

Københavns Fondsbørs
Nikolaj Plads 6
1067 København K

29.08.2006

No. 16/06

STOCK EXCHANGE ANNOUNCEMENT

Interim report 2006

The main figures are given below:

DKK '000	(Unaudited)	
	2006	2005
	<u>Jan. - June</u>	<u>Jan. - June</u>
Net turnover	77,509	59,944
Operating profit/loss	17,437	(4,399)
Net profit/loss for the period before tax	16,361	(5,484)
Net profit/loss for the period after tax	18,939	(6,684)
Equity end of period	69,192	54,176
Total assets	115,952	114,524
	2006	2005
Ratios	<u>Jan. - June</u>	<u>Jan. - June</u>
Profit margin (%)	22.5	(7.3)
Acid test ratio	192	117
Return on equity after tax (%)	31.7	(11.6)
Equity value	0.26	0.21
Quoted price end of period	0.34	0.31
Dividend per share	0	0
Price/equity value	1.29	1.48
Equity ratio (%)	59.7	47.3
Number of staff end of period	60	79

INTERIM REPORT 2006



Statement by the management

Today the board of directors and the management have reviewed and approved the interim report for the period 1 January – 30 June 2006 for Topsil Semiconductor Materials A/S.

The interim report is audited and 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 interim report to provide a true and fair view of the group's assets, liabilities and financial position as at 30 June 2006 and of the results of its activities and cash flows for the period 1 January – 30 June 2006.

Frederikssund, 29 August 2006

Management:

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Jørgen Bødker

Board of Directors:

Jens Borelli-Kjær
Chairman
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Eivind Dam Jensen
Vice-Chairman

Jørgen Frost

Per Jørgensen

Trine Schønnemann
Staff Representative

Theis Leth Larsen
Staff Representative

INTERIM REPORT 2006

Page 2 of 10



Auditor's report

To the shareholders of Topsil Semiconductor Materials A/S

We have audited the interim report for the period 1 January 2006 - 30 June 2006 for Topsil Semiconductor Materials A/S. Comparative figures have not been audited. The interim 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 interim report is the responsibility of the group's management. Our responsibility is to express an opinion on the interim report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance, that the interim report is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the interim report. An audit also includes assessing the accounting policies applied and significant estimates made by the management, as well as evaluating the overall presentation of the interim report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any qualifications.

Opinion

In our opinion, the interim report gives a true and fair view of the group's assets, liabilities and financial position as at 30 June 2006 and of the results of its activities and cash flows for the period 1 January 2006 - 30 June 2006 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.

Copenhagen, 29 August 2006

Deloitte

Statsautoriseret Revisionsaktieselskab

Anders O. Gjelstrup
State-Authorised Public Accountant

Tim Kjær-Hansen
State-Authorised Public Accountant

INTERIM REPORT 2006

Page 3 of 10

Comments on the results for the first six months of 2006

The net turnover for the first six months of 2006 was DKK 77.5m, which was an increase of 29.3% compared with the same period last year.

The year-to-date operating profit was DKK 17.4m against a loss of DKK 4.4m in the same period in 2005. The year-to-date profit before tax was DKK 16.3m against a loss of DKK 5.5m in the same period in 2005. In the period the group made a profit after tax of DKK 18.9m against a loss after tax of DKK 6.7m in the same period in 2005.

The turnover and results of the period are primarily affected by the favourable conditions on the world market for silicon, which have particularly worked through in the first six months of 2006. The silicon market is characterised by an increased demand, which has affected the price level of the group's products positively.

Furthermore, the group's strategy concerning sales has been successfully implemented, in particular optimizing of customer and product mix, and at the same time the group has been able to sell a number of slow-moving products from its surplus stock.

Finally, a considerable cost reduction compared with the same period last year contributed to the results. The number of employees has been reduced from 79 to 60.

Due to the group's considerably improved earnings in the first six months of 2006, and modified expectations to the earnings in the rest of 2006 and 2007, previous write-offs of the group's tax asset have been reversed, including the extraordinary write-off in the accounting year 2005. This write-off, deducted tax on the results of the period has resulted in a net taxable income in the period. After this the results after tax of the period totalled DKK 18.9m.

The results for the period are deemed satisfactory by the board of directors and management.

In the period the group had a negative cash flow of DKK 6.0m, primarily due to a redemption payment of DKK 8.0m on the group's debt commitments, ensuing from sales of the group's property in 2005. However, at the end of the period the group's cash and cash equivalents were DKK 11.9m higher compared with the same period last year.

Capital increase

As mentioned in the group's stock exchange announcement No. 15/06 of 11 August 2006 the group will carry out a rights issue for the present shareholders in order to raise the capital base required to meet the capital requirements of the long-term raw material agreement concluded for the period 2007-2012.

INTERIM REPORT 2006



The issue will be offered in the ratio 2:1, implying that 2 shares will give a right to subscribe for 1 share. The subscription price will be DKK 0.2625 per share. The proceeds of the issue are expected to total approx. DKK 33m.

The issue will be carried out in cooperation with Gudme Raaschou Bank A/S and is underwritten by same.

It is expected to make the issue in September/October 2006. It is expected to announce the subscription period and the prospectus in mid September 2006.

Expectations

2006

Based on the concluded raw material agreement and a continuing substantial demand for the group's products it has been possible to accept further orders for delivery in 2006.

