

## STOCK EXCHANGE ANNOUNCEMENT No. 15/09

### Interim report for the nine months ended 30 September 2009

The Board of Directors of Topsil Semiconductor Materials A/S has today considered and approved the interim report for the nine months ended 30 September 2009. The highlights of the interim report, which is unaudited, are:

#### *Year to date*

- Consolidated revenue for the period was DKK 270.7m against DKK 185.6m in the year-earlier period. DKK 29.8m of the revenue growth was attributable to advances in the Float Zone (FZ) activities, and DKK 55.3m was attributable to sales generated by the Polish Czochralski (CZ) activities.
- EBIT for the period came to DKK 50.0m against DKK 41.7m in the year-earlier period. The Polish activities generated an operating loss of DKK 18.5m.
- The group reported a profit before tax of DKK 42.7m for the period against DKK 45.9m for the year-earlier period.
- At 30 September 2009, the group's total assets amounted to DKK 545.1m and its equity ratio stood at 50.5%.
- The group reported a cash outflow of DKK 10.2m, primarily as a result of increased raw materials and intermediate stocks.

#### *Three months ended 30 September 2009*

- The group reported consolidated revenue for Q3 2009 of DKK 79.1m and EBIT of DKK 16.1m. The parent company reported revenue of DKK 59.9m and EBIT of DKK 18.5m. For the year-earlier period, the parent company reported revenue of DKK 57.8m and EBIT of DKK 11.3m.
- Despite certain orders having been deferred from Q3 to Q4 2009, demand for the group's FZ-based products continues to grow, and sales for Q3 2009 grew by 4% on the year-earlier period. In Q3 2009, sales of CZ-based products were on a level with Q2 2009, and the underlying CZ market continues to show signs of stabilisation.

#### *Outlook*

- The expectations for the group's financial performance for FY 2009 are maintained. Thus, for 2009, the group expects to report revenue of DKK 410–430m., a profit margin of 17% and profit before tax of DKK 55–65m at group level, despite a negative trend in the USD/DKK rate from 5.50 to 5.00.

### 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

## INTERIM REPORT – 3rd QUARTER 2009

## Management report

Financial highlights and key ratios of the group (unaudited):

DKK '000	2009	2008	2008
	Jan. – Sept.	Jan. – Sept.	Jan. - Dec.
Revenue	270,664	185,601	289,402
Operating profit (EBIT)	50,008	41,711	64,154
Financial items, net	(7,335)	4,178	(2,085)
Net profit for the period after tax	27,893	33,499	45,865
Invested capital	287,937	72,044	260,454
Net working capital	86,605	39,512	62,509
Equity	275,415	184,109	249,246
Total assets	545,125	238,349	503,875
Investments in property, plant and equipment	16,422	6,388	8,058
Net interest-bearing debt	42,086	(111,654)	35,922
Cash earnings	51,153	38,031	54,063
Average number of full-time employees	387	86	140
Current number of shares (thousands)	407,961	403,392	403,392
Diluted number of shares (thousands)	436,658	407,992	408,823
<b>Ratios</b>			
Profit margin (%)	18.5	22.5	22.2
Return on invested capital (%)	27.4	57.9	38.4
Return on equity (%)	12.5	20.7	23.0
Financial gearing	0.2	(0.6)	0.1
Revenue/invested capital	0.9	2.2	1.1

## Comments on the financial results for the nine months ended 30 September 2009

### Developments in operations and financial position

#### Financial results

For the nine months ended 30 September 2009, consolidated revenue amounted to DKK 270.7m, up 45.8% relative to the year-earlier period. DKK 29.8m of the DKK 85.1m revenue growth was attributable to advances in the Float Zone (FZ) activities as a result of higher sales volumes, and DKK 55.3m was attributable to sales generated by the Polish Czochralski (CZ) activities acquired in October 2008. Consolidated revenue for the three months ended 30 September 2009 was DKK 79.1m, of which DKK 19.2m was generated by the Polish activities. FZ sales thus grew by 4% during the period, and were, as announced in the interim report for H1 2009, affected by customer orders having been deferred for delivery in Q4 2009.

