

Copenhagen Stock Exchange
 Nikolaj Plads 6
 DK-1067 Copenhagen K

No. 04/05

ANNOUNCEMENT OF FINANCIAL RESULTS 2004

In a meeting today, the Board of Directors of Topsil Semiconductor Materials A/S has approved the annual accounts for 2004.

Financial highlights (Group)

5 years' key figures, DKK '000	2004	2003	2002	2001	2000
Revenue	115,657	117,651	111,883	132,102	116,787
Operating profit/(loss)	1,996	(15,482)	2,866	2,085	(34,313)
Net financials	(2,787)	(1,141)	2,472	(6,584)	(13,526)
Profit or loss from ordinary activities after tax	(781)	(16,625)	5,350	(4,499)	(33,839)
Net profit/loss for the year	(781)	(16,625)	5,350	(4,499)	(33,839)
Fixed assets	37,186	44,321	56,020	53,343	66,778
Inventories	*46,361	*48,831	48,584	63,294	58,395
Trade receivables	6,499	18,172	13,086	8,939	29,283
Equity	61,074	62,953	77,164	24,845	28,221
Provisions	0	0	0	1,313	5,758
Long-term liabilities other than provisions	17,804	28,505	26,335	10,750	16,764
Short-term liabilities other than liabilities	34,325	40,227	58,663	110,609	114,859
Balance sheet total	113,203	131,685	162,162	147,517	165,602

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Ratios

Profit margin (%)	1.7	(13.2)	2.6	1.6	(29.4)
Working capital ratio	**221	**217	181	85	86
Return on equity (%)	(1.3)	(23.7)	10.5	(17.0)	(145.4)
Equity ratio (%)	54.0	47.8	47.6	16.8	17.0
Earnings Per Share (EPS)	0.00	(0.06)	0.02	(0.08)	(0.59)
Equity value	0.23	0.24	0.30	0.43	0.50
Quoted price	0.28	0.62	***0.35	1.63	***3.24
Dividends per share	0	0	0	0	0
Price/equity value	1.22	2.58	1.17	3.79	6.48
Average number of staff	84	93	88	92	128

2004 and 2003 comprise the consolidated figures for Topsil International A/S.

* Inventories comprise buildings and machinery identified for sale in 2004, corresponding to approx. DKK 14.2 m. The amount in 2003 was DKK 12.5 m.

** The working capital ratio includes buildings and machinery identified for sale.

*** At the Extraordinary General Meeting on 10 August 2000, the Company changed the denomination of its shares from DKK 100 nominal to DKK 1.00 nominal, and at the Annual General Meeting on 15 May 2002 the denomination was changed from DKK 1.00 nominal to DKK 0.25 nominal.

In 2005 the IFRS will be implemented. However, it is not expected to influence the highlights or ratios.

The accounting policies applied for this annual report are consistent with those applied last year.

Financial review 2004

The Company produces and sells monocrystalline float zone silicon for the electronic and solar cell markets. Production takes place by transforming raw poly silicon into monocrystalline silicon through melting and re-crystallisation.

The Company's revenue for 2004 reached DKK 115.7m compared to DKK 117.6m in 2003, which included approx. 10% revenue from sales of equipment and technology. Accordingly, there has been an actual growth in sales of ingots and wafers of approx. 9.6% in 2004. The volume in the electronic segment has grown by 28%, and the total volume by 55% driven by deliveries to the solar cell market.

Throughout year 2004 the Company delivered solar cell material to SunPower.

The Company's revenue for 2004 has been negatively affected by the falling US dollar rate during 2004 compared to 2003, however, the dollar had only minor impact on the result.

At the end of 2004 the Company has seen a temporary decrease in the order intake. The operating profit for the year was DKK 2.0m against an operating loss of DKK 15.5m in

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2003.

The net loss for the year was DKK 0.8m against a net loss of DKK 16.6m in 2003.

Compared to previous expectations of a small positive net profit before tax for the full year, an adjustment has been made in the 2004 accounts. As announced to the Copenhagen Stock Exchange on 21 January 2005 a settlement of a legal case in January 2005 affected the accounts negatively.

Apart from the impact of this legal case, the Board of Directors and Management consider the results satisfactory and the development in line with the business improvement plan, which was initiated in 2003.

The Board of Directors recommends the Annual General Meeting not to pay dividend for the financial year 2004, and to carry forward the loss to equity.

Consolidated accounts

It has been decided to reactivate the subsidiary Topsil International A/S with the purpose of letting Topsil International A/S handle certain specific activities of the group. In that context the group sold its land and buildings to Topsil International A/S.

IFRS

The Group has decided to prepare the Parent Company and Group accounts in accordance with IFRS as from 2005. A transition to IFRS is not expected to affect profit or equity materially.

