

STOCK EXCHANGE ANNOUNCEMENT no. 11/09

Interim report for the three months ended 31 March 2009

The Board of Directors of Topsil Semiconductor Materials A/S has today considered and adopted the interim report for the three months ended 31 March 2009. Highlights of the interim report, which is unaudited:

Summary

- The group's revenue increased by 49% in the three months ended 31 March 2009 to DKK 98.6m from DKK 66.0m in the year-earlier period. DKK 14.0m of the increase is attributable to revenue in Cemat Silicon S.A., which was acquired in October 2008.
- There is still high demand for the group's FZ based products from present as well as potential customers, although a few customers have downgraded their forecasts. The market for CZ silicon is still materially affected by the economic recession in the electronics and semiconductor industries; however, Cemat Silicon S.A.'s order book is now showing an upward trend.
- Operating profit was DKK 23.5m against DKK 17.0m in 2008.
- Profit before tax of the group was DKK 22.3m and profit after tax DKK 14.1m in the three months ended 31 March 2009 against a profit before tax of DKK 13.6m and a profit after tax of DKK 9.9m in the year-earlier period.
- Revenue and profit are at anticipated levels.
- At 31 March 2009 the total assets amounted to DKK 504.3m, and the solvency ratio stood at 47.4% against DKK 503.9m and 49.5% respectively at the beginning of the year.
- During the first three months of 2009 the group had positive cash flows of DKK 21.5m due to cash inflows from operating activities.

Outlook

- The group maintains its expectations for revenue in 2009 of DKK 430-450m, a profit margin of about 18%, and profit before tax of DKK 65-75m.

Further information

Please direct any questions regarding this announcement to:
Jens Borelli-Kjær, Chairman, tel. +45 40 16 14 82
Keld Lindegaard Andersen, CEO, tel. +45 21 70 87 72

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Management Report

Key figures and financial ratios (unaudited):

DKK '000	Q1 2009	Q1 2008	2008 Jan. - Dec.
Revenue	98,597	65,992	289,402
Operating profit (EBIT)	23,457	17,007	64,154
Financial items, net	(1,190)	(3,448)	(2,085)
Net profit for the period after tax	14,070	9,898	45,865
Capital employed	230,234	93,531	260,454
Net working capital	44,221	52,054	62,509
Equity	239,240	160,629	249,246
Total assets	504,256	211,973	503,875
Expenditure on property, plant and equipment	9,857	1,347	8,058
Net interest-bearing debt	9,756	(80,406)	35,922
Cash earnings	25,989	11,480	54,063
Average number of full-time employees	401	81	140
Current number of shares (thousands)	403,392	403,392	403,392
Diluted number of shares (thousands)	408,823	409,254	408,823
Ratios			
Profit margin (%)	23.8	25.8	22.2
Return on capital employed (%)	14.5	25.4	38.4
Return on equity (%)	7.0	7.0	23.0
Gearing	0.0	(0.50)	0.1
Revenue/capital employed	0.4	0.7	1.1

Comments on the financial results for the three months ended 31 March 2009

Developments in operations and financial position

Financial results

The group's revenue was DKK 98.6m for the three months ended 31 March 2009 against DKK 66.0m in the same period of 2008, corresponding to an increase of 49.4%. The revenue growth of approx. DKK 32.6m can be ascribed to three factors. The operations of the Polish subsidiaries acquired in October 2008, contributed revenue of DKK 14.0m of the revenue growth, whereas higher volumes combined with a better product mix resulted in revenue growth of DKK 18.6m compared to the year-earlier period.

The group's contribution margin for the three months ended 31 March 2009 was at the same level as the year-earlier period and for 2008 as a whole despite the recognition of the Polish activities, which adversely affected the operating profit. The group's contribution margin can be maintained due to the positive trend in the parent company's operations as a result of increased efficiency and volumes compared to the year-earlier period.

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Operating profit (EBIT) for the three months ended 31 March 2009 was DKK 23.5m corresponding to a profit margin of 23.8% against DKK 17.0m and a profit margin of 25.8% in the same period of 2008. The effect on EBIT of the Polish activities is a loss of DKK 6.7m.

Financial items for the three months ended 31 March 2009 amounted to a cost of DKK 1.2m against a cost of DKK 3.4m in the year-earlier period.

Profit before tax of the group for the three months ended 31 March 2009 was DKK 22.3m and profit after tax DKK 14.1m against a profit before tax of DKK 13.6m and a profit after tax of DKK 9.9m in the year-earlier period.

The Board of Directors and Management consider the interim results for the three months ended 31 March 2009 satisfactory and in line with expectations despite the adverse effect of the Polish activities.

