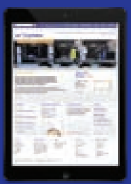
PV CRYSTALOX SOLAR PLC
ANNUAL REPORT AND ACCOUNTS 2013

PV Crystalox Solar is a long established supplier to the global photovoltaic industry, producing multicrystalline silicon wafers for use in solar electricity generation systems.



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www.pvcrystalox.com

Chairman's Statement

The Chairman, John Sleeman, gives his overview of 2013.

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Our business

An overview of our business provides information about who we are and what we do.

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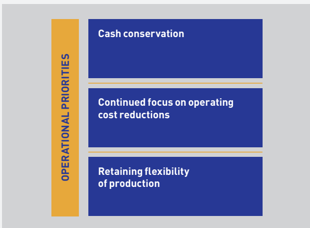
Our strategy



Our strategy looks at our long-term strategy, our focus in 2014 and what our priorities were in 2013.

Read about our strategy:
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Operational Review

In the Operational Review the Chief Executive, Iain Dorrity, discusses the market drivers, our performance and the outlook.

Read the Operational Review:
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Highlights

Revenues (€m)

€71.4m
2012: €46.3m

Net cash from operating activities – continuing operations (€m)

€4.4m
2012 restated: €77.3m

EBT (earnings before taxation) – continuing operations (€m)

€6.6m
2012 restated: loss €30.7m

Net cash (cash less external loans) (€m)

€39.2m
2012: €89.4m

Highlights

> Cash conservation strategy continued throughout 2013

> Restructuring completed whilst retaining core ingot and wafering production capabilities

> Disposal of Group's polysilicon production facility at Bitterfeld to management buy-in team

> €36.3 million of cash returned to shareholders in December 2013

> Wafer shipments 211MW (2012: 115MW)

Contents

Chairman's statement

"The Board believes cash conservation is the necessary response to current market conditions, enabling us to protect shareholder value whilst preserving the Group's core production capabilities."

Despite 2013 being another record year for global photovoltaic installations, PV market conditions continue to be challenging with pressure on pricing persisting. As a consequence PV Crystalox Solar has continued to protect shareholder value by operating in cash conservation mode, with a strong focus on cost control and inventory management.

Revenues of €71.4 million, which included wafer shipments and the trading of surplus polysilicon, were 54% higher than 2012. Looking at continuing operations, earnings before tax of €6.6 million improved from the €30.7 million loss in 2012. This increase in profitability was driven primarily by the impact of revised assumptions in respect of the onerous contract provision (including that market conditions at the end of 2013 were somewhat better than anticipated last year) which resulted in non-cash income of €11.7 million in the statement of comprehensive income. Net cash at the year end was €39.2 million which was €50.2 million lower than the €89.4 million held at the end of 2012, reflecting the return to shareholders of €36.3 million, and the payment made to the management buy-in team at Bitterfeld of €12.3 million. Operating cash in flow on continuing operations was €4.4 million.

At the general meeting in September 2013 shareholders approved the move of the Company's listing from premium to standard on the Official List and this change took place on 10 October 2013. This enabled the Company to undertake the return of cash in a tax efficient manner. Additionally, it will enable the Company to implement any other transactions which might be in the interests of the Company, such as acquisitions or disposals, in a shorter timescale and at a lower expense.

A standard listing requires a company to comply with a minimum level of regulatory requirements, but does not require compliance with super-equivalent provisions of the Listing Rules which apply only to companies with a premium listing. Despite this reduction in governance requirements, I am pleased to say that we have chosen to report, as we have previously, on a "comply or explain" basis against the UK Corporate Governance Code (September 2012) (the "Code").

Return of cash

In December we completed a return of cash to all shareholders amounting to €36.3 million (7.25 pence per share), by way of a B and C share scheme, which gave shareholders (other than certain overseas shareholders) a choice between receiving cash in the form of income or capital. The return of cash was accompanied by a 5 for 13 share consolidation to maintain broad comparability of the share price and return per share before and after the creation of the B and C shares.

Our people

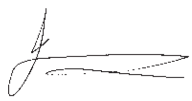
Our radical restructuring in 2013 required a significant reduction in our staff numbers from 299 at the end of 2012 to 88 at the end of 2013. Of those who left around 50 were able to join the new management buy-in company at Bitterfeld. Our employees are one of the Group's key strengths and are vital in ensuring that we retain our core production capabilities. I would like to thank them for their continuing outstanding commitment and contribution. I would like also to thank those employees who left for the significant contribution they made to the Group and for their professionalism during the previous years.

I would particularly like to thank Hubert Aulich, who retired from his role as Executive Director of German operations and left the Board in May 2013 and Peter Finnegan, the Chief Financial Officer ("CFO"), who informed the Board in March 2014 that he will retire from the Group on 31 May 2014 and accordingly will not stand for re-election at this year's Annual General Meeting. Peter has been involved with the Group since 1985, became CFO immediately prior to the IPO in 2007 and has made an outstanding contribution to the Group's development and progress. The Board expresses its gratitude to Peter for his contribution to the success of the Group and wishes him well for the future.

