

Københavns Fondsbørs
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07.11.2006

STOCK EXCHANGE ANNOUNCEMENT No. 30/06

Quarterly report – 3rd quarter 2006

(1 January 2006 – 30 September 2006)

- Net turnover increased by 24.9% to DKK 108.9m.
- The year-to-date operating profit was DKK 23.7m against a loss of DKK 2.3m in the same period in 2005. The group realised a year-to-date profit before tax of DKK 22.3m against a loss of DKK 3.7m in the same period in 2005.
- The turnover and results are affected by the high prices on the world market for silicon owing to an increased demand. The group expects the heavy demand for silicon to continue in 2007.
- Based on these results the group adjusts expectations to the net turnover for 2006 as a whole from DKK 130-140m to DKK 140-145. The expectations to the profit before tax have been adjusted from DKK 20-24m to DKK 26-28m.
- The expectations for 2007 have also been adjusted, based on the improved earnings in 2006, and an expectation for a continued increasing price level for the group's products. For 2007 a turnover of DKK 180-200m against the DKK 130-150m earlier announced, and a profit before tax of DKK 35-40m against DKK 20-25m earlier announced are expected.
- The group has initiated a major production optimization project in order to improve and make the production effective.
- As earlier mentioned the pre-emption rights issue strengthened the capital base of the group with approx. DKK 33m., which amount will be spent to guarantee supplier contract. The proceeds were received in October, and are therefore not included in the report for the period. The group's existing shareholders subscribed for 99.8% of the subscription rights offered.

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The (unaudited) main figures are given below:

DKK '000	2006	2005
	<u>Jan. – Sept.</u>	<u>Jan. – Sept.</u>
Net turnover	108,946	87,243
Operating profit/loss	23,691	(2,258)
Net profit/loss for the period before tax	22,278	(3,737)
Net profit/loss for the period after tax	23,199	(5,737)
Equity end of period	73,641	55,621
Total assets	118,422	113,429
	2006	2005
	<u>Jan. – Sept.</u>	<u>Jan. – Sept.</u>
Ratios		
Profit margin (%)	21.8	(2.6)
Acid test ratio	172	137
Return on equity after tax (%)	37.5	(10.3)
Equity value	0.28	0.21
Quoted price end of period	1.25	0.30
Dividend per share	0	0
Price/equity value	4.46	1.43
Equity ratio (%)	62.2	49.0
Number of staff end of period	63	72

Comments on the results for the first nine months of 2006

The net turnover for the first nine months of the period was DKK 108.9m, which was an increase of 24.9% compared with the same period last year.

The year-to-date operating profit was DKK 23.7m against a loss of DKK 2.3m in the same period in 2005. The year-to-date profit before tax was DKK 22.3m against a loss of DKK 3.7m in the same period in 2005. In the period the group realised a profit after tax of DKK 23.2m against a loss after tax of DKK 5.7m in the same period in 2005.

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

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The group expects that the heavy demand for silicon to continue in 2007.

Furthermore, the progress of the group is due to the fact it has succeeded to utilize the favourable market conditions to optimising the customer and product mix. The group's products are sold as whole silicon crystals (ingots) and various types of wafers.

Moreover, the results are positively affected in 2006 by the fact, also due to the general shortage of silicon in the world market, that the group succeeded in selling the remelt silicon (scrap product), which cannot be utilized in the production of ingots and wafers, at higher prices than earlier.

Tax on the profit of the period

The group has reversed write-offs of its tax asset, including the extraordinary write-off in the accounting year 2005. The decision to reverse the write-offs should be considered in conjunction with the group's considerably improved earnings in the first quarters of 2006, and adjusted expectations to the earnings in the rest of 2006 and 2007. Consequently, the group achieved a net tax income after taxation of the results of the period. As stated the profit after tax of the period totalled DKK 23.2m.

Cash flow

In the period the group had a negative cash flow of DKK 2.4m, primarily due to an extraordinary redemption payment of DKK 8.0m on the group's debt commitments. The redemption payment was made after sales (sale-and-lease-back) of the group's headquarters and production plant in 2005. Due to the good earnings the group's cash and cash equivalents at the end of the period were DKK 17.0m higher than the same period last year and DKK 3.6m higher than 30 June, 2006.

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

Expectations

2006

For the rest of the year an unchanged strong demand for the group's products and a continued favourable price level are expected.

Based on these facts the group adjusts expectations to the net turnover for 2006 as a whole from DKK 130-140m to DKK 140-145. The expectations to the profit before tax are adjusted from DKK 20-24m to DKK 26-28m.

2007

The favourable market conditions and the strong demand for the group's products are expected to continue in 2007. The shortage of silicon is affecting the semiconductor industry, which is Topsil's principal market, as well as the growth in the solar

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cell industry. The heavy demand for silicon is driven by the continued growth in the solar cell industry, which is at present buying approx. half of the worldwide production of polysilicon.