Balance sheet

The total assets at 31 March 2009 amounted to DKK 504.3m, which was an improvement of DKK 292.3m compared to the year-earlier period. The marked increase is primarily due to acquisition of the Polish companies in October 2008. Cemat70 S.A. is entered in the group accounts, as Topsil has an ownership interest of 53% via its subsidiary Cemat Silicon S.A.

Since the beginning of the financial year the net working capital has been reduced by DKK 18.3m to DKK 44.2m attributable to a reduction of receivables, whereas the value of inventories and trade creditors increased.

At 31 March 2009 the net interest-bearing debt amounted to DKK 9.8m against DKK 35.9m at the beginning of the year.

Equity at 31 March 2009 stood at DKK 239.4m against DKK 249.2m at 31 December 2008. The reduction in equity was due to the fact that the Polish subsidiaries were recognised at a lower value (DKK 23.4m) than was the case at the beginning of the year, as a result of the Polish currency (PLN) being devalued against Danish kroner. At 31 March 2009 equity made up 47.2% of the total assets against 49.5% at the beginning of the year.

Cash flows and cash and cash equivalents

During the first three months of 2009 the group had cash inflows of DKK 21.5m, mainly due to positive cash flows from operating activities. At the end of the period cash and cash equivalents amounted to DKK 83.0m, of which the company Cemat 70 S.A. owns DKK 53.0m. Topsil Semiconductor Materials A/S has a controlling interest in this company via an ownership interest of 53%.

Continually satisfactory demand for FZ silicon

There is still good demand for the group's FZ based products from present and potential customers. This is confirmed by the fact that Topsil's backlog of orders for FZ based products for delivery in 2009 is still high. A few customers have adjusted their forecasts; however, the Board of Directors and Management believe that most of the postponed products may be allocated to other customers, who are still showing great interest in the group's FZ based products.

The market for CZ silicon is still strongly affected by the macroeconomic situation, which has led to a marked slowdown in sales of the CZ based products produced by the group's Polish company, Cemat Silicon S.A. This is reflected by the fact that Cemat Silicon S.A.'s order book is still at a modest level, which is substantially below the year-earlier level, although an upward trend is observed in the beginning of the second quarter of 2009.

Focus on optimisation and efficiency

The parent company Topsil is still focusing on optimisation of internal processes in the day-to-day operations and implementation of a number of initiatives and activities with a view to establishing the framework for a higher production volume.

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Cemat Silicon S.A. is working intensively at adapting capacity to demand and speeding up activities to secure that wafering of the parent company's products can be made at Cemat. As part of the capacity and restructuring plan initiated, the number of employees in Cemat Silicon S.A. will be reduced by about 60 employees during the first 6 months of 2009. In order to compose a marked niche product portfolio, and thereby strengthen the overall business, a major part of the Polish product range will be reorganised, and new production processes will be introduced to be correlated with the processes in Topsil. The work is expected to continue in 2009/2010.

Special financial risks

The group does not use derivative financial instruments to hedge currency risks. Instead, the group uses commercial hedging by balancing currency inflow and outflow. The group's most important currency is USD, which makes up about 50% of total cash flows. Moreover, the group has provided substantial cash security in USD to uphold the raw materials agreement (2007-2012). A currency fluctuation in USD/DKK of +/-DKK 0.50 would affect the group's results before tax by about DKK +/-4.3m.

During the first three months of 2009 the group recognised an unrealised capital loss in income statement of DKK 1.0m. In the period the group incurred an unrealised capital loss of DKK 0.5m relating to collateral security for the raw materials contract which runs up until 2012, and the group incurred an unrealised capital loss of DKK 2.0m due to a loan raised in Japanese yen.

Events after the balance sheet date

Annual general meeting

The annual general meeting of the parent company was held on 29 April 2009. The decisions adopted at the annual general meeting were published immediately after the general meeting and may be found from the parent company's website.

The annual general meeting reelected the board members Jens Borelli-Kjær, Eivind Dam Jensen, Jørgen Frost and Ole Christian Andersen. At a subsequent constituent board meeting the Board appointed Jens Borelli-Kjær chairman and Eivind Dam Jensen vice-chairman of the Board.

The general meeting unanimously reappointed Deloitte to be the auditor of the company.

Outlook

Based on the developments in the first three months of 2009 the group maintains its forecast announced in the annual report for 2008 of revenue for 2009 of DKK 430-450m, a profit margin of about 18% and a profit before tax of DKK 65-75m. The expectations are based on a dollar exchange rate of DKK 600/USD 100.

