

Københavns Fondsbørs
Nikolaj Plads 6
1067 København K

02.05.2007

STOCK EXCHANGE ANNOUNCEMENT No. 14/07

Quarterly report – 1st quarter 2007

Comments on the results for the first three months of 2007

- The company's net turnover increased in the first quarter of 2007 by 6% to DKK 40.9m from DKK 38.7m in the first quarter of 2006.
- Operating profit was DKK 12.6m against DKK 6.5m in 2006.
- In the first quarter of 2007 the company made a profit after tax of DKK 8.9m against a profit after tax of DKK 4.2m in the same period of 2006.
- The turnover and result of the period are still positively affected by high prices on the world market for polysilicon and silicon.
- The result of the period is positively affected by the fact, that it is still possible for the company to sell the scrap product "remelt", at higher prices than earlier as a result of the general shortage of polysilicon on the global market and, especially, in the solar cell industry.
- The most important currency of the company is USD, and the company has recognised an unrealised exchange rate loss of DKK 0.9m in the profit and loss account in the period.

Capital increase

- The company's equity capital is positively affected by net DKK 1.6m, and the share capital by DKK 1.4m, due to capital increases in February and March 2007 in connection with the management's exercise of warrants and subscription of employee shares.

Expected future development

- The company maintains its expectations for a turnover in 2007 of DKK 180-200m.
- The company adjusts expectations for the profit before tax from DKK 35-40m to DKK 40-50m, as the development in prices, and the company's possibilities to earn high margins on a number of products and customers, have been more favourable than originally expected.
- The expectations to the net turnover for 2007 are based on the production output being approximately 20% higher than in 2006. However, in the first quarter of 2007 it has turned out to be more difficult attracting new customers, and at present the order book is lower than originally anticipated.

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The (unaudited) main figures are given below:

| DKK '000 | 2007 | 2006 |
|---|------------|-------------|
| | Jan.-March | Jan.- March |
| Net turnover | 40,931 | 38,705 |
| Operating profit/loss (EBIT) | 12,640 | 6,469 |
| Result after financial items | (328) | (575) |
| Net profit/loss for the period before tax | 12,312 | 5,894 |
| Net profit/loss for the period after tax | 8,866 | 4,239 |
| Equity end of period | 122,714 | 54,492 |
| Balance sheet total | 200,066 | 99,790 |
| Investments in intangible and tangible assets | 4,150 | 1,329 |
| Average number of full-time employees | 66 | 65 |
| Ratios | | |
| Profit margin (%) | 30.9 | 16.7 |
| Return on equity after tax (%) | 10.5 | 11.2 |

Comments on the results for the first three months of 2007

Development in activities and financial matters

The company's net turnover was DKK 40.9m in the first quarter of 2007 against DKK 38.7m in the same period of 2006, corresponding to an increase of 6%.

Operating profit was DKK 12.6m in the period against DKK 6.5m in the same period of 2006.

In the first quarter of 2007 the company made a profit after tax of DKK 8.9m against a profit after tax of DKK 4.2m in the same period of 2006.

The turnover and result of the period are still positively affected by high prices on the world market for polysilicon and silicon.

The result of the period is positively affected by the fact, that it is still possible for the company to sell the scrap product "remelt", at higher prices than earlier as a result of the general shortage of polysilicon on the global market and, especially, in the solar cell industry.

In this quarter the company has continued its focused efforts to improve the flow of goods and its administrative processes. In the "Operations" area the goal is to reduce lead-times and expand capacity in order to increase the production output, reduce costs and reduce waste and goods in process. The company has still high expectations for the results of this integration and streamlining of correlated processes. The project is developing satisfactorily, but the pace is slower than originally expected.

Material financial risks

Currency exposures

The company does not use derivatives to hedge currency exposures. Instead the company uses commercial hedging by balancing the currency inflow and outflow. The most important currency of the company is USD, which makes up about 65% of the total cash flow. Moreover, the company has provided

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substantial cash security in USD to uphold the raw material contract (2007-2012). A currency fluctuation in USD/DKK of DKK +/- 0.50 will mean a currency exposure of about DKK +/- 5.7m.

In the first quarter the company recognised an unrealised exchange rate loss of DKK 0.9m in the profit and loss account.

Cash flow

In the first quarter of 2007 the company has had a significantly positive cash flow and still has a strong financial position.

