the reporting period 1 January – 31 December 2011.

The report consists of three elements:

- Corporate governance
- A description of the Topsil Management
- Management's account of the main features of the Group's internal controls and risk management in relation to the financial reporting process.

The statutory report on corporate governance is available on Topsil's website:
www.topsil.com/files/pdf/statutory2011.pdf.

Pursuant to §107(b) of the Danish Financial Statements Act and clause 4.3 of the "Rules for issuers of Shares – NASDAQ OMX Copenhagen", Topsil must report on how the Group addresses the recommendations published by The Committee on Corporate Governance in Denmark on 16 August 2011. The recommendations are available to the public on the website of The Committee on Corporate Governance www.corporate.governance.dk.

Management's position on the recommendations of the Committee on Corporate Governance is also available on Topsil's website:
www.topsil.com/files/pdf/ukcorporategovernance.2011.pdf.

STATUTORY REPORT ON CORPORATE SOCIAL RESPONSIBILITY

According to section 99a of the Danish Financial Statements Act, Topsil must either report on its CSR efforts or refuse to do so and motivate such refusal.

Topsil wishes to act as a responsible Company taking an active view on issues such as environmental impact, employee health and safety and anti-corruption. Since Topsil's suppliers and customers are located around the globe, the Company has chosen to apply UN's international standards as a platform for its approach to corporate responsibility.

Accordingly, Topsil adopted the UN Global Compact principles in early March 2011 and submitted its first annual 'Communication on Progress' (COP) report in mid March 2012.

The report constitutes Topsil's CSR reporting for 2011 prepared in accordance with the COP guidelines. The report is available on www.unglobalcompact.org and on Topsil's website,
www.topsil.com/files/pdf/Final_Topsil_CSR_COP_2011.pdf

SHAREHOLDER INFORMATION

It is company policy to ensure that the organisation is seen as a visible, trustworthy, accessible and professional business with a high level of information, a consistent information flow and an open dialogue with its shareholders.

Management aims to provide the best basis for the shareholders to assess the Group's shares and thus for the share price to reflect the current situation of the company and its future prospects.

At the same time, the policy will ensure that Topsil meets the disclosure requirements of the equity market and that inside information which may be assumed to influence the price of Topsil's shares considerably is not disclosed to unauthorised persons.

Topsil observes a four-week silent period prior to the publication of annual and interim reports, during which the Group will not comment on financial matters or participate in investor meetings.

The full wording of Topsil's policy is available on the Group's website under "Investor Relations".

The Group makes use of electronic document exchange and electronic mail in its communications with shareholders, see s. 92 of the Danish Companies Act and article 17 in the Articles of Association. Shareholders and other stakeholders who have subscribed for Topsil's electronic news service on the Group's website will automatically receive copies of annual and interim reports and other announcements.

The contact to shareholders, prospective investors and equity analysts is handled by the investor secretariat, e-mail: investor@topsil.com, tel.: +45 4736 5600.

IR activities

Topsil participated in a number of investor meetings and seminars during 2011 in connection with the presentation of financial results, capital market days and company visits. In 2011, S|E|B Enskilda and Carnegie Bank A/S provided research coverage of Topsil, see the company's website for further details.

Share capital

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

The Board of Directors and the Management Board regularly perform assessments of whether the Group's capital and share structures are consistent with the interests of the shareholders and the Company. The Company's share capital was increased by DKK 2 million in 2011 in connection with Management's exercise of warrants.

Authority

Pursuant to the Articles of Association, the Board of Directors is authorised by the general meeting to issue, during the period until 1 April 2013, up to 196,109,849 new shares.

Furthermore, the general meeting has authorised the Board of Directors to issue, during the period until 1 April 2013, up to 9,361,105 employee shares under s. 7(A) of the Danish Tax Assessment Act.

Composition of Shareholders at 31 December 2011	Number of shares	Capital DKK	Capital %
EDJ-Gruppen, Bangs Gård, Torvet 21, 6701 Esbjerg, Denmark	71,589,811	17,897,452.75	14
Other registered shareholders	318,363,717	79,590,929.25	60
Shareholders not registered by name	138,160,629	34,540,157.25	26
Total	**528,114,157**	**132,028,539.25**	**100**

EDJ-gruppen consists of Deputy Chairman Eivind Dam Jensen and related parties together with companies controlled by Eivind Dam Jensen.

Finally, the shareholders in general meeting have authorised the Board of Directors, during the period until 29 April 2014, to issue up to 3,394,638 warrants to managerial staff.

The Articles of Association were most recently updated on 24 August 2011.

Share price performance

Topsil's shares are listed on NASDAQ OMX Copenhagen and trade under ISIN code DK0010271584.

At the end of 2010, the share price was DKK 1.47. In 2011, the price of the Topsil share fell by 67%, and the share traded at 0.48 at 31 December 2011, equivalent to a market capitalisation of DKK 253 million.

Shareholder structure

At the end of 2011, Topsil had 7,763 registered shareholders owning a total of 74% of the share capital. Shareholders who have reported that they hold more than 5% of the share capital are listed in the table page 25.

Register of shareholders

Topsil's shares are issued to bearer, but may be registered by name in the Group's register of shareholders. Shareholders can have their shares registered by name by contacting their custody bank. Topsil's registrar is Computershare A/S, Kongevejen 418, DK-2840 Holte, Denmark.

Treasury shares

Pursuant to s. 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. At the end of 2011, Topsil did not hold treasury shares.

Trading in the Topsil share by members of the Board of Directors and the Management Board

The Board of Directors has adopted guidelines for transactions in Topsil's shares which apply to the Group, members of the Board of Directors, the Management Board and managerial employees, as well as written guidelines prohibiting the abuse or disclosure of inside information.

The trading window for members of the Board of Directors, the Management Board and others with inside knowledge to whom the guidelines for insiders apply is set at four weeks after the publication of each interim report and only if they do not possess inside information. Subscription for employee shares/exercise of employee warrants is not covered by the rule even if the subscription/exercise takes place outside the four-week window. It is the responsibility of the Chairman of the Board of Directors to inform insiders in case the trading window is closed due to inside information.

Management's transactions are subject to a notification requirement and are listed together with Topsil's announcements on the website under "Investor Relations" and in the annual report.

Management's holdings of Topsil shares

At 31 December 2011, the Board of Directors held 73,354,311 shares (DKK 18,338,578 nominal value), corresponding to 13.9% of the share capital and a market value of DKK 35.2 million and the Management Board held 3,238,738 shares (DKK 809,685 nominal value), corresponding to 1% of the share capital and a market value of DKK 1.6 million. In addition, the Management Board held a total of 1,523,081 warrants exercisable to subscribe for new shares in 2012 at a price of DKK 0.81 per share. The holdings and changes during 2011 for the individual members can be found on the Company's website and are specified in this annual report under "Company Information".

Annual general meeting

The Annual General Meeting will be held on 25 April 2012 at 10:00 am, at Plesner law firm, Amerika Plads 37, DK-2100 Copenhagen Ø, Denmark.

Notices convening shareholders to annual and extraordinary general meetings and agendas for the meetings are sent via e-mail. Shareholders who have requested to be notified of annual and extraordinary general meetings are notified by e-mail.

At the 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.

ANNOUNCEMENTS IN 2011 AND 2012

2011	Announcement
16.01	New facility becomes a reality
22.03	Annual report 2010
22.03	Notice to convene Annual General Meeting 2011
30.03	Capital increase due to exercise of warrants
30.03	Articles of Association
30.03	Insiders' trading
06.04	Election of staff representatives
15.04	Decisions of Annual General Meeting 2011
20.04	Articles of Association
05.05	Capital increase due to exercise of warrants
05.05	Insiders' trading
06.05	Articles of Association
17.05	Quarterly report – Q1 2011
25.08	Quarterly report – Q2 2011
25.08	Warrant programme for managerial employees
25.08	Insiders' trading
29.08	Insiders' trading
27.10	Change in management
23.11	Quarterly report – Q3 2011
01.12	Insiders' trading
01.12	Insiders' trading
07.12	Karl Kristian Hvidt Nielsen, new Topsil CEO
14.12	Financial calendar 2012
21.12	Final agreement reached with raw material supplier

2012	Announcement
27.01	Acquisition of minority stake in Cemat'70

Financial calendar 2012

Date	Announcement	Silent period
28.03	Annual Report	29/02/2012 – 28/03/2012
25.04	Annual general meeting	
23.05	Quarterly report – Q1	25/04/2012 – 23/05/2012
29.08	Quarterly report – Q2	01/08/2012 – 29/08/2012
22.11	Quarterly report – Q3	29/10/2012 – 22/11/2012

Dividend policy and proposed dividend

Going forward, Topsil will strive to distribute approximately one third of the profit for the year after tax, thus securing a cash return to shareholders. Distribution of dividend will, however, only be made with due consideration of the capital structure and investment requirements and opportunities to secure the Group's future development and growth.

In 2010, the Company increased its share capital with the sole purpose of co-financing the construction of the new plant in Frederikssund, and consequently no dividends were paid to shareholders at the annual general meeting in 2011. The Board of Directors will not propose distribution of dividend at the annual general meeting of 2012, and does not expect to do so in 2013 ether, as the relocation to the new plant will still be in progress.