The consolidated contribution ratio for the nine months ended 30 September 2009 was on a level with the year-earlier period. Overall, the CZ activities had an adverse impact on operations. However, Cemat Silicon S.A.'s contribution ratio is on the rise due to the restructuring measures carried out and the more stable underlying market conditions.

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Consolidated EBIT for the nine months ended 30 September 2009 was DKK 50.0m corresponding to a profit margin of 18.5%, compared with EBIT of DKK 41.7m and a profit margin of 22.5% in the year-earlier period. The operating profit reflected partly a positive trend in the profitability of the FZ activities, partly the adverse effect of DKK 18.5m on EBIT by the Polish activities. Stabilised sales and continuous optimisation of operations in the CZ area, however, reduced the loss in Q3 2009. Accordingly EBIT for the three months ended 30 September 2009 amounted to a small loss of DKK 2.4m, against DKK 8.6m in Q2 2009. From Q4 2009, the Polish activities are expected to generate a profit at EBIT level. Consolidated EBIT for the three months ended 30 September 2009 amounted to DKK 16.1m against DKK 11.3m in the year-earlier period.

Financial income and expenses for the nine months ended 30 September 2009 amounted to a net expense of DKK 7.3m, comprising net interest expenses of DKK 8.7m and the recognition of an unrealised capital gain of DKK 1.4m. Compared to last year, the group's interest expenses grew due to the acquisition of Cemat Silicon S.A. and the increased debt resulting from the acquisition.

Thus, consolidated profit before tax for the nine months ended 30 September 2009 amounted to DKK 42.7m against DKK 45.9m for the year-earlier period. When viewed against the difficult market conditions for CZ-based products, which characterised and affected the level of activity in the first six months of 2009, the performance is considered to be acceptable.

## **Balance sheet**

At 30 September 2009, the group's total assets increased by DKK 306.8m to DKK 545,1m compared with 30 September 2008, primarily as a result of the acquisition of the Polish companies in October 2008. Cemat70 S.A. is recognised in the consolidated financial statements. Topsil continues to hold 53% of the shares in Cemat70 S.A. through the subsidiary Cemat Silicon S.A. Since 1 January 2009, the net working capital increased by DKK 24.1m to DKK 86.6m, partly due to stockpiling at the end of Q2 2009 and subsequent payments of raw materials supplies in Q3 2009, partly due to an increase in receivables.

Net interest-bearing debt at 30 September 2009 stood at DKK 42.1m compared with DKK 35.9m at 31 December 2008.

Equity stood at DKK 275.4m at 30 September 2009 against DKK 249.2m at 31 December 2008. The improvement in equity was mainly driven by the operating profit. The Polish subsidiaries were recognised at a lower value (DKK 4.6m) than at the beginning of the year, due to the depreciation of the Polish currency (PLN) relative to the Danish krone. Equity represented 50.5% of the total assets at 30 September 2009 compared with 49.5% at the beginning of the year.

## **Cash flows and liquidity**

The group reported a cash outflow of DKK 10.2m for the nine months ended 30 September 2009. Cash flows from operating activities were affected by two opposing factors: improved operating profit and a greater working capital tie-up, primarily as a result of an increase in raw materials and intermediate stocks.

In addition, cash flows were affected by investments in machinery and IT equipment of DKK 18.6m.

Cash and cash equivalents amounted to DKK 56.8m at 30 September 2009. Cash and cash equivalents in the company Cemat70 S.A. amounted to DKK 59.9m. The sale of Cemat70 S.A. is ongoing (see below), and the group has therefore so far omitted to withdraw cash from the company.

## **Topsil's market for FZ-based and CZ-based products**

Despite some customers having deferred orders from Q3 to Q4 2009, the group's FZ- and CZ-based products are still in high demand. Thus, Topsil's entire FZ capacity for 2009 has been allocated, and the deferred orders are all expected to be delivered in Q4 2009 as agreed. Furthermore, the intake of orders

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for delivery in 2010 confirms the favourable growth prospects in the market for power devices for the semiconductor industry, as well as a customer preference for Topsil solutions for the low and medium power areas.