The improved earnings in 2006, and an expectation for a continued increasing price level for the group's products, give rise to an adjustment of the expectations for 2007. A turnover of DKK 180-200m against DKK 130-150m earlier announced, and a profit before tax of DKK 35-40m against DKK 20-25m earlier announced are expected.

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Accounting policies

The quarterly 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.

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 September 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 September 2006 and of the results of its activities and cash flows for the period 1 January – 30 September 2006.

Frederikssund, 7 November 2006

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Trine Schønnemann
Staff Representative

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Staff Representative

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Income statement at 1 January – 30 September

	Group 2006 1/1 – 30/9	Group 2005 1/1 – 30/9
'000		
Net turnover	108,546	87,243
Direct costs	(47,648)	(63,009)
Other external expenses and staff costs	(33,824)	(22,533)
Depreciation and amortisation	(3,783)	(3,959)
Operating profit/loss	23,691	(2,258)
Financial items, net	(1,413)	(1,479)
Profit/loss from ordinary activities	22,278	(3,737)
Tax profit/loss from ordinary activities	921	(2,000)
Net profit/loss for the period	23,199	(5,737)

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Balance sheet as at 30 September

'000	Group 2006 1/1 – 30/9	Group 2005 1/1 – 30/9
ASSETS		
Non-current assets		
Intangible assets		
Completed development projects	15,815	16,688
Development projects in progress	43	6,059
Patents	25	36
	15,883	22,783
Property, plant and equipment		
Plant and machinery	20,042	19,800
Other fixtures and fittings, tools and equipment	641	385
Property, plant and equipment in progress	1,069	0
	21,752	20,185
Other non-current assets		
Deferred tax	9,113	12,422
Other receivables	16,031	0
	25,144	12,422
Non-current assets	62,779	55,390
Current assets		
Inventories	26,284	28,930
Receivables	9,104	26,220
Prepayments	714	407
Cash	19,541	2,482
Current assets	55,643	58,039
ASSETS	118,422	113,429

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Balance sheet as at 30 September

'000	Group 2006 1/1 – 30/9	Group 2005 1/1 – 30/9
LIABILITIES AND EQUITY		
Share capital	65,525	65,525
Share-based payment reserve	686	497
Retained earnings	7,430	(10,401)
Equity	73,641	55,621
Liabilities		
Long-term liabilities		
Financial lease commitments	5,205	0
Other credit institutions	7,163	15,426
	12,368	15,426
Short-term liabilities		
Financial lease commitments	1,222	0
Other credit institutions	1,508	8,439
Trade payables	21,552	16,054
Other payables	8,131	17,889
	32,413	42,382
Total liabilities	44,781	57,808
LIABILITIES AND EQUITY	118,422	113,429
Explanation of the composition of equity		
'000		
Share capital	65,525	65,525
Share-based payment reserve	686	497
Retained earnings/losses previous years	(15,769)	(4,664)
Profit/loss of the period	23,199	(5,737)
Equity as at 30/9	73,641	55,621

The share capital consists of 262,100,074 shares of nom. DKK 0.25. The shares are not split into classes.

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Cast flow statement for the first nine months

'000	Group 2006 1/1 – 30/9	Group 2005 1/1 – 30/9
Operating profit/loss	23,691	(2,258)
Adjustments	3,950	3,643
Working capital changes	(14,109)	12,612
Operating cash flows	13,532	13,997
Financial items, net	(1,413)	(1,479)
Cash flows from operating activities	12,119	12,518
Acquisition of plant and equipment and intangible assets	(2,565)	(9,877)
Cash flows from investing activities	(2,565)	(9,877)
Repayment of liabilities other than provisions	(11,957)	(3,035)
Cash flows from financing activities	(11,957)	(3,035)
Cash flows for the period	(2,403)	(394)
Cash and cash equivalents at 01/01	21,944	2,876
Cash and cash equivalents at 30/09	19,541	2,482

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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
29.08	Interim report 2006
15.09	Notification regarding prospectus
18.09	Prospectus
19.09	Webcast presentation (only in Danish)
27.09	Reporting of insider transactions
03.10	Reporting of insider transactions
05.10	Reporting of insider transactions
06.10	Notification on behalf of the EDJ-Group (only in Danish)
06.10	Reporting of insider transactions
10.10	Reporting of insider transactions
10.10	Reporting of insider transactions
10.10	Section 28 a and b Announcement on behalf of Aktieselskabet Eivind Dam Jensen (only in Danish)
16.10	Reporting of insider transactions
20.10	The result of the pre-emption issue
20.10	Reporting of insider transactions

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

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