I am pleased to advise that the Board has appointed Matthew Wethey as the new CFO in addition to his role as Group Secretary. Matthew is a chartered accountant with 20 years' business experience who joined the Group in January 2009. He will not be an executive director of the Company and thus the Company will comply with the provisions of the Code in relation to size and composition of the Board from June 2014.

I confirm that all other directors are standing for re-election at this year's Annual General Meeting in line with the recommendations of the Code.

The Board continues to believe that our cash conservation strategy is the necessary response to current market conditions, enabling us to protect shareholder value whilst preserving the Group's core production capabilities. The Board remains committed to the solar industry and believes that the medium-term outlook for solar installations remains positive.



John Sleeman
Chairman
19 March 2014

Chief Executive's statement

"Our improved cost structure enables us to increase production output in order to consolidate existing and to develop new customer relationships."

2013 has seen significant growth in global PV installations and some modest improvement in the industry environment. Prices across the value chain showed some slight recovery towards the end of the year following two years of continuous price declines. This improvement has continued into 2014 but wafer prices remain below industry production costs as polysilicon prices have been rising at a faster rate.

Following a strategic review in late 2012, the Group has completed a radical restructuring during 2013 whilst retaining core production capabilities and has stabilised its financial position. The Group restructuring involved a reduction in production output at the UK ingot and German wafer operations, with a corresponding reduction in personnel, and the disposal of the Group's polysilicon production facility in Bitterfeld, Germany, to a management buy-in team. The facility and staff were transferred together with associated obligations and liabilities including those relating to the repayment of grants, subsidies and closure costs in return for a cash payment of €12.3 million from the Group. This transaction was an improvement on the alternative shutdown scenario as it resulted in lower cash outflows for the Group and also enabled some jobs to be retained under the new management.

In view of the challenging market pricing and intensely competitive industry environment the Group continued to operate in cash conservation mode during 2013, maintaining production at low levels while focusing on internal cost reduction, quality improvement programmes and inventory management. Wafer shipments of 211MW[1] were significantly higher than shipments in the previous year (2012:115MW) and also higher than our production output as the Group took the opportunity to expand its customer base and to reduce inventories to normal levels.

During 2007–2008, Group companies entered into a number of long-term agreements with customers to supply wafers at prices which are considerably above current market levels. In view of the market conditions, our strategy has always been to reach accommodation where possible with these long-term contract customers, although some have exited the industry either voluntarily or through insolvency. Five contracts of this type remained at the start of 2013, but only two were active during 2013. Neither of these contracts will continue in 2014 as one has now expired and a settlement of the other has been concluded. The overall importance of these long-term contracts was much reduced as we have successfully developed new customers during 2013. Sales at a premium to spot prices under these contracts accounted for only 34% of wafer shipment volumes in 2013.

The Group has two other contracts where customers have entered insolvency and shipments stopped in 2011 and 2012 respectively. We have registered claims with the respective administrators and expect to conclude settlements during the next twelve months. Negotiations with the final remaining long-term contract customer are progressing with the aim of reaching agreement to resume wafer supply. In the absence of any agreement it will be necessary to seek resolution through arbitration under the auspices of the International Court of Arbitration.

In common with most PV companies, the Group has long-term contractual commitments for purchase of polysilicon which were made to secure supply necessary to service long-term wafer supply contracts. As in previous years we continued to be successful in reaching agreement with our suppliers during 2013 to adjust volumes and prices on a periodic basis. Nevertheless, as a consequence of the reduced wafer production levels it was still necessary for the Group to trade excess polysilicon during the year in order to manage inventory levels. The Group has been successful in reaching accommodation with both suppliers in the year to date.

The year ahead

Considerable progress was achieved during 2013 in lowering our wafer production costs, both internally and at our sub-contractor in Japan where the weakening of the Japanese Yen was also beneficial. As a result of these cost reductions and the modest price improvement seen in late 2013 and early 2014, our cash cost of wafer production is now closer to market prices. In view of this improved cost structure, the Group decided to increase production output during the first quarter of 2014 to take advantage of the improved market situation and to consolidate links with our new customers. Initially we are doubling our production output compared to 2013 and this has necessitated some recruitment of production personnel in UK and Germany. This expansion will enable wafer shipments to be maintained at 2013 levels when sales volumes were boosted by shipments from inventory.

The Group will look to conclude settlements with the administrators of the two long-term contract customers in insolvency and also to conclude negotiations with the remaining long-term contract customer so that wafer shipments can resume. The Group will look to reinforce relationships with those new customers where trading started in 2013 and to develop new customers as opportunities allow.

As in previous years the Group will continue to negotiate with our polysilicon suppliers in order to adjust prices and volumes on a periodic basis. The Group expects to use increasing quantities of polysilicon for our expanding wafer production; however, it will trade excess polysilicon as required to manage inventory levels.