COMPANY INFORMATION

TOPSIL SEMICONDUCTOR MATERIALS A/S
Linderupvej 4, DK-3600 Frederikssund, Denmark
Company reg. (CVR) no. 24 93 28 18
Registered office: Frederikssund, Denmark
Tel: +45 4736 5600
Fax: +45 4736 5601
E-mail: topsil@topsil.com
Website: www.topsil.com

Board of Directors

Jens Borelli-Kjær (born 1960), Chairman
CEO
MSc (Physics) MBA (INSEAD)
Elected 2006, Chairman 2006. Current term expires in 2012
No. of shares held in Topsil (own and related parties): 1,087,500 (2010: 1,087,500)
Remuneration paid in 2011, Topsil: DKK 300,000
Remuneration paid in 2011, Cemat: DKK 32,000
Directorships and other managerial positions: CEO of Vitral A/S, CCMA Holding APS, UAB Vitral, Lithuania, Vitral UK Ltd., the UK. Chairman of the board of directors of Cemat Silicon S.A., Poland
Special qualifications: Business, industrial and general management experience from various industries (building materials, pharmaceutical equipment and electronics)

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, Chairman 2006. Current term expires in 2012
No. of shares held in Topsil (own and related parties): 71,589,811 (2010: 63,439,811)
Remuneration paid in 2011: DKK 225,000
Directorships and other managerial positions: CEO and member of the boards of directors of Ejendomsaktieselskabet Bangs Gård and Aktieselskabet Eivind Dam Jensen, and 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), BCom (Marketing)
Elected 2006, member of the Audit Committee.
Current term expires in 2012
No. of shares held in Topsil: 165,000 (2010: 165,000)
Remuneration paid in 2011, Topsil: DKK 150,000
Audit Committee: DKK 37,500
Directorships and other managerial positions: CEO and member of the board of directors of Blendex A/S, founder, CEO and member of the board of directors of Frost Invest A/S and member of the boards of directors of Vestergaard Company A/S, Kongskilde Industries A/S and RM Rich. Müller 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.
Current term expires in 2012
No. of shares held in Topsil: 490,000 (2010: 0)
Remuneration paid in 2011: DKK 150,000
Audit Committee: DKK 75,000
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 in the NKT group. Member of the board of directors of Burmeister & Wain Scandinavian Contractor A/S. Member of the board of directors of Cemat Silicon S.A., Poland
Special qualifications: Traditional CFO disciplines in global international listed industrial companies

Jens Balslev Olesen (born 1959), 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
Remuneration paid in 2011: N/A
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
Elected in 2011. Current term expires in 2015
No. of shares held in Topsil: 22,000
Remuneration paid in 2011: N/A
Directorships and other managerial positions: None.
Special qualifications: Experience in traditional controller disciplines in global international listed industrial companies

MANAGEMENT BOARD

Karl Kristian Hvidt Nielsen (born 1964)
CEO, employed in 2012
MSc in Engineering, BCom in Marketing
No. of shares held in Topsil: 0
Directorships and other managerial positions:
Member of the board of directors of Phase One A/S

Jørgen Bødker (born 1958)
EVP, Director of Logistics, Sales & Marketing,
employed in 2002
BSc (Electronics) BCom (Business Administration)
No. of shares held in Topsil: 3,238,738 (2010: 2,915,657)
No. of warrants held in Topsil: 1,523,081
Directorships: None.

AUDIT

Deloitte
Statsautoriseret Revisionspartnerselskab

State Authorised	*State Authorised*
Public Accountant	*Public Accountant*
Tim Kjær-Hansen	**Jørgen Holm Andersen**

MANAGEMENT STATEMENT

We have today presented the annual report of Topsil Semiconductor Materials A/S for the financial year 1 January – 31 December 2011.

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 2011 and of the results of the Group's and the parent company's operations and cash flows for the financial year ended 31 December 2011.

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, 28 March 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

Michael Hedegaard Lyng
Board member

Jørgen Frost
Board member

Jesper Leed Thomsen
Elected by the employees

Jens Balslev Olesen
Elected by the employees

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 1 January - 31 December 2011, 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 December 2011, and of the results of their operations and cash flows for the financial year 1 January - 31 December 2011 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, 28 March 2012

Deloitte
Statsautoriseret Revisionspartnerselskab

Tim Kjær-Hansen
State Authorised Public Accountant

Jørgen Holm Andersen
State Authorised Public Accountant

FINANCIAL STATEMENT

FINANCIAL STATEMENTS

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

PARENT COMPANY				GROUP	
2010	2011	DKK '000	Note	2011	2010
342,398	283,706	Revenue	3	367,439	456,705
2,425	8,834	Change in finished goods and work in progress		12,049	6,597
3,919	3,734	Work carried out for own account		3,734	3,919
69	92	Other operating income		92	69
(151,846)	(142,310)	Costs of raw materials and consumables		(203,329)	(229,286)
(33,058)	(32,522)	Other external expenses		(54,144)	(52,943)
(60,998)	(68,314)	Staff costs	4, 5, 6	(90,735)	(83,021)
(7,754)	(11,282)	Depreciation, amortisation and impairment	7	(29,079)	(12,993)
95,155	**41,938**	**Operating profit (EBIT)**		**6,027**	**89,047**
3,612	6,941	Financial income	8	693	1,746
(6,801)	(2,628)	Financial expenses	9	(9,991)	(8,957)
91,966	**46,251**	**Profit/(loss) before tax**		**(3,271)**	**81,836**
(24,090)	(12,297)	Tax on profit/(loss) for the year	10	(3,547)	(18,823)
67,876	**33,954**	**Profit/(loss) for the year**		**(6,818)**	**63,013**
		Distribution of profit for the year:			
		Parent company shareholders		(5,750)	62,501
		Non-controlling interests		(1,068)	512
				(6,818)	**63,013**

STATEMENT OF COMPREHENSIVE INCOME 1 JANUAR - 31 DECEMBER

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	Note	GROUP 2011	GROUP 2010
67,876	33,954	Profit/(loss) for the year		(6,818)	63,013
0	0	Foreign exchange adjustment relating to foreign companies		(14,737)	8,055
67,876	**33,954**	**Comprehensive income for the year**		**(21,555)**	**71,068**
		Distribution of comprehensive income for the year:			
67,876	33,954	Parent company shareholders		(16,342)	67,828
0	0	Non-controlling interests		(5,213)	3,240
67,876	**33,954**			**(21,555)**	**71,068**
0.14	0.06	Earnings per share (DKK)	11	(0.01)	0.13
0.12	0.06	Diluted earnings per share (DKK)	11	(0.01)	0.12

BALANCE SHEET PER 31 DECEMBER 2011

ASSETS

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	Note	GROUP 2011	GROUP 2010
8,039	8,338	Completed development projects		11,715	8,622
0	0	Goodwill		16,636	18,582
0	0	Other intangible assets		14,714	925
6,341	8,568	Development projects in progress		8,568	6,341
14,380	**16,906**	**Intangible assets**	7, 12, 13	**51,633**	**34,470**
0	5,549	Land and buildings		56,462	0
42,821	43,791	Plant and machinery		102,801	92,729
7,597	4,412	Other fixtures and fittings, tools and equipment		4,903	7,753
12,588	87,060	Property, plant and equipment under construction		99,075	30,345
63,006	**140,812**	**Property, plant and equipment**	7, 14	**263,241**	**130,827**
159,987	159,987	Investments in subsidiaries	15	0	0
32,452	26,818	Other receivables, non-current etc.	16	26,818	32,452
192,439	**186,805**	**Financial assets**		**26,818**	**32,452**
0	**0**	**Deferred tax asset**		**10,497**	**3,706**
269,825	**344,523**	**Non-current assets**		**352,189**	**201,455**
73,373	**104,582**	**Inventories**	17	**146,338**	**112,973**
48,171	50,763	Trade receivables	18	70,670	68,138
29,324	79,641	Receivables from subsidiaries		0	0
1,644	4,689	Other receivables	19	7,692	7,055
1,890	0	Income tax receivable		0	1,886
256	619	Prepayments		1,124	543
81,285	**135,712**	**Receivables**		**79,486**	**77,622**
99,913	**14,726**	**Cash and cash equivalents**	20	**23,482**	**100,194**
0	0	Assets held for sale	30	0	100,023
254,571	**255,020**	**Current assets**		**249,306**	**390,812**
524,396	**599,543**	**Assets**		**601,495**	**592,267**

PARENT COMPANY		EQUITY AND LIABILITIES		GROUP	
2010	2011	DKK ’000	Note	2011	2010
130,022	132,029	Share capital	21	132,029	130,022
0	0	Translation reserve	22	(23,017)	(12,425)
6,118	5,970	Reserve for share-based payments	22	5,970	6,118
297,697	338,358	Retained earnings		279,028	278,069
433,837	**476,357**	**Equity attributable to parent company shareholders**		**394,010**	**401,784**
0	**0**	**Equity attributable to non-controlling interests**		**35,096**	**40,309**
433,837	**476,357**	**Equity**		**429,106**	**442,093**
10,937	8,236	Finance lease liabilities	24	8,236	10,937
24,916	24,043	Prepayments received on account from customers		24,043	24,916
0	0	Other non-current liabilities	25	1,003	1,085
7,374	7,811	Deferred tax liabilities	10	16,798	7,374
43,227	**40,090**	**Non-current liabilities**		**50,080**	**44,312**
0	20,000	Debt to credit institutions	23	30,033	17,281
2,802	2,688	Finance lease liabilities	24	2,688	2,802
21,208	41,029	Trade creditors	26	65,987	48,455
983	278	Prepayments received on account from customers		278	983
0	2,668	Income tax payable	10	2,668	0
2,018	3,198	Provisions	27	3,198	2,018
20,321	13,235	Other payables	28	17,457	19,638
47,332	**83,096**	**Current liabilities**		**122,309**	**91,177**
0	0	Liabilities relating to assets held for sale	30	0	14,685
47,332	**83,096**	**Current liabilities**		**122,309**	**105,862**
90,559	**123,186**	**Total liabilities**		**172,389**	**150,174**
524,396	**599,543**	**Equity and liabilities**		**601,495**	**592,267**

Operating lease liabilities	31
Charges, warranty commitments and contingent liabilities	32, 33
Notes without reference	34-42

STATEMENT OF CHANGES IN EQUITY FOR 2011

GROUP

DKK '000	Share capital	Translation reserve	Reserve for share-based payment	Retained earnings	Equity attributable to parent company shareholders	Equity attributable to minority interests	Total equity
Equity 01.01.2010	**101,990**	**(17,754)**	**4,880**	**146,923**	**236,039**	**64,577**	**300,617**
Comprehensive income for the year	0	5,327	0	62,501	67,828	3,240	71,068
Dividend paid	0	2	0	0	2	(27,508)	(27,506)
Share-based payment, see note 6	0	0	4,229	0	4,229	0	4,229
Share-based payment, exercised warrants, see note 6	0	0	(2,991)	2,991	0	0	0
Cash capital increase	28,032	0	0	72,615	100,647	0	100,647
Costs relating to capital increase	0	0	0	(6,961)	(6,961)	0	(6,961)
Equity at 31.12.2010	**130,022**	**(12,425)**	**6,118**	**278,069**	**401,784**	**40,309**	**442,093**
Equity at 01.01.2011	**130,022**	**(12,425)**	**6,118**	**278,069**	**401,784**	**40,309**	**442,093**
Comprehensive income for the year	0	(10,592)	0	(5,750)	(16,342)	(5,213)	(21,555)
Share-based payment, see note 6	0	0	2,721	0	2,721	0	2,721
Share-based payment, exercised warrants, see note 6	0	0	(2,869)	2,869	0	0	0
Cash capital increase	2,007	0	0	3,852	5,859	0	5,859
Costs relating to capital increase	0	0	0	(12)	(12)	0	(12)
Equity at 31.12.2011	**132,029**	**(23,017)**	**5,970**	**279,028**	**394,010**	**35,096**	**429,106**

