

Københavns Fondsbørs  
Nikolaj Plads 6  
1067 København K

26.08.2005

No. 16/05

## STOCK EXCHANGE ANNOUNCEMENT

### Interim report 2005

The main figures are given below:

DKK '000	2005	2004
	<u>Jan. - June</u>	<u>Jan. - June</u>
Net turnover	59,944	57,477
Operating profit/(loss)	(4,477)	(248)
Profit or loss from ordinary activities	(5,484)	(1,617)
Net profit/loss for the period before tax	(5,484)	(1,617)
Net profit/loss for the period after tax	(5,484)	(1,617)
Equity end of period	54.176	61,221
Total assets	114,524	123,495
Number of staff end of period	79	82

### Ratios

DKK '000	2005	2004
	<u>Jan. - June</u>	<u>Jan. - June</u>
Dividends per share	0	0
Equity value per share	0.21	0.23
Quoted price at end of period	0.31	0.42
Price/equity value	1.48	1.83
Return on equity after tax (%)	(10.1%)	(2.6%)
Equity ratio (%)	47.3%	49.6%

## INTERIM REPORT 2005



### **Comments on the results for the 1<sup>st</sup> half of 2005**

The net turnover for the 1<sup>st</sup> half of 2005 was DKK 59.9m, which is 4% up on net turnover in the same period in 2004.

Throughout the period the order intake has been at a lower level. At the end of the 1<sup>st</sup> half the order book was DKK 26.8m against DKK 44.5m at the same time in 2004. The declining order book is reflecting a higher focus on niche products in order to improve earnings. Supplies to SunPower have changed status, implying that deliveries are now based on current orders.

There was a year-to-date loss of DKK -5.5m in the period against a loss of DKK -1.6m in the same period in 2004.

There was a year-to-date operating loss of DKK 4.5m against a loss of DKK 0.2 in the same period in 2004. There was a year-to-date pretax loss of DKK 5.5m against a loss of DKK 1.6m in the same period in 2004. The main reasons for the loss are the earlier mentioned higher prices for raw materials, costs in connection with change in management, and provisions for severance pay for dismissed employees.

Due to the results of the period and the expectations to the results for 2005 as a whole, there will be no changes in the company's tax asset, implying that the loss after tax also amounts to DKK 5.5m.

The company had a positive cash flow of DKK 1.2m in the period.

### **Expectations**

As earlier mentioned the company's principal supplier of poly silicon (ASiMI) terminated the agreement on current supplies. The parties are still negotiating about a supply agreement for 2006 and beyond, but due to the general situation on the raw materials market the management of the company has decided to reduce the consumption of raw materials this year in order to be able to guarantee supplies to strategic customers in 2006.

The company is still working at optimizing the product and customer mix, in order to optimize earnings, and also to reduce the consumption of raw materials. Due to the shortage of raw materials the price level of raw materials is still expected to be relatively high.

The final negotiations on sales of the premises of the company are still ongoing and are now expected to be finalized in the third quarter of 2005.

Based on the unclarified situation on the raw materials market and the expectations to the results for the full year, the results have been revised to a loss before tax between DKK 3m and DKK 1m.

## **INTERIM REPORT 2005**

Page 2 of 8

## **Change in management**

Doris Hsu announced at today's board meeting that she wishes to resign from the board of directors on 31<sup>st</sup> August 2005.

## **Statement by the management**

Today the board of directors and the management have reviewed and approved the quarterly report for the period 1<sup>st</sup> January – 30<sup>th</sup> June 2005 for Topsil Semiconductor Materials A/S.

The quarterly report is unaudited and has been presented in accordance with the provisions of recognition and measurement of the International Financial Reporting Standards (IFRS), cf. the section on accounting policies, Danish Statutory Orders, and the financial reporting requirements for companies listed on the Copenhagen Stock Exchange.

We consider the applied accounting policies appropriate for the quarterly report to provide a true and fair view of the Group's and Company's assets, equity and liabilities, financial position as at 30<sup>th</sup> June 2005 and the results and cash flow in the period 1<sup>st</sup> January – 30<sup>th</sup> June.

Management:

Peder Mohr Jensen

Jørgen Bødker

Board of Directors:

Kent Hansen  
Chairman  
+45 39 66 04 00

Ejvind Dam Jensen  
Vice-Chairman

Doris Hsu

Per Jørgensen

Trine Schønnemann  
Staff Representative

Theis Leth Larsen  
Staff Representative

## **INTERIM REPORT 2005**

Page 3 of 8

## **Releases to the Copenhagen Stock Exchange 1/1-30/6 2005**

21.01	Financial calendar 2005
21.01	Adjustment of 2004 expectations
24.01	Change in the Board of Directors
14.03	Preliminary announcement of annual accounts
18.03	New order from SunPower
23.03	Correction to announcement of financial results 2004
29.03	Notice convening annual general meeting
15.04	Change in management
15.04	Development of annual general meeting and change in management
10.05	Quarterly report, 1 <sup>st</sup> quarter 2005
30.05	Insiders' tradings
15.06	Insiders' tradings (2 announcements)
28.06	Change in managements

## **Financial calendar 2005**

07.11	Quarterly report, Q3 2005
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## **Changes in accounting policies on transition to IFRS**

With effect from 1 January 2005, the accounting policies have been changed in conformity with the International Financial Reporting Standards (IFRS). All comparatives for 2004 have been restated. Recognition and measurement of the quarterly report for the first half of 2005 have been implemented according to all standards approved and effective at 30<sup>th</sup> June 2005.