Topsil expects a slightly lower production volume in the second half of 2006 compared with the first six months in order to stretch the present inventories of raw materials until deliveries of new raw materials will be received in the beginning of 2007.

Topsil expects to make a net turnover for the year as a whole in the range of DKK 130-140m and a profit before tax ranging from DKK 20-24m.

2007

The group expects a considerable demand for the group's products in 2007 as well. Furthermore, the group expects to implement various optimization projects in the production to further improve the earnings.

For 2007 the group expects to make a net turnover in the range of DKK 130-150m and a profit ranging from DKK 20-25m.

Accounting policies

The interim 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 2005, and reference is made to the annual report for more specific information on the applied accounting policies.

INTERIM REPORT 2006

Page 5 of 10

Income statement at 1 January – 30 June

'000	(Unaudited)	
	Group 2006 1/1 – 30/6	Group 2005 1/1 – 30/6
Net turnover	77,509	59,944
Direct costs	(33,454)	(36,024)
Other external expenses and staff costs	(24,141)	(25,969)
Depreciation and amortisation	(2,477)	(2,350)
Operating profit/loss	17,437	(4,399)
Financial items, net	(1,076)	(1,085)
Profit/loss from ordinary activities	16,361	(5,484)
Tax profit/loss from ordinary activities	2,578	(*1,200)
Net profit/loss for the period	18,939	(6,684)

* Comparative figures have been changed compared to stock exchange announcement No. 16/05 of 26 August 2005.

Balance sheet as at 30 June

'000	Group 2006 1/1 – 30/6	(Unaudited) Group 2005 1/1 – 30/6
ASSETS		
Non-current assets		
Intangible assets		
Completed development projects	16,586	17,471
Development projects in progress	11	6,123
Patents	28	39
	16,625	23,633
Property, plant and equipment		
Plant and machinery	19,613	19,604
Other fixtures and fittings, tools and equipment	662	444
Property, plant and equipment in progress	1,568	0
	21,843	20,048
Other non-current assets		
Deposit	0	3
Deferred tax	10,773	13,222
Other receivables	2,000	0
	12,773	13,225
Non-current assets	51,241	56,906
Current assets		
Inventories	29,312	30,458
Receivables	18,891	9,461
Prepayments	544	560
Cash	15,964	4,039
	64,711	44,518
Assets identified for sale	0	13,100
Current assets	64,711	57,618
ASSETS	115,952	114,524

INTERIM REPORT 2006

Balance sheet as at 30 June

	Group 2006 1/1 – 30/6	(Unaudited) Group 2005 1/1 – 30/6
'000		
LIABILITIES AND EQUITY		
Equity		
Equity	69,192	54,176
Liabilities		
Long-term liabilities		
Financial lease commitments	5,517	0
Other credit institutions	7,540	11,146
	13,057	11,146
Short-term liabilities		
Financial lease commitments	1,205	0
Other credit institutions	1,508	3,470
Trade payables	18,221	18,623
Other payables	12,769	19,109
	33,703	41,202
Liabilities concerning assets identified for sale	0	8,000
Total liabilities	46,760	60,348
LIABILITIES AND EQUITY	115,952	114,524
Explanation of the composition of equity		
'000		
Equity as at 1/1	50,253	61,074
Revaluation reserve	0	(214)
Profit/loss of the period	18,939	(6,684)
Equity as at 30/6	69,192	54,176

INTERIM REPORT 2006

Cast flow statement for the first six months

'000	Group 2006 1/1 – 30/6	(Unaudited) Group 2005 1/1 – 30/6
Operating profit/loss	17,437	(4,399)
Adjustments	3,487	2,654
Working capital changes	(12,402)	17,126
Operating cash flows	8,522	15,381
Financial items, net	(1,076)	(1,085)
Cash flows from operating activities	7,446	14,296
Acquisition of plant and equipment and intangible assets	(2,141)	(8,848)
Cash flows from investing activities	(2,141)	(8,848)
Repayment of liabilities other than provisions	(11,285)	(4,285)
Cash flows from financing activities	(11,285)	(4,285)
Cash flows for the period	(5,980)	1,163
Cash and cash equivalents at 01/01	21,944	2,876
Cash and cash equivalents at 30/06	15,964	4,039

INTERIM REPORT 2006



Releases to the Copenhagen Stock Exchange 1 January 2006 to date

12.01	Financial calendar 2006
06.03	Raw materials and adjustment of 2005 expectations
14.03	Preliminary announcement of annual accounts 2005
10.04	Reporting of insider transactions
12.04	Warrant and bonus scheme for the CEO
12.04	Annual report 2005
12.04	Notice convening annual general meeting
12.04	Reporting of insider transactions
25.04	Change of management
25.04	Summary of the general meeting
10.05	Quarterly report – 1 st quarter 2006
10.05	Updated financial calendar 2006
17.05	Reporting of insider transactions
07.08	Warrant and bonus schemes to the management
07.08	Bonus schemes to the management – correction
11.08	Long-term agreement for polysilicon/issue of shares

Financial calendar 2006

07.11	Quarterly report - 3 rd quarter 2006
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Please note that this translation is provided for convenience only. The Danish version shall prevail in case of discrepancies.

INTERIM REPORT 2006

Page 10 of 10