PARENT COMPANY

DKK ’000	Share capital	Reserve for Reserve for share based payments	Retained earnings	Total equity
Equity at 01.01.2010	**101,990**	**4,880**	**161,177**	**268,047**
Comprehensive income for the year	0	0	67,876	67,876
Share-based payment, see note 6	0	4,229	0	4,229
Share-based payment, exercised warrants, see note 6	0	(2,991)	2,991	0
Cash capital increase	28,032	0	72,615	100,647
Costs relating to capital increase	0	0	(6,961)	(6,961)
Equity at 31.12.2010	**130,022**	**6,118**	**297,697**	**433,837**
Equity at 01.01.2011	**130,022**	**6,118**	**297,697**	**433,837**
Comprehensive income for the year	0	0	33,953	33,953
Share-based payment, see note 6	0	2,721	0	2,721
Share-based payment, exercised warrants, see note 6	0	(2,869)	2,869	0
Cash capital increase	2,007	0	3,852	5,859
Costs relating to capital increase	0	0	(12)	(12)
Equity at 31.12.2011	**132,029**	**5,970**	**338,358**	**476,357**

CASH FLOW STATEMENT FOR 2011

PARENT COMPANY				GROUP	
2010	2011	DKK '000	Note	2011	2010
95,155	**41,938**	**Operating profit (EBIT)**		**6,027**	**89,047**
7,754	11,282	Depreciation, amortisation and impairment		29,079	12,993
4,644	2,721	Share-based payments recognised in the income statement		2,721	4,644
34,888	(72,373)	Change in net working capital	29	(21,503)	29,134
142,441	**(16,432)**	**Cash generated from operations (operating activities)**		**16,324**	**135,818**
(35,716)	(7,433)	Tax paid		(7,435)	(35,998)
331	6,941	Financial income received		554	1,746
(3,470)	(2,497)	Financial expenses paid		(9,719)	(8,907)
103,586	**(19,421)**	**Cash flows from operating activities**		**(276)**	**92,659**
(4,809)	(4,800)	Acquisition etc. of intangible assets		(4,807)	(4,809)
(26,815)	(86,813)	Acquisition etc. of property, plant and equipment		(102,945)	(47,860)
(300)	0	Acquisition of financial assets/company		0	0
(31,924)	**(91,613)**	**Cash flows from investing activities**		**(107,752)**	**(52,669)**
(124,200)	0	Other repayments to credit institutions		0	(139,634)
93,270	5,847	Proceeds from the issue of shares, net		5,847	93,271
63,197	0	Changes in deposits relating to suppliers/customer contracts	29	0	63,197
0	0	Acquisition of non-controlling interests		0	0
0	0	Dividends paid to minorities		0	(27,508)
32,267	**5,847**	**Cash flows from financing activities**		**5,847**	**(10,674)**
103,929	(105,187)	Cash flows for the year		(102,181)	29,316
(4,016)	99,913	Cash and cash equivalents at 1 January		90,387	59,351
0	0	Market value adjustment of cash and cash equivalents		5,243	1,720
99,913	**(5,274)**	**Cash and cash equivalents at 31 December**	20	**(6,551)**	**90,387**

NOTES

1. Accounting policies
2. Significant accounting estimates, assumptions and uncertainties
3. Segment information
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35. Financial risks and financial instruments
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40. Board of Directors and Management Board
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42. Approval of the annual report for publication

1. ACCOUNTING POLICIES

The annual report of Topsil Semiconductor Materials A/S for 2011, comprising the financial statements of the parent company and the consolidated financial statements, is presented in accordance with the International Financial Reporting Standards (IFRS) 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 OMX Copenhagen.

The consolidated financial statements and the parent company financial statements also comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

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 amended standards and interpretations

The new and amended standards and interpretations, which apply for financial years beginning on 1 January 2011, have been implemented in the annual report for 2011.

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 2011 has not resulted in changes to accounting policies.

Standards and interpretations affecting presentation and disclosure

The implementation of the new and amended standards and interpretations in the annual report for 2011 has not resulted in changes to presentation or disclosure.

Standards and Interpretations that have not yet come into force

At the date of publication of this annual report, the following new or amended standards and interpretations have not yet entered into force and are therefore not included in this annual report:

Amended IAS 1, Presentation of Financial Statements (June 2011)	After the amendment, items presented in other comprehensive income must be grouped in items which, according to other standards, are later recycled from other comprehensive income to the income statement and items which are not later recycled, respectively. The amendments come into force for financial years starting on or after 1 July 2012. The amendments have not yet been adopted for use in the EU.

Management believes that application of the remaining 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 for the year and the comprehensive income for the Group and as a separate item under the consolidated 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 rate differences arising on the translation of foreign entities' opening balance sheet items at the exchange rates ruling on the balance sheet date and on the translation of income statements from average exchange rates to the exchange rates at the balance sheet 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-based 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 for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit/loss for the year and classified directly as equity by 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.

1. ACCOUNTING POLICIES (CONTINUED)

INCOME STATEMENT

Revenue

Revenue, comprising the sale of silicon ingots, wafers and rent, 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 and 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 include 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 assurance 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 deducted from the cost 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 income and expenses

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.

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

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 includes 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.

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 minimum 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 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 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.

1. ACCOUNTING POLICIES (CONTINUED)

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 sales of goods, receivables from sales 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 provision for bad debts. Impairment losses are assessed individually.

Assets held for sale and related liabilities
In the 2009 and 2010 annual reports, all assets and liabilities of the subsidiary Cemat'70 S.A. were separately classified in the consolidated financial statements as assets held for sale in accordance with IFRS 5. Since the criteria for classification as "assets held for sale" are no longer considered to be met, the assets are no longer classified as such. Instead, these assets and liabilities are recognised in the balance sheet in the respective items at book values adjusted for amortisation/depreciation.

This is considered a change of accounting estimate.

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

Pension liabilities 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 statutory 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.

STATEMENT OF CASH FLOWS

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 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 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 less bank overdrafts that are an integral part of the cash management.

Segment information

The Group's sole segment is the "production and sale of silicon ingots and wafers." As a result of the reclassification of assets and liabilities in the subsidiary Cemat'70 S.A., it has, however, been decided to treat this as a separate reporting segment due to the material effect on the balance sheet.

Financial highlights and key ratios

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

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

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as EBIT plus impairment for the year.

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 impairment for the year.

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 (%) including goodwill	$\frac{\text{EBITDA*100}}{\text{Average invested capital}}$
Return on equity (%)	$\frac{\text{Profit for the year after tax*100}}{\text{Average equity}}$

2. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES

Many account items cannot be measured with certainty, but only estimated. Such estimates consist of assessments based on the most recent information available at the time of presenting the financial statements. It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to supplementary information, additional experience or subsequent events.

In applying the accounting policies described, Management has exercised the following critical accounting judgements that significantly affect the annual report:

- Recognition and measurement of development projects, goodwill, tax assets, inventories, receivables from sales and provisions involve accounting estimates. The value of assets and liabilities often depends on future events that are somewhat uncertain. In that connection, it is necessary to assume e.g. a course of events that reflects Management's assessment of the most probable course of events.
- Although the Group trades extensively with customers and suppliers in foreign currencies, the parent company's functional currency is still deemed to be Danish kroner based on IAS 21.9-12.

3. SEGMENT INFORMATION

Based on IFRS 8, Operating segments, the Group has considered whether it has reporting segments.

The Group's internal reporting to the Board of Directors and Management Board of the parent company is focused on the Group as a whole, except for sub-specification for the legal entities in Denmark and the group in Poland, respectively. Management believes that the legal entities meet the aggregation criteria, see IFRS 8.12, and the Topsil Group therefore has only one segment: "production and sale of silicon ingots and wafers". As a result of the reclassification of assets and liabilities in the subsidiary Cemat'70 S.A., it has, however, been decided to treat this as a separate reporting segment due to the material effect on the balance sheet.

Other segment information

Specification of sales of products is stated below:

PARENT COMPANY			GROUP	
2010	2011	DKK '000	2011	2010
330,550	278,413	Sale of silicon ingots and wafers	341,714	435,064
0	0	Rent	15,307	8,389
11,608	5,224	Remelt	5,366	11,608
240	69	Other	5,052	1,644
342,398	**283,706**	**Total**	**367,439**	**456,705**

GROUP DKK '000	Silicon	Property mgmnt.	Total
2011			
Revenue	352,132	15,307	367,439
EBITDA	30,851	4,255	35,106
Depreciation, amortisation and impairment	(19,168)	(9,911)	(29,079)
Operating profit (EBIT)	11,683	(5,656)	6,027
Financial income	365	328	693
Financial expenses	(9,991)	0	(9,991)
Profit/(loss) before tax	2,057	(5,328)	(3,271)
Assets	515,101	86,394	601,495
Addition of property, plant and equipment for the year	99,585	3,360	102,945
Total liabilities	162,021	10,368	172,389
2010			
Revenue	439,894	16,811	456,705
EBITDA	99,486	2,554	102,040
Depreciation, amortisation and impairment	(12,993)	0	(12,993)
Operating profit (EBIT)	86,493	2,554	89,047
Financial income	355	1,391	1,746
Financial expenses	(8,894)	(63)	(8,957)
Profit/(loss) before tax	77,955	3,881	81,836
Assets	492,244	100,023	592,267
Addition of property, plant and equipment for the year	52,669	0	52,669
Total liabilities	135,489	14,685	150,174

3. SEGMENT INFORMATION (CONTINUED)

%	2011	2010
The distribution of sale of silicon ingots and wafers on Group level is stated below:		
Distribution in % of the revenue for the year		
FZ-NTD	68	61
CZ	4	13
CZ-EPI	14	10
FZ-HPS	5	8
FZ-PFZ	9	8
Total	**100**	**100**

PARENT COMPANY			GROUP	
2010	2011	DKK '000	2011	2010
		Revenue by geographical market:		
249,144	206,115	Europe	233,944	285,826
15,107	11,074	USA	20,995	30,977
78,147	66,517	Asia	112,500	139,902
342,398	**283,706**	**Total**	**367,439**	**456,705**

Information on significant customers: Of the total consolidated revenue, DKK 176,238 thousand (2010: DKK 222,119 thousand) constitutes sales to three customers, each of which accounts for more than 10% of the Group revenue. With the customers in question, long-term contracts have been concluded for the delivery of silicon wafers.

