

Københavns Fondsbørs  
Nikolaj Plads 6  
1067 København K

07.11.2005

No. 21/05

## STOCK EXCHANGE ANNOUNCEMENT

### Quarterly report – 3<sup>rd</sup> quarter 2005

The main figures are given below:

DKK '000	2005	2004
	<u>Jan. – Sept.</u>	<u>Jan. – Sept.</u>
Net turnover	87,243	87,951
Operating profit/(loss)	(2,258)	1,861
Profit or loss from ordinary activities	(3,737)	37
Net profit/loss for the period before tax	(3,737)	37
Net profit/loss for the period after tax	(5,737)	37
Equity end of period	55,621	62,878
Total assets	113,429	121,726
Number of staff end of period	72	77

### Ratios

DKK '000	2005	2004
	<u>Jan. – Sept.</u>	<u>Jan. – Sept.</u>
Dividends per share	0	0
Equity value per share	0.21	0.23
Quoted price at end of period	0.30	0.32
Price/equity value	1.43	1.39
Return on equity after tax (%)	(10.3%)	0
Equity ratio (%)	49%	51%

## QUARTERLY REPORT – 3<sup>rd</sup> QUARTER 2005



### **Comments on the results for the first three quarters of 2005**

The net turnover for the first three quarters was DKK 87.2m. This is practically unchanged compared with the same period last year, despite a reduced consumption of raw materials.

At the end of the period the order book was DKK 35.1m against DKK 38m in the same period in 2004. The declining order book is reflecting a higher focus on niche products with the aim of improving earnings and the utilization of raw materials.

There was a year-to-date operating loss of DKK 2.3m against a profit of DKK 1.9m in the same period in 2004. There was a year-to-date pretax loss of DKK 3.7m against a break-even result in the same period in 2004.

The operating loss is reflecting the expectations, based on the earlier mentioned higher raw material prices, costs in connection with change in management, and provisions for severance pay for dismissed employees. As announced in stock exchange announcement No. 17/05 of 31 August 2005 the sale of the company's property in Frederikssund impacted the results of the period positively.

Due to the lower results the company's tax asset has been reduced by DKK 0.8m in the 3<sup>rd</sup> quarter, as the company no longer expects to fully utilize its tax loss for the income year 2000.

There was a year-to-date loss of DKK 5.7m in the period against a break-even result in the same period in 2004.

The company had a negative cash flow of DKK 0.4m in the period.

### **Expectations**

As announced in stock exchange announcement No. 20/05 of 31 October, 2005 the company has secured the volumes of raw materials required to continue supplies to the customers in 2006, and a long-term contract is being negotiated.

The company is still working at optimizing the product and customer mix. Due to a shortage of raw materials the raw material prices are still expected to increase. Due to the price trend in the silicon market, the company expects to increase its sales prices correspondingly and hereby compensate for the higher raw material prices.

The company expects to maintain its expectations to the year as a whole at a pretax loss between DKK 2.5m and 0.5m.

Despite higher raw material prices the company expects to improve its operating profit in 2006. This is based on improved earnings in the 3<sup>rd</sup> quarter this year, and this trend is expected to continue in the 4<sup>th</sup> quarter.

## **QUARTERLY REPORT – 3<sup>rd</sup> QUARTER 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> September 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> September 2005 and the results and cash flow in the period 1<sup>st</sup> January – 30<sup>th</sup> September.

Management:

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Board of Directors:

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Vice-Chairman

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Trine Schønnemann  
Staff Representative

Theis Leth Larsen  
Staff Representative

**QUARTERLY REPORT – 3<sup>rd</sup> QUARTER 2005**

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## Releases to the Copenhagen Stock Exchange 1/1-30/9 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
01.07	Supplies of raw materials
26.08	Interim report 2005
31.08	Sale of property
02.09	Insiders' trading
12.09	Insiders' trading

## 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 nine months of 2005 have been implemented according to all standards approved and effective at 30<sup>th</sup> September 2005.

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

- 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.

