

STOCK EXCHANGE ANNOUNCEMENT No. 14/08

Half Year Financial Report 2008

Summary

- The company's net turnover increased in the first half of 2008 by 52.3% to DKK 127.9m from DKK 84m in the first half of 2007.
- The operating profit was DKK 30.4m against DKK 26.2m in 2007.
- In the first half of 2008 the company made a profit before tax of DKK 28m and DKK 20.4m after tax against a profit before tax of DKK 25.4m and DKK 18.3m after tax in the same period of 2007.
- The half year financial results are deemed satisfactory by the company.
- In the first half of 2008 the company had a positive cash flow of DKK 17.8m, primarily due to positive cash flows from operations.
- In the first half of 2008 the company recognised an unrealised financial exchange rate loss of DKK 4m in the profit and loss account, of which DKK 2.6m is concerning collateral security for the raw material contract, running until the end of 2012.

Expected future development

- Cf. stock exchange announcement No. 13/08 the company maintains its expectations for a turnover in 2008 of DKK 220-240m and a profit before tax of DKK 50-60m.
- There is still a big demand for the company's products from present and potential customers.
- The company estimates that the global polysilicon market will continue being characterized by a demand exceeding supplies in 2009.
- As notified in stock exchange announcement No. 13/08 of 14 July 2008 the company has submitted a bid to buy Cemat Silicon S.A. in Poland. It is expected to carry out the transaction at the end of the 3rd quarter 2008, and among them it is subject to a takeover of at least 90% of the share capital. Furthermore, the acquisition is subject to a satisfactory due diligence and financing. A due diligence is in progress, and the company is discussing financing models with various banks. The process is proceeding according to plan. In case the transaction is carried out the company will make an announcement, and the acquisition of Cemat-Silicon S.A. will be incorporated in the expectations.

HALF YEAR FINANCIAL REPORT 2008

Management Report

The (unaudited) main figures are given below

DKK '000	2008	2007	2007
	Jan.-June	Jan.- June	Jan.- Dec.
Net turnover	127,851	84,049	193,231
Operating profit/loss (EBIT)	30,384	26,205	52,093
Result of financial items	(2,400)	(812)	(4,016)
Net profit/loss for the period after tax	20,428	18,268	34,867
Capital employed	79,242	68,103	73,702
Net working capital	38,208	23,129	32,489
Equity capital	170,736	132,223	149,327
Balance sheet total	215,858	183,488	216,847
Expenditure on fixed assets	1,973	5,516	7,372
Net interest-bearing debt	(102,541)	(69,625)	(89,976)
Cash earnings	23,084	35,572	56,941
Average number of full-time employees	83	65	73
Basic number of shares ('000)	403,392	398,823	398,823
Deluted number of shares ('000)	409,254	408,823	409,972
Ratios			
Profit margin (%)	23.8	31.2	27.0
Return on capital employed (%)	41.2	58.6	99.8
Return on equity (%)	13.5	15.0	26.7
Gearing	(60.1)	(52.7)	(60.3)
Net turnover/capital employed	1.6	1.2	2.6

Comments on the results for the first half of 2008

Development of activities and financial matters

The company's net turnover was DKK 127.9m in the first half of 2008 against DKK 84m in the same period 2007, corresponding to an increase of 52.3%. The rise is due to a higher volume combined with higher sales prices per unit. The growth is mainly ascribed to increased sales to major existing customers in the float zone market.

As expected the contribution margin ratio is still lower in 2008 than in 2007, primarily due to increasing raw material prices. In the 1st and 2nd quarter of 2008 the contribution margin ratio has been on a stable level.

The operating profit (EBIT) in the period was DKK 30.4m against DKK 26.2m in the same period 2007.

In the first half of 2008 the company made a profit before tax of DKK 28m and DKK 20.4m after tax, against a profit before tax of DKK 25.4m and DKK 18.3m after tax in the same period 2007.

The half year financial results are deemed satisfactory by the company.

HALF YEAR FINANCIAL REPORT 2008



The company has still been focusing on optimisation of the day-to-day operation. In the period the company introduced improved techniques for preparation of polysilicon, and new facilities to secure a consistent indoor air and working environment were installed.