Balance

Assets

Throughout year 2004 the balance sheet total decreased DKK 18.5m primarily due to a decrease of fixed assets, accounts receivable and inventories, excl. buildings and machinery for sale.

Liabilities

During 2004 the long-term and short-term interest bearing debt decreased DKK 10.2m in total.

Share Capital

Due to an exercise of warrants the share capital increased DKK 0.7m.

Cash flow

There was a positive cash flow of DKK 1.6m for the full year 2004 compared to a negative cash flow of DKK 12.9m in 2003. This has improved the liquidity position, implying that cash and cash equivalents at year-end 2004 increased to DKK 2.5m against DKK 0.9m in 2003.

Research and development activities

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The Company continues to focus on optimising the production processes and developing new products to meet the demand of the high purity silicon market.

The Company has also continued to further develop high resistivity products, and has a unique position in the communication market.

Under the 3-year PSO/Eltra program (ending 2006) the Company has focused on development activities that will reduce the production price of FZ-silicon for high efficiency solar cells.

The Company is a member of a consortium financially supported by the EU, which carries out research and development of materials for solar cells. The Company's contribution to this project was to develop monocrystalline silicon for solar cells with an efficiency of at least 20%. The project ended 31 December 2004, and the goals for the projects were achieved.

Intellectual capital resources

The Company focuses on further development of its employees, and annual appraisal interviews are held with all the employees. These interviews show competences, cooperation relations and training needs in relation to the Company's objectives.

The Company's holding of 2,066,298 warrants was distributed to the management team in the first quarter of 2004 as part of their remuneration package. So far the contents of a new incentive package have not been finally decided.

Outlook

The Company expects revenue for the full year at the same level as 2004 and a profit before tax for 2005 to be in the range of DKK 1-5m.

In the beginning of 2005 the orders on the books totaled about DKK 29m against DKK 49m at the beginning of 2004. This is lower due to the deliveries on the SunPower contract and due to the temporary decrease of order intake.

As a result of the low order intake during the fourth quarter of 2004 the Company expects to report a loss before tax in the first part of 2005.

During the last 3 months the order intake on the electronic has returned to the expected level. The expectations for 2005 as a whole are based on the present market conditions, and on the assumption that these conditions will remain during 2005.

The remaining part of the SunPower order is expected to be fulfilled at the end of the first quarter of 2005. The Company expects to receive a new purchase order from SunPower covering the rest of 2005 by the end of the first quarter 2005.

The Company is in the process of having its solar cell material qualified by other solar cell manufacturers. It is expected that deliveries to these customers can be initiated at the end of 2005.

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The Company is in the final phase with a potential buyer to the buildings and land, and it is expected that a deal can be finalized in the first half of 2005. This deal will include a lease-back arrangement.

Particular risks

Operating risks

A significant part of the Company's sales has been made to less than 25 customers of which no customer takes more than 20% of the Company's total sales. The sales to the Company's 10 largest customers account for about DKK 80m.

Access to raw silicon is crucial to the Company's production. There are only eight producers of raw silicon worldwide for which reason stable supply requires a strong bargaining position. However, new capacity is anticipated to emerge in the market if security of supply cannot be guaranteed. Today, the Company uses different suppliers who are able to supply raw silicon of a quality that has been approved by the Company, and negotiations are in progress with other suppliers.

Today, the Company uses three or four different sub-suppliers for cutting and re-processing of silicon ingots. The largest sub-supplier is Sino-American Silicon Inc., who is one of the Company's principal shareholders. All contracts with Sino-American Silicon Inc. are concluded on an arm's length basis.

The Company is the fourth largest supplier of float zone silicon, but still a small player among large competitors. If the competitors target the Company very focused, this could be a risk in medium term.

The capital base may turn out to be insufficient if the political uncertainty prevailing worldwide results in a development of the markets which differs significantly from what the analysts predict at the moment.

Financial exposure

Credit risks

Credit risks related to financial assets correspond to the values recognised in the balance sheet. Part of the invoice-discounted claims is insured through a factoring company.

Currency exposure

The Company does not use derivative financial instrument to hedge currency exposure. Instead, a commercial hedge is used by balancing the Company's inflow and outflow of currency. USD account for about 65% of the currency flow, and the maximum currency exposure is estimated to account for +/- DKK 35,000 a month if the USD rate fluctuates by +/- DKK 0.50.

Interest rate exposure

The Company's total debt with floating interest rate accounts for about DKK 19.5m. A

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change in the interest rate level of 1 percentage point will affect the Company's results by +/- DKK 0.2m p.a.