PARENT COMPANY			GROUP	
2010	2011	DKK '000	2011	2010
		Non-current assets by physical location:		
109,838	184,536	Denmark	184,536	109,838
159,987	159,987	Poland	167,653	91,617
269,825	**344,523**	**Total**	**352,189**	**201,455**

4. STAFF COSTS

PARENT COMPANY			GROUP	
2010	2011	DKK '000	2011	2010
1,241	1,659	Directors' fees	1,674	1,273
47,679	58,498	Wages and salaries	72,975	60,739
1,521	399	Bonuses for managerial employees	687	1,857
1,804	0	Bonuses for Management Board	0	1,804
3,880	2,032	Share-based payments	2,721	4,229
4,148	4,977	Pension contributions, defined contribution plan	5,684	4,547
725	749	Other social security costs	6,994	8,572
60,998	**68,314**	**Total**	**90,735**	**83,021**
100	**113**	**Average number of employees, FTE**	**383**	**384**

The calculation of the average number of employees (FTE) is based on pension contributions for employees in the parent company, 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 2011, the parent company had 112 full-time employees (2010:110), while the Group had 369 (2010: 396) full-time employees. Staff costs contain provisions concerning employees who are under notice.

Group and parent company

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

DKK '000	Board of Directors 2011	Board of Directors 2010	Management Board 2011	Management Board 2010	Other managerial employees 2011	Other managerial employees 2010
Directors' fees	1,674	1,273	0	0	0	0
Wages and salaries	0	0	6,190	3,456	12,481	10,051
Bonuses for managerial employees	0	0	0	0	687	1,857
Bonuses for Management Board	0	0	0	1,804	0	0
Pension contributions	0	0	534	534	665	544
Share-based payments	0	0	821	1,431	1,900	2,798
Total	**1,674**	**1,273**	**7,545**	**7,225**	**15,733**	**15,250**

The fee to the Chairman of the Board for the current term amounts to DKK 500 thousand. (2010: DKK 300 thousand), Deputy Chairman DKK 350 thousand (2010: DKK 225 thousand) and ordinary members DKK 200 thousand (2010: DKK 150 thousand). Furthermore, the chairman of the Audit Committee receives DKK 100 thousand (2010: DKK 75 thousand) and the remaining members of the Audit Committee receive half this amount.

The Management Board and other managerial employees are covered by special bonus schemes. The Management Board's bonus scheme is related to developments in financial performance. Other managerial employees' bonuses are subject to individual targets.

For the 2010 and 2011 financial years, 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 growth in the Group's pre-tax profit, calculated relative to the pre-tax profit according to the consolidated financial statements for the prior financial year.

For the 2010 and 2011 financial years, the EVP, Director of logistics, Sales and Marketing, 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 growth in the Group's pre-tax profit, calculated relative to the pre-tax profit according to the consolidated financial statements for the prior financial year.

5. PENSION SCHEMES

The parent company has entered into defined contribution plans only. The foreign subsidiaries have pension plans as determined by statutory requirements.

Parent company 2010	Parent company 2011	DKK '000	Group 2011	Group 2010
4,148	4,977	Pension contributions, defined contribution plan	5,684	4,547
4,148	**4,977**	**Total**	**5,684**	**4,547**

Under defined contribution plans, the employer pays regular contributions to an independent pension company, pension fund or the like, but has 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 2009, the Management Board and a number of managerial employees were granted warrants to subscribe for shares in the Group at a fixed strike price. In 2011, warrants were granted to two new managerial employees under the same scheme. The warrant plan is an equity-based share-based payment scheme. The value of the warrants is recognised in the income statement under staff costs on a straight-line basis from the grant date up to 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 prices (DKK)
Warrants granted at 01.01.2010	28,697	0.81
Granted during the financial year	1,968	1.47
Granted during the financial year, adjustment of existing warrants scheme due to dilution at capital increase in 2010	2,255	i.a.
Forfeited due to termination of employment	0	0
Exercised during the financial year	(7,600)	0.81
Lapsed during the financial year	0	0
Warrants granted at 31.12.2010	**25,320**	**0.79**
Warrants granted at 01.01.2011	25,320	0.79
Granted during the financial year	3,686	0.83
Forfeited due to termination of employment	(1,172)	0.79
Exercised during the financial year	(8,025)	0.81
Lapsed during the financial year	0	0
Warrants granted at 31.12.2011	**19,809**	**0.79**

Weighted average maturity is 130 days (2010: 249 days)

	2011	2010
Number of exercisable warrants at year end	0	0
Number of exercisable warrants at the release of the full-year profit announcement ('000)	18,914	13,748
Total fair value at 31 December for outstanding warrants (DKK '000)	**0**	**17,442**
Fair value per warrant	0.00	0.69
Weighted average strike price per warrant	0.79	0.79

In 2011, the fair value of warrants was recognised at DKK 2,721 thousand, against DKK 4,229 thousand in 2010.

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

Year of grant	Strike price	Strike period*	Granted	Adjusted no.**	Lapsed	Exercised	Yet to be exercised
2009	0.81	2011	9,565,620	0	0	7,599,870	1,965,750
2009	0.81	2011	9,565,620	1,232,359	0	8,024,507	2,773,472
2009	0.81	2012	9,565,620	1,022,279	0	0	10,587,899
2010	1.47	2011	984,222	0	0	0	984,222
2010	1.47	2012	984,222	0	0	0	984,222
2011	0.83	2012	3,685,420	0	1,172,180	0	2,513,240
Total			**34,350,724**	**2,254,638**	**1,172,180**	**15,624,377**	**19,808,805**

** The warrants may be exercised during a six-week period after publication of the full year profit announcement.*
*** Adjustment of existing warrants scheme due to dilution at capital increase in 2010.*

The fair value calculated at the grant is based on Black&Scholes' model for valuation of warrants including dilution.

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

(DKK '000)	Granted in 2011	2010
Share price at grant	0.83	1.34
Strike price	0.83	1.47
Volatility	32.8%	42.2%
Expected duration	1	1-2 years
Expected dividend per share	0	0
Risk-free interest rate	2.4%	2.8%
Warrants granted ('000)	3,685	1,968
Fair value per warrant	0	0.19
Total fair value (DKK '000)	**0**	**376**

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 the exercise of the warrants at the earliest opportunity.

Warrants that have not been exercised are forfeited if the owner terminates his/her employment. In the event of changes in the Group's capital structure resulting in a dilution of the value of the warrants, the employees are entitled to subscribe for a further number of warrants corresponding to the ratio between the Group's share capital before and after the change in its capital structure. In the event of changes in the control of the Group, the employee will be entitled to exercise all his/her warrants, which exercise is to take place during the first coming exercise period. If the warrants are not exercised during the first coming exercise period, the unexercised warrants will lapse. Under the warrant scheme, the employees are entitled to postpone the exercise of the warrants by one or two years. However, all warrants which have not been exercised in 2012 shall lapse.

In 2011, the following changes occurred in Management's holding of warrants:

No. of warrants	Holding 01.01.11	Exercised 2011	Lapsed 2011	Granted 2011	Adjusted number	Holding 31.12.11
Former CEO, Keld Lindegaard Andersen	6,527,490	0	0	0	0	6,527,490
Jørgen Bødker, Executive Vice President	3,046,162	1,523,081	0	0	0	1,523,081
Hans P. Mikkelsen, Supply Chain Manager	1,399,127	699,563	0	0	0	699,564
Theis Leth Sveigaard, Head of R&D and Quality	1,363,609	400,000	0	0	0	963,609
Thomas Clausen, Former head of development	1,211,516	500,000	0	0	0	711,516
Former CFO, Jens Christian Nielsen	1,926,676	963,338	0	0	0	963,338
Per Kringhøj, Technical Manager	1,836,677	918,339	0	0	0	918,338
Pia Prag Hansen, Production Manager	1,296,479	648,240	0	0	0	648,239
Former QA Manager, Jens Hildestad	1,149,456	0	0	0	0	1,149,456
Former CEO (CS), Martin O. Hansen	2,344,360	1,172,180	1,172,180	0	0	0
Ole Andersen, Head of Production (CS)	1,156,550	578,275	0	0	0	578,275
Former Vice President (CS), Roman Nowak	497,192	248,596	0	0	0	248,596
Maciek Lichowski, Sales Manager (CS)	414,327	207,164	0	0	0	207,163
Waldemar Kot, QA Manager (CS)	331,463	165,731	0	0	0	165,732
Robert Walasek, Finance Manager (CS)	818,988	0	0	0	0	818,988
CFO, Jens Faarup	0	0	0	2,145,078	0	2,145,078
CEO, Abdelmottaleb Doulan (CS)	0	0	0	1,540,342	0	1,540,342
Total	**25,320,072**	**8,024,507**	**1,172,180**	**3,685,420**	**0**	**19,808,805**

Employees marked with CS are members of the management of Cemat Silicon S.A. Poland.
The remaining warrants can be exercised during a six-week period after the publication of the full-year profit announcement for 2011, on 28 March 2012.

7. DEPRECIATION, AMORTISATION AND IMPAIRMENT

PARENT COMPANY			GROUP	
2010	2011	DKK '000	2011	2010
2,325	2,274	Amortisation, intangible assets	4,328	2,690
5,429	9,008	Depreciation, property, plant and equipment	24,751	10,303
7,754	**11,282**	**Total**	**29,079**	**12,993**

8. FINANCIAL INCOME

PARENT COMPANY			GROUP	
2010	2011	DKK '000	2011	2010
980	1,978	Interest from Group undertakings	0	0
331	306	Interest on bank deposits, etc.	693	1,746
2,301	4,657	Foreign exchange adjustments	0	0
3,612	**6,941**	**Total**	**693**	**1,746**

9. FINANCIAL EXPENSES

PARENT COMPANY			GROUP	
2010	2011	DKK '000	2011	2010
5,087	23	Interest on mortgages and bank loans	721	5,901
0	610	Interest incurred relating to finance lease liabilities	610	0
95	230	Other interest	230	95
5,182	**863**	**Interest expenses**	**1,561**	**5,996**
1,619	1,766	Fees, warranties, etc.	1,766	1,682
0	0	Foreign exchange adjustments	6,664	1,279
6,801	**2,628**	**Total**	**9,991**	**8,957**

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

The current tax for the financial year was calculated at a tax rate of 25% for the years 2011 and 2010.