The balance sheet total amounted to DKK 215.9m, which is an increase of DKK 32.4m compared to the same period 2007. The primary causes for the increase are a considerable increase of cash and a reduction of short and long term receivables.

The equity capital at 30 June 2008 totaled DKK 170.7m, which is an increase of DKK 38.5m compared to the same period last year. The equity capital constituted 79.1% of the balance sheet total against 72.1% last year.

Material financial risks

The company does not use derivatives to hedge currency risks. Instead, commercial hedging is used by balancing the currency inflow and outflow. The company's most important currency flow is in USD, which makes up just under 50% of the total cash flow. In addition the company has provided substantial cash security in USD to uphold the raw material contract (2007-2012). A currency fluctuation in USD/DKK of +/- DKK 0.50 will affect the company's result before tax by about +/- DKK 5.2m

In the first half of 2008 the company recognised an unrealised financial exchange rate loss of DKK 4m in the profit and loss account, of which DKK 2.6m is concerning collateral security for the raw material contract, running until the end of 2012.

Cash flow

In the period the company had a positive cash flow of DKK 17.8m, primarily due to positive cash flows from operations, offset by payment of tax on account of DKK 11m.

Expected future development

The company maintains its expectations for a turnover in 2008 of DKK 220-240m and a profit before tax of DKK 50-60m. These expectations are on the assumption that the US dollar rate will be unchanged compared to 30 June 2008 (rate: DKK 473/USD 100).

There is still a big demand for the company's products from present and potential customers. The demand is exceeding the amount of raw materials available for the company by contract in 2008. However, the activities in 2008 will be at a higher level than in 2007. The company estimates that the global polysilicon market will continue being characterized by a demand exceeding supplies in 2009, implying that the price per kilo polysilicon is expected to increase on the spot market. Therefore, the company is working on various models to strengthen the company's position, competitiveness, and growth, including acquisition as an option, cf. the paragraph below.

Cemat Silicon S.A. acquisition

As notified in stock exchange announcement No. 13/08 of 14 July 2008 the company has submitted a bid to buy Cemat Silicon S.A. in Poland. It is expected to carry out the transaction at the end of the 3rd quarter 2008, and among them it is subject to a takeover of at least 90% of the share capital. Furthermore, the acquisition is subject to a satisfactory due diligence and financing. A due diligence is in progress, and the company is discussing financing models with various banks. The process is proceeding according to plan.

In case the transaction is carried out the company will make an announcement, and the acquisition of Cemat-Silicon S.A. will be incorporated in the expectations.

Accounting policies

The quarterly report has been presented in accordance with the provisions of recognition and measurement of the International Financial Reporting Standards as adopted by the European Union as well as Danish disclosure requirements for reporting of listed companies, cf. IFRS 34 "Presentation of quarterly

HALF YEAR FINANCIAL REPORT 2008



reports", issued in compliance with the Annual Accounts Act and the guidelines of the OMX Nordic Exchange Copenhagen.

There has been no audit or review of the quarterly report. The accounting policies are unchanged compared to the annual report for 2007, and reference is made to the annual report for more specific information on the applied accounting policies. The full description of the accounting policies is included in the annual report for 2007.

Accounting estimates

On preparing quarterly reports it is required that the management is making accounting estimates, that are influencing the accounting policies and assets, liabilities, earnings and costs in that context. The actual results may deviate from these estimates.

On the preparation of aggregated quarterly reports, the material estimates made by the management, and the material estimated uncertainty combined, are identical to the estimates made for the annual report of 31 December 2007.

Statement by the management

Today the board of directors and the management have reviewed and approved the half year financial report for the period 1 January – 30 June 2008 for Topsil Semiconductor Materials A/S.

The unaudited half year financial report has been presented in accordance with the provisions of recognition and measurement of the International Financial Reporting Standards as adopted by the European Union as well as Danish disclosure requirements for reporting of listed companies.

We consider the accounting policies applied expedient for the interim report to provide a true and fair view of the company's assets, liabilities and financial position as at 30 June 2008 and of the results of its activities and cash flows for the period 1 January – 30 June 2008.