While sales to the market for CZ silicon have been strongly impacted by a slowdown in the electronics and semiconductor industries over the past year, recent months have witnessed a stabilisation contributing to increased demand. Sales of CZ-based products have been stable from Q2 to Q3 2009, and a future positive trend is expected.

### **Transfer of wafering and finished goods inventory to Cemat Silicon S.A.**

The transfer of Topsil's wafering activities from sub-suppliers in Asia to in-house production at Cemat Silicon S.A. is still ongoing, but it has, as previously described, proved more time-consuming than originally estimated, among other things due to long lasting approval procedures at the customers. Cemat's wafer activities are increasing significantly as from Q4 2009.

In 2009, the group's finished goods inventory and distribution management have been combined at Cemat Silicon S.A. in Poland. Following an implementation phase in Q2 2009, the shipment situation was normalised in the course of Q3 2009, and shipments can again be made without delays. The Board of Directors and Management still believe that savings and cost synergies of the acquisition can be realised in 2010 of approximately DKK 10m at EBIT level, and that in 2012 the integration of Cemat Silicon will contribute total synergies of DKK 25m.

### **Status on Cemat70 S.A.**

In connection with the acquisition of Cemat Silicon S.A., Topsil Semiconductor Materials A/S acquired approximately 53% of the shares in the real estate company Cemat70 S.A. The ownership of Cemat70 S.A., which is incidentally profitable, lies outside the scope of the group's core business, and the shareholding has therefore, as previously announced, been classified as available for sale.

In early 2009, the group began a sales process, and negotiations with prospective buyers of the company's shares in Cemat70 S.A. are currently ongoing.

The Board of Directors and Management still intend to sell the shares in Cemat70 S.A. once a sale can be made on conditions satisfactory to the shareholders. In the meantime, focus is on implementing measures to optimise operations at the real estate company, and prepare a major dividend distribution to the owners. The parent company expects to receive this dividend during the first six months of 2010.

### **Significant 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 +/- 5.0m.

### **Events after 30 September 2009**

No significant events have occurred after the balance sheet date.

### **Outlook**

The guidance for consolidated revenue and profit before tax is maintained relative to the most recent announcement in connection with the interim report for the six months ended 30 June 2008.

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Thus, for 2009, the group expects to report revenue of DKK 410–430m., a profit margin of 17% and profit before tax of DKK 55–65m at group level.

The above forecasts are based on a USD/DKK exchange rate of 5.00 against 5.50 earlier reported.

### **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, see IFRS 34 “Interim Financial Reporting”, issued in compliance with the Danish Financial Statements Act and the rules 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 the Board of Directors and 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 the Board of Directors and 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 approved the interim report for the nine months ended 30 September 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 30 September 2009 and of the results of the group's operations and cash flows for the nine months ended 30 September 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, 12 November 2009

Management:

Keld Lindegaard Andersen  
CEO

Jørgen Bødker  
VP, Sales, Logistics 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 1 January – 30 September

### Group

DKK '000	Q3 2009	Q3 2008	Jan.-Sept. 2009	Jan.-Sept. 2008	2008 Jan.-Dec
Revenue	79,131	57,750	270,664	185,601	289,402
Direct production costs	(31,946)	(24,789)	(122,027)	(82,761)	(124,097)
Other external expenses and staff costs	(26,947)	(20,065)	(86,700)	(56,623)	(93,080)
Depreciation, amortisation and impairment	(4,130)	(1,574)	(11,929)	(4,506)	(8,071)
<b>Operating profit (EBIT)</b>	<b>16,108</b>	<b>11,327</b>	<b>50,008</b>	<b>41,711</b>	<b>64,154</b>
Financial items, net	(2,801)	6,578	(7,335)	4,178	(2,085)
<b>Profit before tax</b>	<b>13,307</b>	<b>17,905</b>	<b>42,673</b>	<b>45,889</b>	<b>62,069</b>
Tax on the profit for the period	(2,966)	(4,834)	(14,780)	(12,390)	(16,204)
<b>Profit for the period</b>	<b>10,341</b>	<b>13,071</b>	<b>27,893</b>	<b>33,499</b>	<b>45,865</b>
<b>Distribution of profit for the period:</b>					
Parent company shareholders	9,853	13,071	27,590	33,499	46,044
Minority interests	488	0	303	0	(179)
	<b>10,341</b>	<b>13,071</b>	<b>27,893</b>	<b>33,499</b>	<b>45,865</b>