	GROUP			
DKK '000	2011		2010	
Current tax	(12,508)		(21,413)	
Change in deferred tax	8,363		2,583	
Adjustment of current tax relating to prior years	598		7	
Total	**(3,547)**		**(18,823)**	
Tax on the profit/(loss) for the year can be explained as follows:				
Profit/(loss) before tax	**(3,271)**		**81,836**	
Tax at a rate of 25%	**818**	**25%**	**(20,459)**	**(25.0%)**
Effect of other tax rate in foreign undertakings	(2,971)	(94.6%)	(608)	(0.7%)
Tax base of non-deductible expenses	(1,393)	(42.6%)	(1,093)	(1.3%)
Adjustment of deferred tax relating to prior years	(119)	(3.6%)	3,323	4.1%
Adjustment of current tax relating to prior years	119	3.6%	14	0.0%
Effective tax rate for the year	**(3,547)**	**(112.9%)**	**(18,823)**	**(22.9%)**

DKK '000	GROUP 2011	GROUP 2010
Breakdown of deferred tax for the Group stated in the balance sheet:		
Temporary differences in tax assets and liabilities	(6,301)	(15,272)
Deferred tax relating to assets held for sale	0	11,604
Deferred tax, net	**(6,301)**	**(3,668)**
- distributed on:		
Tax asset cf. balance sheet	(10,497)	(3,706)
Deferred tax, cf. balance sheet	(16,798)	(7,374)

GROUP

DKK '000	Deferred tax 01.01.11	Recognised in income statement 2011	Exchange rate adjustment 2011	Deferred Tax 31.12.11
Intangible assets	(6,215)	(426)	259	(6,382)
Property, plant and equipment	(16,150)	381	1,360	(14,410)
Inventories	(1,432)	658	(101)	(872)
Trade receivables	(280)	9	29	(242)
Other payables	1,413	2,486	(226)	3,671
Temporary differences	**(22,664)**	**3,108**	**1,321**	**(18,235)**
Tax loss carry-forwards	7,392	5,255	(713)	11,934
Unused tax losses	**7,392**	**5,255**	**(713)**	**11,934**
Total	**(15,272)**	**8,363**	**608**	**(6,301)**

DKK '000	Deferred tax 01.01.10	Recognised in income statement 2010	Exchange rate adjustment 2010	Deferred Tax 31.12.10
Intangible assets	(5,692)	(410)	(113)	(6,215)
Property, plant and equipment	(12,927)	(2,710)	(513)	(16,150)
Inventories	(643)	(806)	17	(1,432)
Trade receivables	77	(358)	1	(280)
Other payables	1,732	(364)	45	1,413
Temporary differences	**(17,453)**	**(4,648)**	**(563)**	**(22,664)**
Tax loss carry-forwards	2,969	4,362	61	7,392
Unused tax losses	**2,969**	**4,362**	**61**	**7,392**
Value adjustment	(2,969)	2,969	0	0
Total	**(17,453)**	**2,683**	**(502)**	**(15,272)**

The Group believes that the tax loss can be utilised within the time limit of 5 years as taxable profits are expected. Therefore, the tax loss has been capitalised.

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

Tax on the profit/loss for the year and deferred tax

The current tax for the financial year was calculated at a tax rate of 25% for the years 2011 and 2010.

DKK '000	PARENT COMPANY 2011		2010	
Current tax	(11,979)		(21,126)	
Change in deferred tax	(437)		(2,971)	
Adjustment of current tax relating to prior years	119		7	
Total	**(12,297)**		**(24,090)**	
Tax on the profit/loss for the year can be explained as follows:				
Profit/loss before tax	**46,251**		**91,966**	
Tax at a rate of 25%	**(11,563)**	**(25.0%)**	**(22,991)**	**(25.0%)**
Tax base of non-deductible expenses	(734)	(1.6%)	0	0.0%
Adjustment of deferred tax relating to prior years	(119)	(0.3%)	(1,105)	(1.2%)
Adjustment relating to prior years	119	0.3%	6	0.0%
Effective tax rate for the year	**(12,297)**	**(26.6%)**	**(24,090)**	**(26.2%)**

PARENT COMPANY

DKK '000	Deferred tax 01.01.11	Recognised in income statement 2011	Deferred tax 31.12.11
Intangible assets	(3,595)	(631)	(4,226)
Property, plant and equipment	(2,566)	(505)	(3,071)
Inventories	(1,708)	3	(1,705)
Trade receivables	24	(24)	0
Other provisions	0	799	799
Other payables	471	(79)	392
Temporary differences	**(7,374)**	**(437)**	**(7,811)**

DKK '000	Deferred tax 01.01.10	Recognised in income statement 2010	Deferred tax 31.12.10
Intangible assets	(2,974)	(621)	(3,595)
Property, plant and equipment	(1,016)	(1,550)	(2,566)
Inventories	(1,062)	(646)	(1,708)
Trade receivables	0	24	24
Other payables	649	(178)	471
Temporary differences	**(4,403)**	**(2,971)**	**(7,374)**

11. EARNINGS PER SHARE

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
0.14	0.06	Earnings per share	(0.01)	0.13
0.13	0.06	Diluted earnings per share	(0.01)	0.12

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
		The calculation of earnings per share is based on the following:		
67,876	33,954	Earnings used in the calculation of earnings per share	(5,750)	62,501
67,876	**33,954**	**Earnings used in the calculation of diluted earnings per share**	**(5,750)**	**62,501**
477,825	527,992	Average number of shares issued	527,992	477,825
477,825	**527,992**	**Average number of shares used to calculate earnings per share**	**527,992**	**477,825**
25,320	20,981	Average dilutive effect of outstanding subscription rights	20,981	25,320
503,145	**548,973**	**Average number of shares used to calculate diluted earnings per share**	**548,973**	**503,145**

Average number of shares issued calculated as:
No. of days prior to a capital increase multiplied by the no. of shares in circulation. If more capital increases are made, the no. of days between the capital increases is added, multiplied by the no. of shares in circulation during the relevant period. The sum is divided by 365.

12. INTANGIBLE ASSETS

GROUP

DKK '000	Rights of use, etc.	Goodwill	Other intangible assets	Completed develop-ment projects	Develop-ment projects in progress	Total
Cost at 1 January 2011	0	18,582	1,236	36,014	6,341	62,173
Foreign exchange adjustments	0	(1,946)	(122)	(108)	0	(2,176)
Addition of assets developed in-house	0	0	0	2,582	2,227	4,809
Assets held for sale reversed	14,559	0	0	0	0	14,559
Transfers	0	0	0	4,288	0	4,288
Disposals	0	0	0	(4,107)	0	(4,107)
Cost at 31 December 2011	**14,559**	**16,636**	**1,114**	**38,669**	**8,568**	**79,546**
Depreciation and impairment at 1 January 2011	0	0	(311)	(27,392)	0	(27,703)
Foreign exchange adjustment	27	0	36	158	0	221
Amortisation/depreciation	(387)	0	(114)	(3,827)	0	(4,328)
Assets held for sale reversed	(210)	0	0	0	0	(210)
Disposals	0	0	0	4,107	0	4,107
Depreciation, amortisation and impairment 31 December 2011	**(570)**	**0**	**(389)**	**(26,954)**	**0**	**(27,913)**
Carrying amount 31 December 2011	**13,989**	**16,636**	**725**	**11,715**	**8,568**	**51,633**

DKK '000	Rights of use, etc.	Goodwill	Other intangible assets	Completed develop-ment projects	Develop-ment projects in progress	Total
Cost at 1 January 2010	0	17,830	1,187	35,092	2,413	56,522
Foreign exchange adjustments	0	752	49	41	0	842
Addition of assets developed in-house	0	0	0	881	3,928	4,809
Transfers	0	0	0	0	0	0
Cost at 31 December 2010	**0**	**18,582**	**1,236**	**36,014**	**6,341**	**62,173**
Depreciation and impairment at 1 January 2010	0	0	(186)	(24,813)	0	(24,999)
Foreign exchange adjustment	0	0	(7)	(7)	0	(14)
Depreciation/amortisation	0	0	(118)	(2,572)	0	(2,690)
Depreciation, amortisation and impairment 31.12.2010	**0**	**0**	**(311)**	**(27,392)**	**0**	**(27,703)**
Carrying amount 31 December 2010	**0**	**18,582**	**925**	**8,622**	**6,341**	**34,470**

PARENT COMPANY DKK '000	Other intangible assets	Completed develop-ment projects	Develop-ment projects in progress	Total
Cost at 1 January 2011	56	34,980	6,341	41,377
Addition of assets developed in-house	0	2,573	2,227	4,800
Disposals	0	(4,107)	0	(4,107)
Cost at 31 December 2011	**56**	**33,446**	**8,568**	**42,070**
Depreciation, amortisation and impairment at 1 January 2011	(56)	(26,941)	0	(26,997)
Depreciation/amortisation	0	(2,274)	0	(2,274)
Disposals	0	4,107	0	4,107
Depreciation, amortisation and impairment 31 December 2011	**(56)**	**(25,108)**	**0**	**(25,164)**
Carrying amount 31 December 2011	**0**	**8,338**	**8,568**	**16,906**

DKK '000	Patents and licences	Completed develop-ment projects	Develop-ment projects in progress	Total
Cost at 1 January 2010	56	34,099	2,413	36,568
Addition of assets developed in-house	0	881	3,928	4,809
Cost at 31 December 2010	**56**	**34,980**	**6,341**	**41,377**
Depreciation, amortisation and impairment at 1 January 2010	(56)	(24,616)	0	(24,672)
Depreciation/amortisation	0	(2,325)	0	(2,325)
Depreciation, amortisation and impairment 31 December 2010	**(56)**	**(26,941)**	**0**	**(26,997)**
Carrying amount 31 December 2010	**0**	**8,039**	**6,341**	**14,380**

Management considers all intangible assets apart from goodwill to have limited economic lives. The Group holds a patent, which is capitalised under patents and licences. This patent has a remaining term of 15 years. The most significant activities in 2011 related to own development of processes for the manufacturing of silicon crystals in new variants.

Goodwill

Goodwill has arisen in connection with the acquisition of Cemat Silicon S.A. and its subsidiary. The goodwill is based on the economic benefits obtained by Cemat Silicon S.A. and the parent company Topsil Semiconductor Materials A/S 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 present customers, and Cemat's customers gain access to FZ products. However, the recoverable amount has been calculated for Cemat Silicon S.A. as the cash-generating unit in compliance with IAS 36, according to which the smallest cash-generating unit must be an operating segment, cf. IFRS 8.

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. Growth rates are based on analyses prepared by a recognised research institute with industry knowledge. Growth and inflation during the terminal period are not taken into account.