We consider the management report to provide a true and fair view of the development of the company's activities and financial standing, the results of the period, and the company's financial position as a whole, and a true and fair description of material risks and uncertainties, that the company are facing.

Frederikssund, 21 August 2008
Management:

Keld Lindegaard Andersen
CEO

Jørgen Bødker
VP Sales and Marketing

Board of Directors:

Jens Borelli-Kjær
Chairman

Eivind Dam Jensen
Vice-Chairman

Jørgen Frost
Member of the Board

Ole C. Andersen
Member of the Board

Trine Schønnemann
Staff Representative

Ole Sinkjær Andersen
Staff Representative

HALF YEAR FINANCIAL REPORT 2008

Page 4 of 10

Income statement at 1 January – 30 June

'000	2 quarter 2008	2 quarter 2007	2008 Jan.-June	2007 Jan.- June	2007 Jan.-Dec
Net turnover	61,859	43,118	127,851	84,049	193,231
Direct costs	(27,897)	(12,623)	(57,977)	(25,262)	(70,122)
Other external expenses and staff costs	(19,088)	(15,490)	(36,558)	(29,809)	(65,189)
Depreciation and amortisation	(1,497)	(1,440)	(2,932)	(2,773)	(5,827)
Operating profit/loss (EBIT)	13,377	13,565	30,384	26,205	52,093
Financial items, net	1,048	(484)	(2,400)	(812)	(4,016)
Profit/loss before tax	14,425	13,081	27,984	25,393	48,077
Tax on the profit for the period	(3,895)	(3,679)	(7,556)	(7,125)	(13,210)
Net profit/loss for the period	10,530	9,402	20,428	18,268	34,867

HALF YEAR FINANCIAL REPORT 2008

Balance sheet as at 30 June

Assets

'000	2008	2007	31.12.2007
Completed development projects	10,983	13,539	12,168
Patents	6	17	11
Development projects in progress	2,283	4,204	1,504
Intangible assets	13,272	17,760	13,683
Plant and machinery	21,171	21,434	22,023
Other fixtures and fittings, tools and equipment	3,111	1,659	2,597
Tangible assets under construction	3,480	4,121	2,910
Tangible assets	27,762	27,214	27,530
Participating assets in subsidiaries	0	1,526	0
Other long-term debtors*	47,009	64,635	52,206
Financial assets	47,009	66,161	52,206
Deferred tax	0	126	0
Non-current assets	88,043	111,261	93,419
Inventories	40,390	37,780	47,001
Receivables	30,641	20,781	37,563
Prepayments	1,252	1,892	1,094
Receivables	31,893	22,673	38,657
Cash	55,532	11,774	37,770
Current assets	127,815	72,227	123,428
Assets	215,858	183,488	216,847

* Other long-term debtors include the deposit made as collateral security for the raw material contract, USD 7.5m.

HALF YEAR FINANCIAL REPORT 2008

Balance sheet as at 30 June

Liabilities

'000	2008	2007	31.12.2007
Share capital	100,848	99,706	99,706
Retained profit/loss	69,053	30,885	48,510
Share-based payment reserve	835	606	1,111
Reserve for market value adjustment	0	1,026	0
Equity capital	170,736	132,223	149,327
Amounts owed to credit institutions	0	0	0
Financial lease commitments	0	0	0
Payments received on accounts from customers	11,047	13,941	12,090
Deferred tax liabilities	0	0	2,261
Long-term liabilities	11,047	13,941	14,351
Amounts owed to credit institutions	0	0	0
Financial lease commitments	0	0	0
Trade creditors	9,402	21,956	29,572
Amounts owed to subsidiaries	0	1,526	0
Corporation tax payable	2,515	0	3,698
Provisions	232	0	232
Other payments	21,926	13,842	19,667
Short-term liabilities	34,075	37,324	53,169
Total liabilities	45,122	51,265	67,520
Liabilities	215,858	183,488	216,847

The share capital consists of 403,391,670 shares of nom. DKK 0.25. The shares are not split into classes.