Accounting policies

The interim report has been presented in accordance with the current provisions of recognition and measurement of the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies, cf. IFRS 34 "Interim Financial Reporting", issued in compliance with the Danish Financial Statements Act and the guidelines of NASDAQ OMX Copenhagen.

The interim report is unaudited and unreviewed. The accounting policies are consistent with those applied to the annual report for 2008, and reference is made to the annual report for more detailed information on the accounting policies applied. A full description of the accounting policies is contained in the annual report for 2008.

Judgments and estimates

The preparation of interim reports requires management to make accounting judgments and estimates that affect the use of accounting policies and recognised assets, liabilities, income and expenses. Actual results may differ from these estimates.



The most significant estimates made by management when using the group's accounting policies and the most significant judgment uncertainty attached thereto are the same for the preparation of the summarised interim report as for the preparation of the annual report for 2008.

Statement by the Board of Directors and Management

The Board of Directors and Management have today considered and adopted the interim report for the three months ended 31 March 2009 of Topsil Semiconductor Materials A/S.

The interim report, which is unaudited, is presented in accordance with the current recognition and measurement provisions of the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish interim financial reporting requirements for listed companies.

We consider the accounting policies to be appropriate to the effect that the interim report gives a true and fair view of the group's assets, liabilities and financial position at 31 March 2009 and of the results of the group's operations and cash flows for the three months ended 31 March 2009.

In our opinion, the management report gives a true and fair view of developments in the activities and financial position of the group, the results for the period and of the group's financial position in general and gives a fair description of significant risk and uncertainty factors that may affect the group.

Frederikssund, 25 May 2009

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
Employee Representative

Leif Jensen
Employee Representative

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Income statement at 1 January – 31 March

DKK '000	Q1 2009	Q1 2008	2008 Jan.-Dec.
Revenue	98,597	65,992	289,402
Direct production costs	(42,767)	(30,080)	(124,097)
Other external expenses and staff costs	(28,021)	(17,470)	(93,080)
Depreciation, amortisation and impairment	(4,352)	(1,435)	(8,071)
Operating profit (EBIT)	23,457	17,007	64,154
Financial items, net	(1,190)	(3,448)	(2,085)
Profit before tax	22,267	13,559	62,069
Tax on the profit for the period	(8,197)	(3,661)	(16,204)
Net profit for the period	14,070	9,898	45,865

Distribution of profit for the period:			
Parent company shareholders	14,137	9,898	46,044
Minority interests	(67)	0	(179)
	14,070	9,898	45,865

Statement of comprehensive income Group

DKK '000	Q1 2009	Q1 2008	31.12.2008
Profit for the period	14,070	9,898	45,865
Foreign exchange adjustment relating to foreign companies	(23,404)	0	(17,706)
Comprehensive income for the period	(9,334)	9,898	28,159

Distribution of comprehensive income			
Parent company shareholders	(1,222)	9,898	37,518
Minority interests	(8,112)	0	(9,359)
	(9,334)	9,898	28,159

Earnings per share:

	Q1 2009	Q1 2008	31.12.2008
Return for the group's shareholders (DKK '000)	14,137	9,898	46,044
Average number of shares (thousands)	403,392	403,392	403,011
Average number of shares, diluted (thousands)	408,823	409,254	408,442
Earnings per share (DKK)	0.04	0.02	0.11
Diluted earnings per share (DKK)	0.03	0.02	0.11

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Balance sheet as at 31 March

Assets

DKK '000	2009	2008	31.12.2008
Completed development projects	11,161	11,576	11,720
Goodwill	15,701	0	17,758
Right of use	14,695	0	15,510
Other intangible assets	0	8	1,317
Development projects in progress	1,139	1,855	638
Intangible assets	42,696	13,439	46,943
Buildings	51,252	0	59,038
Plant and machinery	73,518	21,649	81,598
Other fixtures and fittings, tools and equipment	2,524	3,126	3,597
Property, plant and equipment under construction	16,023	3,263	6,769
Tangible assets	143,317	28,038	151,002
Other non-current receivables*	68,937	47,737	66,694
Financial assets	68,937	47,737	66,694
Non-current assets	254,950	89,214	264,639
Inventories	94,489	40,573	85,310
Receivables	54,364	44,323	65,262
Other receivables	16,615	0	20,152
Prepaid tax	0	3,641	0
Prepayments	825	1,553	358
Receivables	71,804	49,517	85,772
Cash and cash equivalents	83,013	32,669	68,154
Current assets	249,306	122,759	239,236
Total assets	504,256	211,973	503,875

* Other non-current receivables include the deposit made as collateral security for raw materials contracts.