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 10.4% (2010: 11.9%). The discount factor is based on a risk-free interest rate of 3.5% (2010: 3.0%), corresponding to the yield on a 10-year German government bond, including a country margin of 1.5 percentage points for Poland, and an expected risk premium relating to the Company and 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 (2012-2016) and a terminal period. The average annual growth in revenue during the period is 0% and 0% 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. RESEARCH AND DEVELOPMENT COSTS INCURRED

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
3,928	2,227	Research and development costs incurred	2,227	3,928
(3,928)	(2,227)	Development costs recognised as intangibles	(2,227)	(3,928)
0	**0**	**Total**	**0**	**0**

14. PROPERTY, PLANT AND EQUIPMENT

GROUP

DKK '000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Plant in progress	Total
Cost at 1 January 2012	0	132,891	18,227	30,345	181,463
Foreign exchange adjustments	0	(6,237)	(78)	(1,860)	(8,175)
Additions	630	312	126	101,877	102,945
Transfers	7,383	19,485	335	(31,491)	(4,288)
Disposals	(22)	(50)	(2,200)	0	(2,272)
Assets held for sale reversed	57,443	9,485	723	204	67,855
Cost at 31 December 2011	**65,434**	**155,886**	**17,133**	**99,075**	**337,528**
Depreciation, amortisation and impairment at 1 January 2012	0	(40,162)	(10,474)	0	(50,636)
Foreign exchange adjustment	439	1,667	93	0	2,199
Depreciation/amortisation	(6,144)	(14,640)	(3,967)	0	(24,751)
Disposals	21	50	2,118	0	2,189
Assets held for sale reversed	(3,288)	0	0	0	(3,288)
Depreciation, amortisation and impairment 31 December 2011	**(8,972)**	**(53,085)**	**(12,230)**	**0**	**(74,287)**
Carrying amount 31 December 2011	**56,462**	**102,801**	**4,903**	**99,075**	**263,241**
Of which assets held under finance leases	0	18,828	0	0	18,828

DKK '000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Plant in progress	Total
Cost at 1 January 2010	0	113,914	15,824	16,013	145,751
Foreign exchange adjustments	2,558	2,521	61	235	5,375
Additions	976	7,870	2,605	42,166	53,617
Transfers	(2)	23,045	0	(25,453)	(2,410)
Disposals	0	(11,743)	(167)	(3,048)	(14,958)
Disposal of assets held for sale	(3,532)	(2,716)	(96)	432	(5,912)
Cost at 31 December 2010	**0**	**132,891**	**18,227**	**30,345**	**181,463**
Depreciation, amortisation and impairment at 1 January 2010	0	(44,114)	(7,579)	0	(51,693)
Foreign exchange adjustment	(149)	(245)	(15)	0	(409)
Depreciation/amortisation	0	(7,423)	(2,880)	0	(10,303)
Disposals	0	11,620	0	0	11,620
Disposal of assets held for sale	149	0	0	0	149
Depreciation, amortisation and impairment 31 December 2010	**0**	**(40,162)**	**(10,474)**	**0**	**(50,636)**
Carrying amount 31 December 2010	**0**	**92,729**	**7,753**	**30,345**	**130,827**
Of which assets held under finance leases	0	19,818	581	0	20,399

PARENT COMPANY

DKK '000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Plant in progress	Total
Cost at 1 January 2011	0	74,981	15,570	12,588	103,139
Additions	0	0	0	86,814	86,814
Transfers	5,549	6,458	335	(12,342)	0
Disposals	0	(50)	(164)	0	(214)
Cost at 31 December 2011	**5,549**	**81,389**	**15,741**	**87,060**	**189,739**
Depreciation, amortisation and impairment at 1 January 2011	0	(32,160)	(7,973)	0	(40,133)
Depreciation/amortisation	0	(5,488)	(3,520)	0	(9,008)
Disposals	0	50	164	0	214
Depreciation, amortisation and impairment 31 December 2011	**0**	**(37,598)**	**(11,329)**	**0**	**(48,927)**
Carrying amount 31 December 2011	**5,549**	**43,791**	**4,412**	**87,060**	**140,812**

DKK '000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Plant in progress	Total
Cost at 1 January 2010	0	63,679	15,143	11,101	89,923
Additions	0	0	0	26,940	26,940
Transfers	0	23,045	2,408	(25,453)	0
Disposals	0	(11,743)	(1,981)	0	(13,724)
Cost at 31 December 2010	**0**	**74,981**	**15,570**	**12,588**	**103,139**
Depreciation, amortisation and impairment at 1 January 2010	0	(41,012)	(7,292)	0	(48,304)
Depreciation/amortisation	0	(2,768)	(2,661)	0	(5,429)
Disposals	0	11,620	1,980	0	13,600
Depreciation, amortisation and impairment 31 December 2010	**0**	**(32,160)**	**(7,973)**	**0**	**(40,133)**
Carrying amount 31 December 2010	**0**	**42,821**	**7,597**	**12,588**	**63,006**

15. INVESTMENTS IN SUBSIDIARIES

PARENT COMPANY

2010	2011	DKK '000
159,687	159,987	Cost at 1 January
300	0	Addition warrants in subsidiaries
159,987	**159,987**	**Cost at 31 December**

No impairment losses were recognised on investments in subsidiaries during the year.

	Domicile	Ownership interests 2011	No. of voting rights 2011	Activity
Cemat Silicon S.A.	Poland	100.00 %	100.00 %	Production and sale of silicon wafers to the semiconductor industry
Cemat'70 S.A.	Poland	52.92 %	52.92 %	Letting of commercial properties

Cemat Silicon S.A. owns the stake in Cemat'70 S.A.
In 2010, the ownership interests and voting rights were as stated for 2011.

16. OTHER RECEIVABLES, NON-CURRENT ETC.

PARENT COMPANY			GROUP	
2010	2011	DKK '000	2011	2010
28,459	22,855	Prepayment of goods	22,855	28,459
2,250	2,250	Deposit, rent	2,250	2,250
1,718	1,713	Deposit, finance leases	1,713	1,718
25	0	Other	0	25
32,452	**26,818**	**Total**	**26,818**	**32,452**

Prepayment of goods is adjusted on a current basis as the Group buys the volumes agreed for the period 2011-2017.

17. INVENTORIES

PARENT COMPANY			GROUP	
2010	2011	DKK '000	2011	2010
22,123	44,498	Raw materials and consumables	58,410	37,094
50,500	60,084	Work in progress	66,252	58,316
750	0	Manufactured goods and goods for resale	21,676	17,563
73,373	**104,582**	**Total**	**146,338**	**112,973**

There were no inventory writedowns in the parent company in either 2010 or 2011.
Inventory writedowns in the Group totalled DKK 6,215 thousand in 2011, against DKK 4,831 thousand in 2010.

18. TRADE RECEIVABLES

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
48,651	51,283	Trade receivables	71,190	68,618
48,651	**51,283**	**Total**	**71,190**	**68,618**
(480)	(520)	Impairment losses included in the above receivables and recognised in "Other external expenses"	(520)	(480)
48,171	**50,763**	**Total**	**70,670**	**68,138**

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
		Overdue receivables:		
3,142	5,591	Overdue by up to 1 month	10,618	7,931
623	592	Overdue by 1 to 3 months	794	2,320
80	321	Overdue by more than 3 months	685	1,515
3,845	**6,504**	**Total**	**12,097**	**11,766**

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
		Overdue receivables distributed by receivables not written down:		
2,361	5,717	Europe	7,248	8,626
604	347	USA	4,363	2,260
880	440	Asia	486	880
3,845	**6,504**	**Total**	**12,097**	**11,766**

A provision account is used 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. 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. Receivables are not interest-bearing until approximately 30–60 days after the invoice date. After this date, interest accrues on the receivables at a monthly rate of 1% of the outstanding amount.

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
384	**480**	**Provision account, 1 January**	**480**	**384**
0	0	Losses during the year	0	0
0	0	Reversed provisions	0	0
96	40	Provisions for the year to cover losses	40	96
480	**520**	**Provision account, 31 December**	**520**	**480**

19. OTHER RECEIVABLES

PARENT COMPANY			GROUP	
2010	2011	DKK '000	2011	2010
1,101	1,152	VAT on exports and prepaid VAT	1,152	1,101
543	3,537	Other	6,540	5,954
1,644	**4,689**	**Total**	**7,692**	**7,055**

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

PARENT COMPANY			GROUP	
2010	2011	DKK '000	2011	2010
99,913	14,726	Cash holdings and bank deposits	23,482	100,194
0	0	Cash and cash equivalents under assets held for sale	0	7,474
0	(20,000)	Current bank debt (overdraft facility)	(30,033)	(17,281)
99,913	**(5,274)**	**Total**	**(6,551)**	**90,387**

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

21. SHARE CAPITAL

The share capital consists of 528,114,157 shares at nominal value of DKK 0.25 per share.
The shares are not divided into share classes and there are no special rights related to the shares.

	GROUP	
No. of shares	2011	2010
Number of shares at 1 January	520,089,650	407,960,734
Capital increase through cash payment	8,024,507	112,128,916
Number of shares at 31 December	**528,114,157**	**520,089,650**
DKK '000		
Denomination, nom. value DKK 0.25	130,022	101,990
Capital increase through cash payment	2,007	28,032
Total	**132,029**	**130,022**

The capital increase of 8,024,507 shares in 2011 concerned the exercise of warrants for Management and managerial employees. Of the capital increase in 2010, 103,890,151 concerned new shares from the rights issue completed in the spring of 2010. The remaining capital increase concerned employee shares and exercise of warrants by the Management Board and managerial employees.

22. OTHER RESERVES

The translation reserve comprises all exchange rate adjustments as a result of translation of the financial statements for entities with other functional currencies than Danish kroner.

The reserve for share-based payment comprises the accumulated value of vested warrant plans (equity-based plans) 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 rights or the rights expire without being exercised.

23. OTHER CREDIT INSTITUTIONS AND BANK DEBT

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
0	20,000	Debt to credit institutions	30,033	17,281
0	**20,000**		**30,033**	**17,281**
		The debt falls due as follows:		
0	20,000	Within one year	30,033	17,281
0	0	Between 1 and 2 years from the balance sheet date	0	0
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 after the balance sheet date	0	0
0	**20,000**		**30,033**	**17,281**
		Other debt to credit institutions and bank debt is recognised in the balance sheet as follows:		
0	20,000	Current liabilities	30,033	17,281
0	0	Non-current liabilities	0	0
0	**20,000**	**Total**	**30,033**	**17,281**

2011

Name	**Company**	**Currency**	**Expiry**	**Fixed or floating interest rate**	**Interest % p.a.**	**Fair value, DKK'000**
Overdraft facility	Cemat - Poland	PLN	2012	Floating	Wibor+1.5%	10,033
Overdraft facility, parent company		DKK	2014	Floating	Jybor+1.5%	20,000
31.12.2011						**30,033**

2010

Name	**Company**	**Currency**	**Expiry**	**Fixed or floating interest rate**	**Interest % p.a.**	**Fair value, DKK'000**
Overdraft facility	Cemat - Poland	PLN	2011	Floating	Wibor+2.0%	11,260
Loan	Cemat - Poland	JPY	2011	Floating	Libor+2.5%	6,021
31.12.2010						**17,281**

24. FINANCE LEASE LIABILITIES

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 four 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 assets' residual values at the end of the lease term and must assign a buyer for the assets.