## QUARTERLY REPORT – 3<sup>rd</sup> QUARTER 2005



**Income Statement for 1<sup>st</sup> January – 30<sup>th</sup> September 2005  
Group**

<b>DKK '000</b>	<b>Group 2005 1/1-30/9</b>	<b>Group 2004 1/1 – 30/9</b>	<b>2004 1/1 – 31/12</b>
Net turnover	87,243	87,951	115,657
Direct costs	(63,009)	(61,249)	(79,960)
Other external expenses and staff costs	(22,533)	(21,509)	(29,231)
Depreciation and amortisation	(3,959)	(3,332)	(4,470)
<b>Operating (profit)/loss</b>	<b>(2,258)</b>	<b>1,861</b>	<b>1,996</b>
Profit before tax in subsidiaries	-	-	-
Financial items, net	(1,479)	(1,824)	(2,787)
<b>Loss from ordinary activities</b>	<b>(3,737)</b>	<b>37</b>	<b>(791)</b>
Tax loss from ordinary activities	(2,000)	0	10
<b>Net loss for the period</b>	<b>(5,737)</b>	<b>37</b>	<b>(781)</b>

**QUARTERLY REPORT – 3<sup>rd</sup> QUARTER 2005**

**Balance sheet at 30<sup>th</sup> September 2005  
Group**

DKK '000	Group 2005 1/1 – 30/9	Group 2004 1/1 – 30/9	Group 2004 1/1 – 31/12
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Completed development projects	16,688	8,732	16,855
Development projects in progress	6,059	5,672	6,507
Patents	36	47	45
	<b>22,783</b>	<b>14,451</b>	<b>23,407</b>
<b>Property, plant and equipment</b>			
Plant and machinery	19,800	22,229	13,071
Other fixtures and fittings, tools and equipment	385	601	536
Property, plant and equipment in progress	0	0	169
	<b>20,185</b>	<b>22,830</b>	<b>13,776</b>
<b>Fixed asset investments</b>			
Other investments	0	3	3
Deferred tax	12,422	13,822	13,822
	<b>12,422</b>	<b>13,825</b>	<b>13,825</b>
<b>Fixed assets</b>	<b>55,390</b>	<b>51,106</b>	<b>51,008</b>
<b>Current assets</b>			
Inventories, incl. raw materials	21,235	26,749	26,004
Receivables	26,220	17,988	12,682
Work in progress	7,695	7,163	6,139
Prepayments	407	614	276
Cash	2,482	3,024	2,876
	<b>58,039</b>	<b>55,535</b>	<b>47,977</b>
Assets identified for sale	0	15,085	14,218
<b>Current assets</b>	<b>58,039</b>	<b>70,620</b>	<b>62,195</b>
<b>ASSETS</b>	<b>113,429</b>	<b>121,726</b>	<b>113,203</b>

**QUARTERLY REPORT – 3<sup>rd</sup> QUARTER 2005**

**Balance sheet at 30<sup>th</sup> September 2005  
Group**

DKK '000	Group 2005 1/1 – 30/9	Group 2004 1/1 – 30/9	Group 2004 1/1 – 31/12
<b>LIABILITIES</b>			
<b>Equity</b>	<b>55,621</b>	<b>62,878</b>	<b>61,074</b>
<b>Liabilities other than provisions</b>			
<b>Long-term liabilities other than provisions</b>			
Other credit institutions	15,426	15,002	11,548
	<b>15,426</b>	<b>15,002</b>	<b>11,548</b>
<b>Short-term liabilities other than provisions</b>			
Other credit institutions	8,439	1,847	7,353
Trade creditors	16,054	21,824	12,730
Other payables	17,889	12,175	12,498
	<b>42,382</b>	<b>35,846</b>	<b>32,581</b>
Assets identified for sale	0	8,000	8,000
<b>Liabilities other than provisions</b>	<b>57,808</b>	<b>43,846</b>	<b>52,132</b>
<b>EQUITY AND LIABILITIES</b>	<b>113,429</b>	<b>121,726</b>	<b>113,203</b>

**Explanation of the composition of the equity capital:**

DKK '000	
Equity capital as at 1/1 2005	61,074
Loss first nine months	(5,737)
Share remuneration scheme	497
Reversal of prior write-up	(213)
Equity as at 30/9 2005	<u>55,621</u>



**Cash flow statement for 1<sup>st</sup> January – 30<sup>th</sup> September 2005  
Group**

<b>DKK '000</b>	<b>2005 3<sup>rd</sup> quarter</b>
Operating (profit)/loss	(2,258)
Adjustments	3,643
Working capital changes	12,612
	<b>13,997</b>
Interest income, etc. received	141
Interest expenses, etc. paid	(1,620)
<b>Cash flows from operating activities</b>	<b>12,518</b>
Acquisition of property, plant and equipment and intangible assets	(9,877)
<b>Cash flows from investing activities</b>	<b>(9,877)</b>
Instalments on liabilities other than provisions	(3,035)
<b>Cash flows from financing activities</b>	<b>(3,035)</b>
<b>Cash flows for the period</b>	<b>(394)</b>
Cash and cash equivalents at 1 <sup>st</sup> January 2005	2,876
Cash and cash equivalents at 30 <sup>th</sup> September 2005	<b>2,482</b>

**QUARTERLY REPORT – 3<sup>rd</sup> QUARTER 2005**