For Topsil Semiconductor Materials A/S the transition to IFRS has affected the following areas:

- Option program costs will be recorded in the financial statement in conformity with IFRS 2 concurrently with the options being earned. The value of programs based on equity will be set off in the equity capital. The value of the options will be based on the price at the time of exercise. IFRS 2 will be applied as from 1<sup>st</sup> January 2005 in compliance with the provisions for transition.

Reclassifications in the income statement and balance will be made to the extent that classifications according to IFRS deviate from the provisions of the Danish Financial Statements Act or other Danish Accounting Standards.

The above mentioned changes in accounting policies have neither affected the results nor the equity capital of the company.

## **INTERIM REPORT 2005**



## Income Statement for 1<sup>st</sup> January – 30<sup>th</sup> June 2005

<b>DKK '000</b>	<b>2005 1/1-30/6</b>	<b>Group 2004 1/1 – 30/6</b>	<b>2004 1/1 – 31/12</b>
Net turnover	59,944	57,477	115,657
Direct costs	(45,260)	(42,059)	(79,960)
Other external expenses and staff costs	(16,811)	(13,545)	(29,231)
Depreciation and amortisation	(2,350)	(2,121)	(4,470)
<b>Operating (profit)/loss</b>	<b>(4,477)</b>	<b>(248)</b>	<b>1,996</b>
Profit before tax in subsidiaries	-	-	-
Financial items, net	(1,007)	(1,369)	(2,787)
<b>Loss from ordinary activities</b>	<b>(5,484)</b>	<b>(1,617)</b>	<b>(791)</b>
Tax loss from ordinary activities	0	0	10
<b>Net loss for the period</b>	<b>(5,484)</b>	<b>(1,617)</b>	<b>(781)</b>

## INTERIM REPORT 2005

Page 5 of 8

## Balance sheet at 30<sup>th</sup> June 2005

DKK '000	Group 2005 1/1 – 30/6	Group 2004 1/1 – 30/6	Group 2004 1/1 – 31/12
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Completed development projects	17,471	9,251	16,855
Development projects in progress	6,123	5,013	6,507
Patents	39	50	45
	<b>23,633</b>	<b>14,314</b>	<b>23,407</b>
<b>Property, plant and equipment</b>			
Land and buildings	0	3,856	0
Plant and machinery	19,604	22,747	13,071
Other fixtures and fittings, tools and equipment	444	671	536
Property, plant and equipment in progress	0	0	169
	<b>20,048</b>	<b>27,274</b>	<b>13,776</b>
<b>Fixed asset investments</b>			
Other investments	3	3	3
Deferred tax	13,222	13,822	13,822
	<b>13,225</b>	<b>13,825</b>	<b>13,825</b>
<b>Fixed assets</b>	<b>56,906</b>	<b>55,413</b>	<b>51,008</b>
<b>Current assets</b>			
Inventories	24,383	23,473	26,004
Receivables	9,461	20,889	12,682
Work in progress on account of a third party	6,075	8,406	6,139
Prepayments	560	781	276
Cash	4,039	3,201	2,876
	<b>44,521</b>	<b>56,750</b>	<b>47,977</b>
Assets identified for sale	13,100	11,332	14,218
<b>Current assets</b>	<b>71,928</b>	<b>68,082</b>	<b>62,195</b>
<b>ASSETS</b>	<b>114,524</b>	<b>123,495</b>	<b>113,203</b>

## INTERIM REPORT 2005

## Balance sheet at 30<sup>th</sup> June 2005

DKK '000	Group 2005 1/1 – 30/6	Group 2004 1/1 – 30/6	Group 2004 1/1 – 31/12
<b>LIABILITIES</b>			
<b>Equity</b>			
<b>Equity</b>	<b>54,176</b>	<b>61,221</b>	<b>61,074</b>
<b>Liabilities other than provisions</b>			
<b>Long-term liabilities other than provisions</b>			
Mortgage debt	0	0	0
Other credit institutions	11,146	10,749	11,548
	<b>11,146</b>	<b>10,749</b>	<b>11,548</b>
<b>Short-term liabilities other than provisions</b>			
Mortgage debt	0	0	0
Other credit institutions	3,470	7,000	7,353
Trade creditors	18,623	23,468	12,730
Other payables	19,109	13,057	12,498
	<b>41,202</b>	<b>43,525</b>	<b>32,581</b>
Assets identified for sale	8,000	8,000	8,000
<b>Liabilities other than provisions</b>	<b>60,348</b>	<b>62,274</b>	<b>52,132</b>
<b>EQUITY AND LIABILITIES</b>	<b>114,524</b>	<b>123,495</b>	<b>113,203</b>

## INTERIM REPORT 2005



## Cash flow statement for 1<sup>st</sup> January – 30<sup>th</sup> June 2005

<b>DKK '000</b>	<b>2005 1. half</b>
Operating (profit)/loss	(4,477)
Adjustments	2,654
Working capital changes	17,126
	<b>15,303</b>
Interest income, etc. received	58
Interest expenses, etc. paid	(1,065)
<b>Cash flows from operating activities</b>	<b>14,296</b>
Acquisition of property, plant and equipment and intangible assets	(8,848)
<b>Cash flows from investing activities</b>	<b>(8,848)</b>
Instalments on liabilities other than provisions	(4,285)
<b>Cash flows from financing activities</b>	<b>(4,285)</b>
<b>Cash flows for the period</b>	<b>1,163</b>
Cash and cash equivalents at 1 <sup>st</sup> January 2005	2,876
Cash and cash equivalents at 30 <sup>th</sup> June 2005	<b>4,039</b>

## INTERIM REPORT 2005