Events after the balance sheet date

The Company has settled a legal case subsequent to the balance sheet date. The impact of the settlement has been recognised in the accounts for 2004. No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

List of stock market releases in 2004 & 2005

Topsil Semiconductor Materials A/S has issued the following notifications to the Copenhagen Stock Exchange:

2004:

- 05.01 Statement of shareholdings held by insiders at 22 December 2003
- 05.01 Quarterly statement of shareholdings
- 12.01 Financial calendar 2004
- 12.02 Announcement of annual report 2003
- 05.03 Statement of shareholdings held by insiders at 4 March 2004
- 08.03 Statement of shareholdings held by insiders at 8 March 2004
- 17.03 Statement of shareholdings held by insiders at 16 March 2004
- 23.03 Statement of shareholdings held by insiders at 23 March 2004
- 24.03 Notice convening the Annual General Meeting
- 25.03 Topsil warrant
- 29.03 Quarterly statement of shareholdings
- 15.04 Summary of Annual General Meeting 2004
- 04.05 Quarterly report, Q1 2004
- 18.06 Quarterly statement of shareholdings
- 25.08 Interim report 2004
- 03.09 Statement of shareholdings held by insiders at 2 September 2004
- 24.09 Statement from the Board of Directors as a consequence of articles in the press and enquiries to the company
- 08.10 Quarterly statement of shareholdings
- 04.11 Quarterly report, Q3 2004
- 20.12 Quarterly statement of shareholdings

2005:

- 21.01 Financial calendar 2005
- 21.01 Adjustment of 2004 expectations
- 24.01 Change in the Board of Directors

Financial calendar 2005

- 15.04 Annual General Meeting
- 10.05 Quarterly report, Q1 2005
- 26.08 Interim report – six months
- 07.11 Quarterly report, Q3 2005

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Pursuant to the Company's internal rules and Executive Order No 774 (section 6(4)) of the Danish Financial Supervisory Authority, quarterly statements of shareholdings held by insiders will be filed no later than three trading days after expiry of the allowed six-week trading period following the publication of interim reports and notifications of annual reports.

Please direct any questions about notifications to the Copenhagen Stock Exchange to:
Doris Hsu, Chairman - phone +45 47 36 56 31
Peder Mohr Jensen, CEO - phone +45 47 36 56 10

Annual general meeting

The Annual General Meeting will be held at 9.30 a.m. on Friday, 15 April at Plesner, Amerika Plads 37, 2100 Copenhagen Ø. The annual report will be available on 4 April 2005 in PDF under investor relations at the website of the Company www.topsil.com, or a written request can be made to the Company.

Ownership

The Company's share capital amounts to DKK 65,525,018.50 distributed on 262,100,074 shares in denominations of DKK 0.25 nominal.

Shareholders	Number of shares	Capital DKK	Capital %	Votes %
At 31 December 2004				
Sustainable Energy Ventures, Hooikaai 55, 1000 Brussels, Belgium	51,179,681	12,794,920.25	19.53	19.53
Sino-American Silicon Products Inc., 8, Industrial East Road, Sec. 2, Science-Based Industrial Park, Hsin-Chu, Taiwan	40,181,257	10,045,314.25	15.33	15.33
EDJ-Gruppen, Bangs Gård, Torvet 21, 6701 Esbjerg, Denmark	21,711,812	5,427,953.00	8.28	8.28
Other registered shareholders	104,459,708	26,114,927.00	39.86	39.86
Non-registered shareholders	44,567,616	11,141,904.00	17.00	17.00
Total	262,100,074	65,525,018.50	100.00	100.00

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Ownership

Company	Country	% owned by Topsil Semiconductor Mate- rials A/S
Topsil Semiconductor Materials A/S	Denmark	
Subsidiaries		
Topsil International A/S	Denmark	100
Topsil Inc.	USA	100

Frederikssund, 14 March 2005

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

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Income statement for 2004

DKK '000	Group		Parent Company	
	2004	2003	2004	2003
Revenue	115,657	117,651	115,657	117,651
Change in inventories of finished goods and work in progress	(2,536)	(16,361)	(2,536)	(16,361)
Work performed for own account	4,763	3,533	4,763	3,533
Other operating income	97	3	1,997	3
Costs of raw materials and consumables	(66,459)	(61,368)	(66,459)	(61,368)
Other external expenses	(14,866)	(14,465)	(14,863)	(14,462)
Staff costs	(30,190)	(32,875)	(30,190)	(32,875)
Depreciation and amortisation	(4,470)	(11,600)	(4,470)	(11,600)
Operating profit/(loss)	1,996	(15,482)	3,899	(15,479)
Profit before tax in subsidiaries	-	-	(1,870)	8
Financial income	497	3,423	497	3,423
Other financial expenses	(3,284)	(4,564)	(3,317)	(4,575)
Loss from ordinary activities	(791)	(16,623)	(791)	(16,623)
Tax on loss from ordinary activities	10	(2)	10	(2)
Net loss for the year	(781)	(16,625)	(781)	(16,625)
Proposed distribution of loss				
Transferred to reserve for net revaluation under the equity method			(31)	
Retained earnings			(750)	
			(781)	