Adjudication from the National Tax Tribunal

It was announced in the annual report for 2006 that the company had a dispute with the Danish tax authorities concerning assessment of the company's tax return for 2004. The case was appealed to the National Tax Tribunal, and in case of a negative outcome the company's tax asset should be reduced by approx. DKK 1.1m. In an adjudication of 13 April 2007 the National Tax Tribunal sustained the appeal. The outcome of the decision was expected, so it will not affect the profit and loss account or the equity of the company.

Expected future development

The company maintains its expectations for a turnover in 2007 of DKK 180-200m.

The expectations to the net turnover for 2007 are based on the production output being approximately 20% higher than in 2006. However, in the first quarter of 2007 it has turned out to be more difficult attracting new customers, and at present the order book is lower than originally anticipated.

The company adjusts expectations for the profit before tax from DKK 35-40m to DKK 40-50m, as the development in prices, and the company's possibilities to earn high margins on a number of products and customers, have been more favourable than originally expected.

At present the company expects to use a lower quantity of polysilicon and sell a lower quantity of silicon in 2007 than earlier expected. This is due to three factors: the high price level in combination with Topsil's focusing on income rather than growth, late delivery of new raw materials in the beginning of 2007, and long product qualification processes with new customers.

To the extent that the initiated production optimisation project will improve the lead-time, as anticipated, and lead to a better utilisation of the raw materials, this may imply that besides the lower consumption of raw materials in 2007, Topsil may step into 2008 with a higher quantity of raw materials than earlier expected. This means a potential up-side or risk depending on development in prices and customers in the coming 12 months.

The company expects that prices in the float zone market, and of the company's products, will remain at a high level in 2007 and 2008.

The float zone market is changing in several areas. A number of very big float zone customers are cooperating with the big silicon manufacturers to shift products to czochralski (CZ) silicon, that can substitute present products based on float zone-silicon. Topsil expects that the companies will succeed implementing this switchover, which may lead to a reduction of the total float-zone market in the coming years. At present Topsil has no appreciable trade with these very big customers, and therefore expects no negative impact on the short or medium term.

In the coming years Topsil will work at attracting new customers in Topsil's core segments, i.e. small and medium sized silicon consumers, as well as individual new multinational customers who have an advantage of producing their products on float zone-silicon.

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Taken together it is concluded that Topsil's float-zone niche with focus on high resistivity products with high margins is strengthened, but the market and customer segments are at present undergoing substantial changes, as some of the customers are leaving the segment, whereas others in short or medium term are becoming more dependent on sole distributors.

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. The accounting policies are unchanged compared to the annual report for 2006, and reference is made to the annual report for more specific information on the applied accounting policies.

Statement by the management

Today the board of directors and the management have reviewed and approved the interim report for the period 1 January – 31 March 2007 for Topsil Semiconductor Materials A/S.

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.

We consider the accounting policies applied expedient for the quarterly report to provide a true and fair view of the company's assets, liabilities and financial position as at 31 March 2007 and of the results of its activities and cash flows for the period 1 January – 31 March 2007.

Frederikssund, 2 May 2007

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

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Income statement at 1 January – 31 March 2007

(unaudited)

DKK '000

| | 2007 | 2006 |
|---|---------------|--------------|
| Net turnover | 40,931 | 38,705 |
| Direct costs | (12,639) | (18,311) |
| Other external expenses and staff costs | (14,319) | (12,716) |
| Depreciation and amortisation | (1,333) | (1,209) |
| Operating profit/loss (EBIT) | 12,640 | 6,469 |
| Financial items, net | (328) | (575) |
| Profit/loss before tax | 12,312 | 5,894 |
| Tax on the profit for the period | (3,446) | (1,655) |
| Net profit/loss for the period | 8,866 | 4,239 |

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Balance sheet as at 31 March 2007

Assets

| '000 | 2007 | 2006 |
|--|----------------|---------------|
| Completed development projects | 14,291 | 17,362 |
| Patents | 20 | 31 |
| Development projects in progress | 3,597 | 0 |
| Intangible assets | 17,908 | 17,393 |
| Plant and machinery | 19,544 | 19,465 |
| Other fixtures and fittings, tools and equipment | 773 | 698 |
| Tangible assets under construction | 3,859 | 1,370 |
| Tangible assets | 24,176 | 21,533 |
| Participating interest in subsidiaries | 1,526 | 1,526 |
| Other debtors* | 61,873 | 4,250 |
| Financial assets | 63,399 | 5,776 |
| Deferred tax | 3,806 | 6,530 |
| Non-current assets | 109,289 | 51,232 |
| Inventories | 30,098 | 19,317 |
| Receivables | 31,972 | 12,311 |
| Prepayments | 1,799 | 808 |
| Receivables | 33,771 | 13,119 |
| Cash | 26,908 | 16,122 |
| Current assets | 90,777 | 48,558 |
| Assets | 200,066 | 99,790 |