Balance sheet as at 31 March

Equity and liabilities

DKK '000	2009	2008	31.12.2008
Share capital*	100,848	100,848	100,848
Translation reserve	(33,054)	0	(17,706)
Reserve for share-based payments	975	1,258	844
Retained earnings	109,133	58,523	95,063
Equity attributable to parent company shareholders	177,902	160,629	179,049
Equity attributable to minority interests	61,338	0	70,197
Equity	239,240	160,629	249,246
Debt to credit institutions	115,734	0	116,076
Finance lease liabilities	379	0	614
Prepayments received on account from customers	10,681	11,047	10,548
Other non-current liabilities	1,216	0	1,845
Deferred tax liabilities	14,934	2,261	16,973
Non-current liabilities	143,062	13,308	146,056
Debt to credit institutions	30,448	0	39,793
Finance lease liabilities	248	0	191
Trade creditors	32,380	15,700	31,958
Prepayments received on account from customers	3,810	0	3,659
Income tax payable	12,280	0	4,046
Provisions	962	232	962
Other payables	41,944	22,104	27,964
Current liabilities	122,072	38,036	108,573
Total liabilities	265,016	51,344	254,629
Equity and liabilities	504,256	211,973	503,875

* The share capital consists of 403,391,670 shares with a nominal value of DKK 0.25 each. The company has one class of shares.

Statement of changes in equity

DKK '000

	Share capital	Translation reserve	Reserve for share-based payments	Retained earnings	Total equity
Equity as at 01.01.09 attributable to parent company shareholders	100,848	(17,706)	844	95,063	179,049
Equity as at 01.01.09 attributable to minority interests	0	0	0	70,197	70,197
Equity as at 01.01.09	100,848	(17,706)	844	165,260	249,246
Share-based payment	0	0	131	0	131
Acquisition of minority interest shares	0	0	0	(803)	(803)
Comprehensive income for the period	0	(23,404)	0	14,070	(9,334)
Equity as at 31.03.09	100,848	(41,110)	975	178,527	239,240

DKK '000

	Share capital	Translation reserve	Reserve for share-based payments	Retained earnings	Total equity
Equity as at 01.01.08	99,706	0	1,111	48,510	149,327
Share-based payments	0	0	147	0	147
Cash capital increase	1,142	0	0	0	1,142
Share premium on capital increase	0	0	0	115	115
Comprehensive income for the period	0	0	0	9,898	9,898
Equity as at 31.03.08	100,848	0	1,258	58,523	160,629

Cash-flow statement the three months ended 31 March 2009

DKK '000	2009	2008
Operating profit (EBIT)	23,457	17,007
Depreciation, amortisation and impairment	4,375	1,435
Foreign exchange adjustment of results of subsidiary	350	0
Share-based payment recognised in the income statement	131	147
Change in net working capital	12,258	(8,801)
Cash flows from operating activities	40,571	9,788
Tax paid on account	(518)	(11,000)
Financial income received	1,319	810
Financial expenses paid	(2,509)	(4,258)
Cash flows from operating activities	38,863	(4,660)
Acquisition of intangible assets	(501)	(351)
Acquisition of property, plant and equipment	(9,857)	(1,347)
Cash flows from investing activities	(10,358)	(1,698)
Capital increase	0	1,257
Acquisition of minority interest in subsidiary	(803)	0
Repayment of debts	(6,185)	0
Cash flows from financing activities	(6,988)	1,257
Change in cash and cash equivalents	21,518	(5,101)
Cash and cash equivalents at 1 January	68,154	37,770
Market value adjustment of cash and cash equivalents	(6,659)	0
Cash and cash equivalents at 31 March	83,013	32,669



List of announcements to NASDAQ OMX Copenhagen 1 January 2009 to date:

Date	No.	Announcement
24 March 2009	01/09	Full year profit announcement 2008
30 March 2009	02/09	Capital increase due to exercise of warrants
01 April 2009	03/09	Report on insider transaction
01 April 2009	04/09	Amendment of Articles of Association
03 April 2009	05/09	Capital increase - correction
20 April 2009		Annual report 2008
20 April 2009	06/09	Notice of annual general meeting 2009
30 April 2009	07/09	Resolutions of annual general meeting 2009
01 May 2009	08/09	Notice of extraordinary general meeting 2009
14 May 2009	09/09	Resolutions of extraordinary general meeting 2009
15 May 2009	10/09	Amendment of Articles of Association

Financial calendar 2009

Date	Announcement	Silent period
20.08	Interim report – H1 2009	23.07.09 - 20.08.09
12.11	Interim report – Q3 2009	15.10.09 - 12.11.09

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

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