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Assets

Balance sheet at 31 December 2004

	Group		Parent Company	
	2004	2003	2004	2003
DKK '000				
Completed development projects	16,855	10,351	16,855	10,351
Development projects in progress	6,507	15,034	6,507	15,034
Patents	45	56	45	56
Intangible assets	23,407	25,441	23,407	25,441
Land and buildings	0	4,046	0	4,046
Plant and machinery	13,071	3,891	13,071	3,891
Other fixtures and fittings, tools and equipment	536	813	536	813
Property, plant and equipment in progress	169	10,127	169	10,127
Property, plant and equipment	13,776	18,877	13,776	18,877
Investments in subsidiaries	-	-	0	531
Other investments	3	3	3	3
Fixed asset investments	3	3	3	534
Fixed assets	37,186	44,321	37,186	44,852
Raw materials and consumables	8,527	7,871	8,527	7,871
Work in progress	6,139	8,406	6,139	8,406
Manufactured goods and goods for resale	17,477	20,022	17,477	20,022
Buildings and machinery for sale	14,218	12,532	1,118	12,532
Inventories	46,361	48,831	33,261	48,831
Receivables from subsidiaries	-	-	13,661	0
Trade receivables	6,499	18,172	6,499	18,172
Other receivables	6,183	3,061	6,191	3,061
Prepayments	276	390	276	390
Deferred tax assets	13,822	13,422	13,822	13,422
Receivables	26,780	35,045	40,449	35,045
Cash	2,876	3,488	2,876	3,488
Current assets	76,017	87,364	76,586	87,364
Assets	113,203	131,685	113,772	132,216

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Liabilities

Balance sheet at 31 December 2004

DKK '000	Group		Parent Company	
	2004	2003	2004	2003
Share capital	-	-	65,525	64,837
Revaluation reserve	-	-	214	9,500
Reserve for net revaluation according to the equity method	-	-	0	31
Retained earnings	-	-	(4,665)	(11,415)
Equity	61,074	62,953	61,074	62,953
Mortgage debt	2,801	4,545	2,801	4,545
Other credit institutions	15,003	23,960	15,003	23,960
Long-term liabilities other than provisions	17,804	28,505	17,804	28,505
Mortgage debt	1,744	1,652	1,744	1,652
Other credit institutions	7,353	6,923	7,353	6,923
Trade creditors	12,730	18,250	12,730	18,250
Payables to subsidiaries	-	-	572	533
Convertible and profit yielding bonds	0	905	0	905
Other payables	12,498	12,497	12,495	12,495
Short-term liabilities other than provisions	34,325	40,227	34,894	40,758
Liabilities other than provision	52,129	68,732	52,698	69,263
Equity and liabilities	113,203	131,685	113,772	132,216

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Statement of changes in equity for 2004

(Group)

DKK '000	<u>Total</u>
Equity at 1 January 2004	62,953
Bond conversion	2
Warrant conversion	686
Revaluation reserve	(2,186)
Deferred tax on revaluation	400
Net loss for the year	<u>(781)</u>
Equity at 31 December 2004	<u>61,074</u>

(Parent Company)

DKK '000	Share capital	Revalua- tion reserve	Reserve for net revalua- tion of investments	Retained earnings	<u>Total</u>
Equity at 1 January 2004	64,837	9,500	31	(11,415)	62,953
Bond conversion	2	-	-	-	2
Warrant conversion	686	-	-	-	686
Revaluation reserve on machinery for sale	-	(2,186)	-	-	(2,186)
Deferred tax on revaluation	-	400	-	-	400
Sale of land and building	-	(7,500)	-	7,500	-
Net loss for the year	<u>-</u>	<u>-</u>	<u>(31)</u>	<u>(750)</u>	<u>(781)</u>
Equity at 31 December 2004	<u>65,525</u>	<u>214</u>	<u>0</u>	<u>(4,665)</u>	<u>61,074</u>

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Cash flow statement for 2004

(Group)

DKK '000	2004	2003
Operating profit/(loss)	1,996	(15,479)
Adjustments	4,232	17,832
Working capital changes	8,011	(1,535)
	14,239	818
Interest income, etc. received	497	3,423
Interest expenses, etc. paid	(3,284)	(4,567)
Cash flows from operating activities	11,452	(326)
Acquisition of property, plant and equipment and intangible assets	(982)	(17,181)
Cash flows from investing activities	(982)	(17,181)
Instalments on liabilities other than provisions	(8,855)	6,282
Instalments on lease commitment	0	(2,063)
Sale of treasury shares	0	398
Cash flows from financing activities	(8,855)	4,617
Cash flows for the year	1,615	(12,890)
Cash and cash equivalents at 1 January 2004	927	13,817
Cash and cash equivalents at 31 December 2004	2,542	927

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