Statement of changes in the equity capital

'000	Share capital	Reserve for market value adjustment of financial assets available for sale	Share-based payment reserve	Reserve for market value adjustment of hedging instruments	Retained profit	Total equity capital
Equity capital as at 31.12.2006	98,288	1,026	686	17	11,062	111,079
Equity capital as at 01.01.2007	98,288	1,026	686	17	11,062	111,079
Market value adjustment of financial instruments acquired to hedge future cash flows	0	0	0	(17)	0	(17)
Net income recognised directly in equity	0	0	0	(17)	0	(17)
Profit for the period	0	0	0	0	18,268	18,268
Total recognised income and expenses	0	0	0	(17)	18,268	18,251
Share-based payment allotted in the period	0	0	278	0	0	278
Share-based payment, subscription options exercised	0	0	(358)	0	358	0
Employee share plan	0	0	0	0	1,042	1,042
Cash capital increase	1,418	0	0	0	0	1,418
Premium on increase of capital	0	0	0	0	155	155
Egenkapital 30.06.2007	99,706	1,026	606	0	30,885	132,223
Equity capital as at 01.07.2007	99,706	1,026	606	0	30,885	132,223
Market value adjustment of participating interests	0	(1,026)	0	0	1,026	0
Net income recognised directly in equity	0	(1,026)	0	0	1,026	0
Profit for the period	0	0	0	0	16,599	16,599
Total recognised income and expenses	0	(1,026)	0	0	17,625	16,599
Share-based payment	0	0	505	0	0	505
Equity capital as at 31.12.2007	99,706	0	1,111	0	48,510	149,327
Equity capital as at 01.01.2008	99,706	0	1,111	0	48,510	149,327
Profit for the period	0	0	0	0	20,428	20,428
Total recognised income and expenses	0	0	0	0	20,428	20,428
Share-based payment allotted in the period	0	0	445	0	0	445
Share-based payment, subscription options exercised	0	0	(394)	0	0	(394)
Lapsed unexercised subscription options	0	0	(327)	0	0	(327)
Cash capital increase	1,142	0	0	0	0	1,142
Premium on increase of capital	0	0	0	0	115	115
Equity capital as at 30.06.2008	100,848	0	835	0	69,053	170,736

HALF YEAR FINANCIAL REPORT 2008

Cash-flow statement for the first six months

'000	2008	2007
Operating profit/loss (EBIT)	30,384	26,205
Adjustments	(1,355)	5,650
Working capital changes	(383)	(21,211)
Cash flows from primary operations	28,646	10,644
Tax on account	(11,000)	0
Financial income received	1,732	1,643
Financial expenses paid	(121)	(2,455)
Cash flows from operations	19,257	9,832
Acquisition of tangible and intangible assets	(2,752)	(8,480)
Cash flows from investments	(2,752)	(8,480)
Capital increase	1,257	0
Repayment of debts	0	(14,422)
Cash flows from financing	1,257	(14,422)
Change in cash and cash equivalents	17,762	(13,070)
Cash and cash equivalents at 1/1	37,770	24,844
Cash and cash equivalents at 30/6	55,532	11,774

HALF YEAR FINANCIAL REPORT 2008



Announcements to OMX Nordic Exchange Copenhagen 1 January 2008 to date:

Date	Announcement
28.02	Preliminary announcement of annual report 2007
29.02	Capital increase due to exercise of warrants
29.02	Exercise of warrants
19.03	Notice convening annual general meeting
25.03	Annual Report 2007
02.04	Summary of annual general meeting
03.04	Notice convening extraordinary general meeting
14.04	Summary of extraordinary general meeting
07.05	Quarterly report, 1 quarter 2008
15.05	Report on insider transactions
22.05	Report on insider transactions
23.05	Report on insider transactions
09.06	Report on insider transactions
14.07	Topsil submits bid to buy the Polish company Cemat-Silicon S.A.

Financial calendar 2008

Date	Announcement	Silent periods
30.10	Quarterly report – 3 quarter 2008	02.10.08 – 30.10.08

Further information

Questions to the stock exchange announcements may be directed to:
Mr. Jens Borelli-Kjær, Chairman, tel. +45 40 16 14 82
Mr. Keld Lindegaard Andersen, Managing Director, tel. +45 21 70 87 72

Please note that this translation is provided for convenience only. The Danish version shall prevail in case of discrepancies.

HALF YEAR FINANCIAL REPORT 2008