GROUP	Minimum lease payments		Present value of minimum lease payments	
DKK '000	2011	2010	2011	2010
Finance lease liabilities fall due as follows:				
Within 1 year of the balance sheet date	2,688	2,802	2,688	2,802
Between 1 and 5 years from the balance sheet date	8,236	10,937	8,236	10,937
More than 5 years after the balance sheet date	0	0	0	0
At 31 December	**10,924**	**13,739**	**10,924**	**13,739**
Amortisation premium for future recognition	875	1,445	875	1,445

The carrying amount equals the fair value of the liabilities.
The financial lease liabilities comprise machinery.

	Expire	**Fixed or floating interest rate**	**Present value of minimum lease payments, DKK '000**	**Fair value, DKK '000**
Lease liability	2012	Floating	2,688	2,688
Lease liability	2013	Floating	3,063	3,063

25. OTHER NON-CURRENT LIABILITIES

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
0	0	Pensions	728	931
0	0	Other liabilities	275	154
0	**0**	**Total**	**1,003**	**1,085**

The Group's pension liability concerns statutory pension scheme in foreign subsidiary.

26. TRADE PAYABLES

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
21,208	41,029	Amounts owed to suppliers for goods and services delivered	65,987	48,455
21,208	41,029		65,987	48,455

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

27. PROVISIONS

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
4,175	2,018	Provisions, 01.01	2,018	4,175
(2,692)	(1,463)	Used during the year	(1,463)	(2,692)
535	2,643	Provisions made during the year	2,643	535
2,018	**3,198**	**Provisions, 31.12**	**3,198**	**2,018**

28. OTHER PAYABLES

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
291	443	Payroll liabilities, tax liabilities, accrued social security contributions, etc.	595	741
5,887	6,551	Holiday pay liabilities etc.	7,530	6,551
5,614	1,247	VAT and other tax liabilities	1,247	5,614
8,529	4,994	Other accrued expenses	8,085	6,732
20,321	**13,235**	**Total**	**17,457**	**19,638**

The carrying amount of payables in respect of payroll, income tax, social security contributions, holiday pay, etc., VAT and other indirect taxes, income tax payable and other accrued expenses payable correspond 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.

29. CHANGE IN NET WORKING CAPITAL

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
(2,425)	(31,209)	Change in inventories	(37,300)	(3,435)
30,101	(366)	Change in receivables	2,411	44,791
13,356	9,519	Change in trade creditors and other payables	13,386	(12,222)
(6,144)	(50,317)	Change in receivables at subsidiary	0	0
34,888	**(72,373)**	**Total**	**(21,503)**	**29,134**

Changes in net working capital in 2010 are stated exclusive of assets and liabilities held for sale.

30. ASSETS HELD FOR SALE

In 2009, the management of Topsil Semiconductor Materials A/S decided to intensify the divestment of its ownership interest in the property company Cemat'70 S.A., in which the Company has a controlling interest through its wholly owned subsidiary Cemat Silicon S.A.

Cemat'70 S.A.'s most significant asset is land and buildings which are let on market terms, i.a. to Cemat Silicon S.A., its largest single lessee.

Negotiations have been conducted with various prospective buyers of the shareholding. The negotiations were adversely affected by the general economic conditions and the Group is therefore considering alternative solutions. The shareholding is neither expected to be sold within 12 months from the balance sheet date, nor is it believed to be sellable at an acceptable price in its current condition. As a result, there has been a reclassification so that assets and liabilities are no longer presented as "assets held for sale".

DKK '000	2011	2010
Right of use (land)	0	16,029
Buildings	0	60,490
Plant and machinery	0	10,595
Other fixtures and fittings, tools and equipment	0	807
Property, plant and equipment under construction	0	228
Inventories	0	343
Trade receivables	0	3,646
Prepayments	0	411
Cash and cash equivalents	0	7,474
Assets held for sale	**0**	**100,023**
Debt to credit institutions	0	0
Deferred tax liabilities	0	11,604
Trade creditors	0	2,715
Provisions	0	366
Liabilities related to assets held for sale	**0**	**14,685**
Net assets held for sale	**0**	**85,338**

31. OPERATING LEASE LIABILITIES

The parent company leases cars and some operating equipment on operating leases. The average lease period is 36 months. All lease contracts have a fixed instalment profile and none of the contracts comprise conditional lease clauses apart from price regulation clauses based on public indices. Lease contracts are non-terminable during the lease period agreed on, but may be prolonged on new terms.

PARENT COMPANY			GROUP	
2010	2011	DKK '000	2011	2010
		Non-cancellable operating leases are specified as follows:		
465	807	0-1 year	1,058	835
386	551	1-5 years	703	622
0	0	More than 5 years	0	0
851	**1,358**	**Total**	**1,761**	**1,457**

An amount of DKK 953 thousand (2010: DKK 820 thousand) relating to operating leases has been recognised in the income statement for 2011.

32. CHARGES

In connection with the conclusion of a new banking agreement in 2010, all significant charges were cancelled. Hence, the floating charge of DKK 75.0 million was cancelled together with the charge of the acquired shares in Cemat Silicon S.A. Mortgage deeds of a nominal value of DKK 10,000 thousand and DKK 5,250 thousand registered to the mortgager concerning production plant and chattels, respectively, are in the Company's possession.

33. WARRANTY COMMITMENTS AND CONTINGENT LIABILITIES

The parent company has issued a payment guarantee for PLN 6 million vis-à-vis Raiffeisen Bank, Warsaw as security for the credit facilities in Cemat Silicon S.A.

34. OTHER CONTRACTUAL COMMITMENTS

Raw material suppliers

In 2010, the Group concluded a new long-term contract for polysilicon. This contract covers the period from 2011 to 2015 and replaces the previous contract with the same supplier which would otherwise expire in 2012. On an overall basis, the new contract was concluded on more attractive commercial terms as it fixes annual minimum and maximum volumes and the possibility of increasing volumes year after year instead of a uniform maximum for the entire period. Also, the new contract introduces a new raw material product for use in the FZ-PFZ market and collaboration on the development of a polysilicon raw material for FZ products with a diameter larger than that supplied today.

The Group concluded a long-term contract in 2008 to ensure supplies of polysilicon for the period 2010–2017. Management believes that the contract was entered into on an arm's length basis. Under the terms of the contract, the parent company is required to make a prepayment. The prepayment will be used in payment of raw materials as delivery takes place over the period 2011 to 2017.

The contracts made can be terminated in case of a takeover of control over the parent company. If a takeover is completed, the supplier may terminate the contract.

Customers

To minimise the Group's exposure when concluding contracts for the supply of polysilicon in fixed minimum volumes and at fixed (index-linked) prices, the Group has concluded contracts on similar terms with its key customers.

In the first quarter of 2011, the Group concluded five new long-term customer contracts; two contracts replacing previous contracts which will now run from 2011 until the end of 2015, and three new contracts with existing customers with whom contractual obligations have not existed previously. These contracts cover the period until 2015. Another existing contract, which expires in 2012, has also been prolonged. Overall, the new customer contracts have been concluded on more attractive commercial terms than previously. The six long-term contracts with the Group's six largest FZ customers ensure a minimum revenue corresponding to approximately 40% of Group revenue in 2010.

Other

A lease for buildings is terminable by giving 6 months' notice and the liability amounts to DKK 1.0 million.

35. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
48,171	50,763	Trade receivables	70,670	68,138
29,324	79,641	Intra-group receivables	0	0
1,644	4,689	Other receivables, current	7,692	7,055
3,992	3,963	Other receivables, non-current	3,963	3,993
99,913	14,726	Cash and cash equivalents	23,482	100,194
0	0	Cash and cash equivalents under assets held for sale	0	7,474
183,044	**153,781**	**Loans, advances and receivables**	**105,807**	**186,854**
0	20,000	Debt to credit institutions, current	30,033	17,281
0	0	Debt to credit institutions, non-current	0	0
2,802	2,688	Finance lease liabilities, current	2,688	2,802
10,937	8,236	Finance lease liabilities, non-current	8,236	10,937
21,208	41,029	Trade creditors	65,987	65,822
20,321	13,235	Other payables	17,457	19,638
0	0	Other payables under assets held for sale	0	3,081
55,268	**85,188**	**Financial liabilities measured at amortised cost**	**124,401**	**119,561**

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, capital procurement and investment of surplus cash. Following the acquisition of Cemat Silicon S.A., the in-house business procedures are being updated. The Group operates with a low-risk profile and for this reason currency, interest rate and credit risks arise 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 forecasting covering a period of one year.

Currency 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 purchased in DKK or PLN. The Group does not use derivative financial instruments to hedge currency risks regarding cash flows or balance sheet items. Instead, the Group uses foreign currency to settle same currency debt items, which generally reduces the currency risk.

The Group's currency risk in connection with fluctuations in EUR/DKK is considered immaterial.

35. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

Unhedged net position at balance sheet date:

GROUP

DKK '000 Currency	Cash, deposits and securities	Receiv-ables	Liabilities	Net position	Of which hedged	Unhedged net position
USD	2,888	31,176	(20,379)	13,685	0	13,685
PLN	8,756	5,962	(30,145)	(15,426)	0	(15,426)
EUR	28,640	35,512	(41,476)	22,676	0	22,676
GBP	0	89	(25)	64	0	64
NOK	0	0	(787)	(787)	0	(787)
JPY	0	558	(834)	(275)	0	(275)
DKK	9,989	5,065	(58,204)	(43,151)	0	(43,151)
Other currencies	26	0	(1,072)	(1,046)	0	(1,046)
31.12.2011	**50,300**	**78,362**	**(152,922)**	**(24,261)**	**0**	**(24,261)**

DKK '000 Currency	Cash, deposits and securities	Receiv-ables	Liabilities	Net position	Of which hedged	Unhedged net position
USD	37,475	43,100	(53,373)	27,202	0	27,202
PLN	5,979	9,954	(21,066)	(5,133)	0	(5,133)
EUR	59,092	37,370	(39,777)	56,685	0	56,685
GBP	0	0	(12)	(12)	0	(12)
NOK	0	0	(607)	(607)	0	(607)
JPY	658	4,692	(7,482)	(2,132)	0	(2,132)
DKK	8,457	3,467	(28,730)	(16,806)	0	(16,806)
Other currencies	0	0	(1,207)	(1,207)	0	(1,207)
31.12.2011	**111,661**	**98,583**	**(152,254)**	**57,990**	**0**	**57,990**