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## Statement of comprehensive income Group

DKK '000	Q3 2009	Q3 2008	Jan.-Sept. 2009	Jan.-Sept. 2008	Jan.-Dec. 2008
<b>Profit for the period</b>	10,341	13,071	27,893	33,499	45,865
Foreign exchange adjustment relating to foreign companies	9,646	0	(4,591)	0	(17,706)
<b>Comprehensive income for the period</b>	<b>19,987</b>	<b>13,071</b>	<b>23,302</b>	<b>33,499</b>	<b>28,159</b>
Parent company shareholders	15,180	13,071	24,410	33,499	37,518
Minority interests	4,807	0	(1,108)	0	(9,359)
	<b>19,987</b>	<b>13,071</b>	<b>23,302</b>	<b>33,499</b>	<b>28,159</b>

## Earnings per share:

	Jan.-Sept. 2009	Jan.-Sept. 2008	31.12.2008
Return for the group's shareholders (DKK '000)	27,590	33,499	46,044
Average number of shares (thousands)	407,961	403,392	403,011
Average number of shares, diluted (thousands)	436,658	409,254	408,442
Earnings per share (DKK)	0.04	0.08	0.11
Diluted earnings per share (DKK)	0.04	0.08	0.11

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## Balance sheet as at 30 September

### Group

#### Assets

DKK '000	2009	2008	31.12.2008
Completed development projects	10,793	12,307	11,720
Goodwill	17,396	0	17,758
Right of use	15,053	0	15,510
Other intangible assets	1,005	3	1,317
Development projects in progress	2,130	421	638
<b>Intangible assets</b>	<b>46,377</b>	<b>12,731</b>	<b>46,943</b>
Buildings	55,620	0	59,038
Plant and machinery	77,041	22,205	81,598
Other fixtures and fittings, tools and equipment	5,433	2,826	3,597
Property, plant and equipment under construction	16,861	6,200	6,769
<b>Property, plant and equipment</b>	<b>154,955</b>	<b>31,231</b>	<b>151,002</b>
Other non-current receivables*	72,544	51,600	66,694
<b>Financial assets</b>	<b>72,544</b>	<b>51,600</b>	<b>66,694</b>
<b>Non-current assets</b>	<b>273,876</b>	<b>95,562</b>	<b>264,639</b>
<b>Inventories</b>	<b>126,150</b>	<b>49,139</b>	<b>85,310</b>
Receivables	69,221	32,817	65,262
Other receivables	18,431	0	20,152
Prepayments	696	749	358
<b>Receivables</b>	<b>88,348</b>	<b>33,566</b>	<b>85,772</b>
<b>Cash and cash equivalents</b>	<b>56,751</b>	<b>60,082</b>	<b>68,154</b>
<b>Current assets</b>	<b>271,249</b>	<b>142,787</b>	<b>239,236</b>
<b>Total assets</b>	<b>545,125</b>	<b>238,349</b>	<b>503,875</b>