* Other debtors at 31 March 2007 include the deposit made as collateral security for the raw material contract, USD 7.5m.

Balance sheet as at 31 March 2007

Liabilities

| '000 | 2007 | 2006 |
|---|----------------|---------------|
| Share capital | 99,706 | 65,525 |
| Retained profit/loss | 19,928 | (12,556) |
| Share-based payment reserve | 1,894 | 497 |
| Reserve for market value adjustment | 1,031 | 1,026 |
| Issue premium | 155 | 0 |
| Equity | 122,714 | 54,492 |
| Amounts owed to credit institutions | 6,409 | 7,917 |
| Financial lease commitments | 4,675 | 5,825 |
| Payments received on account from customers | 14,634 | 0 |
| Long-term liabilities | 25,718 | 13,739 |
| Amounts owed to credit institutions | 1,508 | 1,508 |
| Financial lease commitments | 1,150 | 1,188 |
| Trade creditors | 28,455 | 17,340 |
| Amounts owed to subsidiaries | 1,526 | 1,551 |
| Other payables | 18,995 | 9,972 |
| Short-term liabilities | 51,634 | 31,559 |
| Total liabilities | 77,352 | 45,298 |
| Liabilities | 200,066 | 99,790 |
| Explanation of the composition of equity: | | |
| Equity 1/1 | 111,079 | 50,256 |
| Profit of the period | 8,866 | 4,239 |
| Share-based payment reserve | 1,208 | 0 |
| Reserve for market value adjustment of collateral instruments | (12) | 0 |
| Capital increases | 1,573 | 0 |
| Equity 31/3 | 122,714 | 54,492 |

The share capital consists of 398,822,609 shares of nom. DKK 0.25. The shares are not split into classes.

Cash flow statement for the first three months

| '000 | 2007 | 2006 |
|---|----------------|----------------|
| Operating profit/loss (EBIT) | 12,640 | 6,469 |
| Adjustments | 3,912 | 2,093 |
| Working capital changes | (10,209) | (3,907) |
| Cash flows from primary operations | 6,343 | 4,655 |
| Financial income received | 815 | 123 |
| Financial expenses paid | (264) | (698) |
| Cash flows from operations | 6,894 | 4,080 |
| Acquisition of tangible and intangible assets | (4,150) | (1,329) |
| Cash flows from investments | (4,150) | (1,329) |
| Repayment of debts | (680) | (8,573) |
| Cash flows from financing | (680) | (8,573) |
| Change in cash and cash equivalents | 2,064 | (5,822) |
| Cash and cash equivalents at 1/1 | 24,844 | 21,944 |
| Cash and cash equivalents at 31/3 | 26,908 | 16,122 |

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Announcements to the Copenhagen Stock Exchange 1 January 2007 to date:

| Date | Announcement |
|-------|---|
| 21.02 | Preliminary announcement of annual report 2006 |
| 22.02 | Capital increase due to exercise of warrants |
| 22.02 | Reporting on insider transactions |
| 27.02 | Reporting on insider transactions |
| 02.03 | employee share scheme |
| 15.03 | Election of staff representatives |
| 19.03 | Capital increase due to subscription of employee shares |
| 19.03 | Reporting on insider transactions |
| 20.03 | Notice convening annual general meeting |
| 27.03 | Change in board of directors |
| 28.03 | Summary of the annual general meeting |
| 04.04 | Notice convening extraordinary general meeting |
| 19.04 | Summary of the extraordinary general meeting |

Financial calendar 2007

| Date | Announcement | Doldrums |
|-------|---|---------------------|
| 23.08 | Interim report – 1 st half year 2007 | 26.07.07 – 23.08.07 |
| 25.10 | Quarterly report – 3rd quarter 2007 | 27.09.07 – 25.10.07 |

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 47 36 56 10

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

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