	2011	2010
Equity sensitivity to exchange rate fluctuations (DKK '000)		
Impact if the USD exchange rate were DKK 0.50 lower than the actual rate	(1,200)	(2,700)
Impact if the PLN exchange rate were DKK 0.20 lower than the actual rate	(1,800)	(500)
Profit sensitivity to exchange rate fluctuations (DKK '000)		
Impact if the USD exchange rate were DKK 0.50 lower than the actual rate	(1,200)	(2,700)
Impact if the PLN exchange rate were DKK 0.20 lower than the actual rate	(1,800)	(500)

PARENT COMPANY

DKK '000 Currency	Cash, deposits and securities	Receiv-ables	Liabilities	Net position	Of which hedged	Unhedged net position
USD	61,523	14,636	(20,379)	55,780	0	55,780
EUR	50,200	35,443	(32,079)	53,564	0	53,564
GBP	0	89	(25)	64	0	64
NOK	0	0	(787)	(787)	0	(787)
JPY	0	219	(161)	58	0	58
DKK	9,989	5,065	(58,204)	(43,150)	0	(43,150)
Other currencies	26	0	(1,072)	(1,046)	0	(1,046)
31.12.2011	**121,738**	**55,452**	**(112,707)**	**64,483**	**0**	**64,483**

DKK '000 Currency	Cash, deposits and securities	Receiv-ables	Liabilities	Net position	Of which hedged	Unhedged net position
USD	37,324	17,463	(8,145)	46,642	0	46,642
EUR	58,125	59,796	(16,567)	101,354	0	101,354
GBP	0	0	(12)	(12)	0	(12)
NOK	0	0	(607)	(607)	0	(607)
JPY	0	304	0	304	0	304
DKK	8,456	3,467	(28,730)	(16,807)	0	(16,807)
Other currencies	0	0	(1,207)	(1,207)	0	(1,207)
31.12.2010	**103,905**	**81,030**	**(55,268)**	**129,667**	**0**	**129,667**

	2011	2010
Equity sensitivity to exchange rate fluctuations (DKK '000)		
Impact if the USD exchange rate were DKK 0.50 lower than the actual rate	(5,100)	(3,900)
Profit sensitivity to exchange rate fluctuations (DKK '000)		
Impact if the USD exchange rate were DKK 0.50 lower than the actual rate	(5,100)	(3,900)

35. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

As a result of repayment of the acquisition loan in the parent company, the Group's interest rate exposure is mainly attributable to net interest-bearing assets. A 1% change in the Group's effective interest rate would affect the Company's earnings before tax by some DKK 50 thousand p.a.

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
		Interest rate risks :		
		Profit sensitivity to interest rate change		
+/- 1,000	+/- 50	Impact of an effective interest rate of +/- 1%	+/-50	+/-1,200

Credit risks

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 future expected commitments to the Group.

The primary credit risk of the Group is associated with trade receivables. It is believed that there are no special credit risks related to trade receivables as the Group took out debtor insurance on selected debtors in 2010. The Group's cash and cash equivalents and deposits are placed with its bankers, and the vast majority with its principal banker.

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 expansion plans will be in place with the capital increase in 2010, the new bank loan 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.

Equity as a percentage of the total assets at the end of 2011 was 79.5% (2010: 82.7%) in the parent company. The realised return on equity for the Group for 2011 was (1.4%) (2010: 19.6%). Management believes that the Group remains well consolidated, which is deemed necessary.

It is the Group's policy that the shareholders should obtain a return on their investment in the form of a price increase and a dividend that exceeds a risk-free investment in bonds.

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

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
0	20,000	Credit institutions/bank debt	30,033	17,281
(99,913)	(14,726)	Cash and cash equivalents	(23,482)	(100,194)
0	0	Cash and cash equivalents under assets held for sale	0	(7,474)
(2,250)	(2,250)	Other non-current receivables	(2,250)	(2,250)
(102,163)	**3,024**	**Net interest-bearing debt**	**4,301**	**(92,637)**
433,837	**476,357**	**Equity**	**429,106**	**442,093**
(0.2)	**0.01**	**Financial gearing**	**0.01**	**(0.2)**

During 2010, the Group repaid the acquisition loan raised in 2008. In August 2010, the Group concluded a new bank agreement with Jyske Bank, which provides increased flexibility in the form of a 3-year committed corporate loan of up to DKK 205 million distributed on operating, guarantee and plant facilities. The loan involves covenants relating to the Group's future NRG/EBITDA and equity ratio.

Cash and cash equivalents

Cash flows from operating and financing activities have been positive, whereas cash flows from investing activities have been negative. All in all, the cash flow for the Group was negative. On a Group level, there were free cash flows of DKK 23.5 million. Of the Group's free cash flows, DKK 8.5 million was attributable to Cemat'70 S.A. Management believes that its cash holdings and the present operating credits provide sufficient capital resources.

36. FEE FOR AUDITORS APPOINTED BY THE GENERAL MEETING

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
520	550	Deloitte, audit of annual report	855	762
85	67	Deloitte, tax advice	67	85
0	122	Deloitte, assurance engagements other than audits	122	90
1,159	277	Deloitte, non-audit services	1,004	1,439
1,764	**1,016**	**Total**	**2,048**	**2,376**

37. RELATED PARTIES

The Group has no related parties exercising control.

The Group has the following related parties:

- Cemat Silicon S.A., subsidiary in Poland
- Cemat'70 S.A., subsidiary in Poland
- Ejendomsaktieselskabet Bangs Gård, owned by shareholder and Deputy Chairman
- Frost Invest A/S, owned by a member of the Board of Directors
- CCMA Holding ApS, owned by a member of the Board of Directors

The Group had transactions with the following related parties in 2011:

- Ejendomsaktieselskabet Bangs Gård
- Cemat Silicon S.A., Poland
- Cemat'70 S.A., Poland

The Deputy Chairman of the Board, Eivind Dam Jensen, is the managing director and member of the board of Ejendomsaktieselskabet Bangs Gård, which owns the parent company's premises in Frederikssund.

38. RELATED PARTY TRANSACTIONS

PARENT COMPANY 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
1,910	1,985	Rent, Ejendomsaktieselskabet Bangs Gård	1,985	1,910
73,580	61,130	Subsidiaries, sale of goods	0	0
113,523	112,060	Subsidiaries, purchase of goods	0	0
980	1,978	Subsidiaries, interest income	0	0
189,993	**177,153**	**Total**	**1,985**	**1,910**

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 2010	PARENT COMPANY 2011	DKK '000	GROUP 2011	GROUP 2010
2,250	2,250	Deposit, Ejendomsaktieselskabet Bangs Gård	2,250	2,250
(245)	(270)	Rent, etc., Ejendomsaktieselskabet Bangs Gård	(270)	(245)
36,695	80,195	Subsidiaries, lending	0	0
0	0	Subsidiaries, receivables	0	0
(7,371)	(554)	Subsidiaries, payables	0	0
31,329	**81,621**	**Total balance**	**1,980**	**2,005**

39. 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 at 31 December 2011	Number of shares	Capital DKK	Capital %
EDJ-Gruppen Bangs Gård, Torvet 21, DK-6701 Esbjerg, Denmark	71,589,811	17,897,453	14

40. 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.

DKK'000	Shareholdings, nominal value 2011	2010
Shares (own and related parties*)		
Jens Borelli-Kjær, Chairman	272	272
Eivind Dam Jensen (EDJ-Gruppen), Deputy Chairman	17,897	15,860
Jørgen Frost, member of the Board of Directors	41	41
Michael Hedegaard Lyng, member of the Board of Directors	123	0
Jesper Leed Thomsen, member of the Board of Directors	5	0
Jørgen Bødker, EVP, Director of Logistics, Sales & Marketing	810	729
Keld Lindegaard Andersen, former CEO	N/A	711
Leif Jensen, former member of the Board of Directors	N/A	157
Trine Schønnemann, former member of the Board of Directors	N/A	31
Total	**19,148**	**17,801**

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

41. EVENTS AFTER THE BALANCE SHEET DATE

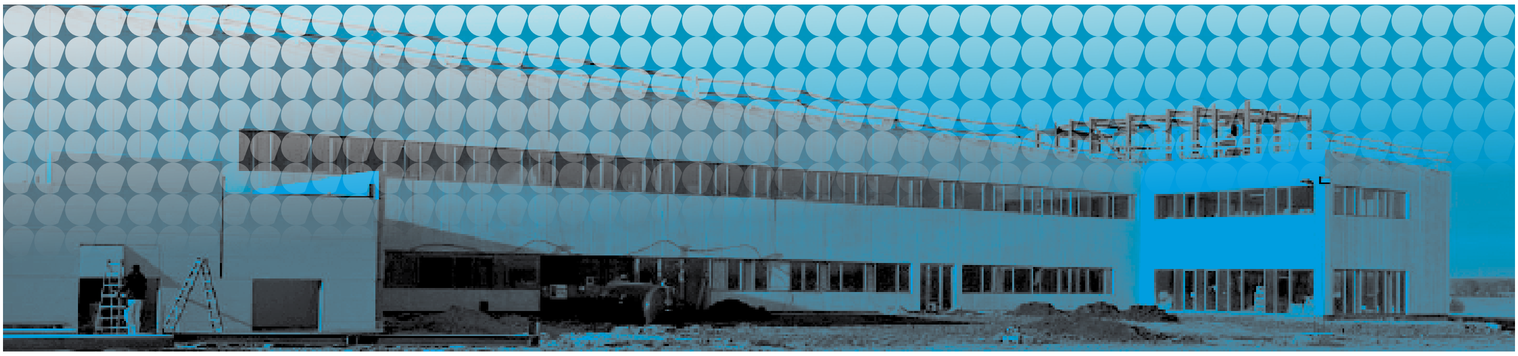
On 27 January 2012, the subsidiary Cemat Silicon S.A. acquired an additional 24.7% of the shares in the property company Cemat'70 S.A., after which the Group's total ownership interest constitutes 77.6%. The shares were acquired from the Polish State Treasury, and the purchase price for the additional shares in Cemat'70 S.A. was EUR 1.5 million cash.

The aim of the acquisition is still to sell the entire shareholding of Cemat'70 S.A.. With the increased ownership interest, the Group obtains control, enabling it to make the necessary decisions and transactions in the property company Cemat'70 S.A.

No further significant events have occurred after the balance sheet date.

42. APPROVAL OF THE ANNUAL REPORT FOR PUBLICATION

The Board of Directors has approved this annual report for publication at a board meeting held on 28 March 2012. The annual report will be presented to the shareholders of the parent company for approval at the annual general meeting to be held on 25 April 2012.



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