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

## Balance sheet as at 30 September

### Group

#### Equity and liabilities

DKK '000	2009	2008	31.12.2008
Share capital*	101,990	100,848	100,848
Translation reserve	(22,297)	0	(17,706)
Reserve for share-based payments	3,257	743	844
Retained earnings	124,123	82,518	95,063
<b>Equity attributable to parent company shareholders</b>	<b>207,073</b>	<b>184,109</b>	<b>179,049</b>
<b>Equity attributable to minority interests</b>	<b>68,342</b>	<b>0</b>	<b>70,197</b>
<b>Equity</b>	<b>275,415</b>	<b>184,109</b>	<b>249,246</b>
Debt to credit institutions	118,542	0	116,076
Finance lease liabilities	422	0	614
Prepayments received on account from customers	7,911	11,047	10,548
Other non-current liabilities	0	0	1,845
Deferred tax liabilities	15,365	0	16,973
<b>Non-current liabilities</b>	<b>142,240</b>	<b>11,047</b>	<b>146,056</b>
Debt to credit institutions	27,791	0	39,793
Finance lease liabilities	146	0	191
Trade creditors	41,102	14,311	31,958
Prepayments received on account from customers	5,218	0	3,659
Income tax payable	18,902	6,789	4,046
Provisions	5,294	232	962
Other payables	29,017	21,861	27,964
<b>Current liabilities</b>	<b>127,470</b>	<b>43,193</b>	<b>108,573</b>
<b>Total liabilities</b>	<b>269,710</b>	<b>54,240</b>	<b>254,629</b>
<b>Equity and liabilities</b>	<b>545,125</b>	<b>238,349</b>	<b>503,875</b>

\* The share capital consists of 407,960,734 shares with a nominal value of DKK 0.25 each. The company has one class of shares.

## Statement of changes in equity Group

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
<b>Equity as at 01.01.09</b>	<b>100,848</b>	<b>(17,706)</b>	<b>844</b>	<b>165,260</b>	<b>249,246</b>
Share-based payment	0	0	2,413	0	2,413
Cash capital increase	1,142	0	0	0	1,142
Share premium on capital increase	0	0	0	115	115
Acquisition of minority interest shares	0	0	0	(803)	(803)
Comprehensive income for the period	0	(4,591)	0	27,893	23,302
<b>Equity as at 30.09.09</b>	<b>101,990</b>	<b>(22,297)</b>	<b>3,257</b>	<b>192,465</b>	<b>275,415</b>

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	(368)	394	26
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	33,499	33,499
<b>Equity as at 30.09.08</b>	<b>100,848</b>	<b>0</b>	<b>743</b>	<b>82,518</b>	<b>184,109</b>

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## Cash-flow statement for the nine months ended 30 September 2009 Group

DKK '000	2009	2008
Operating profit (EBIT)	50,008	41,711
Depreciation, amortisation and impairment	11,929	4,506
Foreign exchange adjustment of relating to foreign companies	(312)	0
Share-based payment recognised in the income statement	2,413	(368)
Change in net working capital	(38,633)	(10,551)
<b>Cash flows from operating activities</b>	<b>25,405</b>	<b>35,298</b>
Tax paid on account	(1,227)	(11,000)
Financial income received	3,177	4,188
Financial expenses paid	(10,512)	(177)
<b>Cash flows from operating activities</b>	<b>16,843</b>	<b>28,309</b>
Acquisition of intangible assets	(2,168)	(866)
Acquisition of property, plant and equipment	(16,422)	(6,388)
<b>Cash flows from investing activities</b>	<b>(18,590)</b>	<b>(7,254)</b>
Capital increase	1,257	1,257
Acquisition of minority interest in subsidiary	(803)	0
Repayment of debts	(8,918)	0
<b>Cash flows from financing activities</b>	<b>(8,464)</b>	<b>1,257</b>
<b>Change in cash and cash equivalents</b>	<b>(10,211)</b>	<b>22,312</b>
Cash and cash equivalents at 1 January	68,154	37,770
Market value adjustment of cash and cash equivalents	(1,192)	0
<b>Cash and cash equivalents at 30 September</b>	<b>56,751</b>	<b>60,082</b>

\* Cash and cash equivalents in the company Cemat70 S.A. amounted to DKK 59.9m.



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

<b>Date</b>	<b>No.</b>	<b>Announcement</b>
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
01 May 2009	08/09	Notice of extraordinary general meeting
14 May 2009	09/09	Resolutions of extraordinary general meeting 2009
15 May 2009	10/09	Amendment of Articles of Association
25 May 2009	11/09	Interim report for the three months ended 31 March 2009
25 May 2009	12/09	Warrant and bonus programme for the Management and warrant programme for managerial employees
25 May 2009	13/09	Amendment of Articles of Association
20 August 2009	14/09	Interim report for the six months ended 30 June 2009

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

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