Iain Dorrity
Chief Executive Officer
19 March 2014

[1] In order to reflect improvements in industry cell efficiencies wafer shipments have been converted to MW assuming a cell efficiency of 17% rather than 16% as in previous years. For comparison purposes 2012 shipments have been restated using 17% efficiency.

Our business

Experts in multicrystalline silicon wafers

Our customers, solar cell producers primarily in Asia, process these wafers into solar cells and modules to harness the clean, silent and renewable power from the sun. We are playing a central role in making solar power cost competitive with conventional hydrocarbon power generation and, as such, continue to seek to drive down the cost of production whilst increasing solar cell efficiency.

Who we are

With over 25 years' expertise in manufacturing and technology development within the PV industry, PV Crystalox Solar is one of the most experienced manufacturers of multicrystalline silicon wafers, the key component in solar power systems.

What sets us apart

PV Crystalox Solar is playing a central role in making solar cost competitive with conventional hydrocarbon power generation and, as such, continues to seek to drive down the cost of production whilst increasing solar cell efficiency.

PV Crystalox Solar is the only remaining pure play wafer manufacturer in Europe and is able to take advantage of any EU specific manufacturing incentives. The Group exports the vast majority of its wafers to customers around the world.

Despite the restructuring carried out in 2012 and 2013 PV Crystalox Solar has retained its core ingot and wafer manufacturing capabilities during an extremely challenging period for the PV industry. The production capacity is considerably greater than current production levels and, with a long history of production with high growth, PV Crystalox Solar is well placed to expand output at the point when pricing exceeds costs.

The Group structure

PV CRYSTALOX SOLAR PLC
Abingdon, UK

- CRYSTALOX LIMITED — Abingdon, UK
- PV CRYSTALOX SOLAR SILICON GMBH — Erfurt, Germany
- PV CRYSTALOX SOLAR KK — Tokyo, Japan

What we do

1 INGOT PRODUCTION

INTERNAL PRODUCTION

100% at Crystalox Limited, Abingdon, UK

EXTERNAL PRODUCTION

Nil

> The Group's ingot production facilities are based in Oxfordshire, UK, where it has four production plants, two of which are currently in operation

> Multicrystalline silicon ingots are directionally solidified, under carefully controlled conditions, from molten, high-purity polysilicon, in production systems designed and manufactured internally

> Continual innovation and development ensures PV Crystalox Solar's leadership in the manufacture of superior quality silicon ingots

CRYSTALOX LIMITED

Established
1982

2013 production capacity
750MW

2 BLOCK PRODUCTION

INTERNAL PRODUCTION

Crystalox Limited, Abingdon, UK

EXTERNAL PRODUCTION

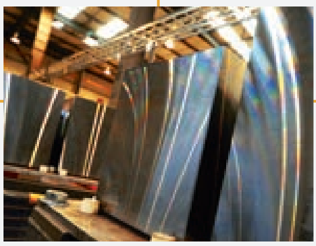
Japanese sub-contractors

> The sectioning of ingots into blocks is carried out at the Group's facilities in the United Kingdom and by PV Crystalox Solar's partners in Japan

> Quality checks are carried out throughout ingot and block production resulting in consistent, high performance multicrystalline wafers

CRYSTALOX LIMITED

JAPANESE SUB-CONTRACTORS



3 WAFER PRODUCTION

INTERNAL PRODUCTION

PV Crystalox Solar Silicon GmbH, Erfurt, Germany

EXTERNAL PRODUCTION

Japanese sub-contractors

> Wafering of the blocks takes place at the Group's facility in Erfurt, Germany, and in Japan by our wafering sub-contractors

> Wafers are manufactured to meet the highest standards and we work closely with our customers to increase product quality

PV CRYSTALOX SOLAR SILICON GMBH

JAPANESE SUB-CONTRACTORS

Read more about our operations:
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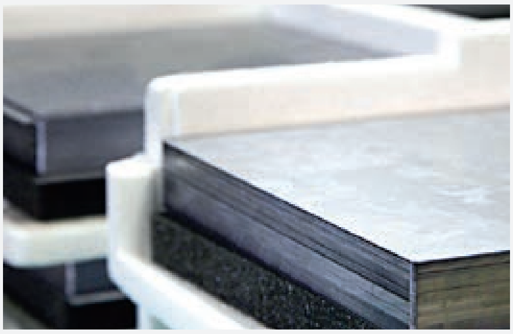
Our customers

PV Crystalox Solar supplies multicrystalline silicon wafers to PV companies from its wafering facilities in Germany and Japan. From these strategic locations, PV Crystalox Solar collaborates closely with its customers to ensure standards are maintained and that any technological developments are passed on quickly.

As pricing on the spot market fell below contract prices the Group cooperated with its long-term contract customers to offer lower prices but at a premium to spot prices.

In response to the huge changes which have affected the industry over recent years, PV Crystalox Solar has successfully developed new customer relationships as many of the Group's previous customers and market leaders have left the industry either voluntarily or through insolvency.



Read more about our markets:
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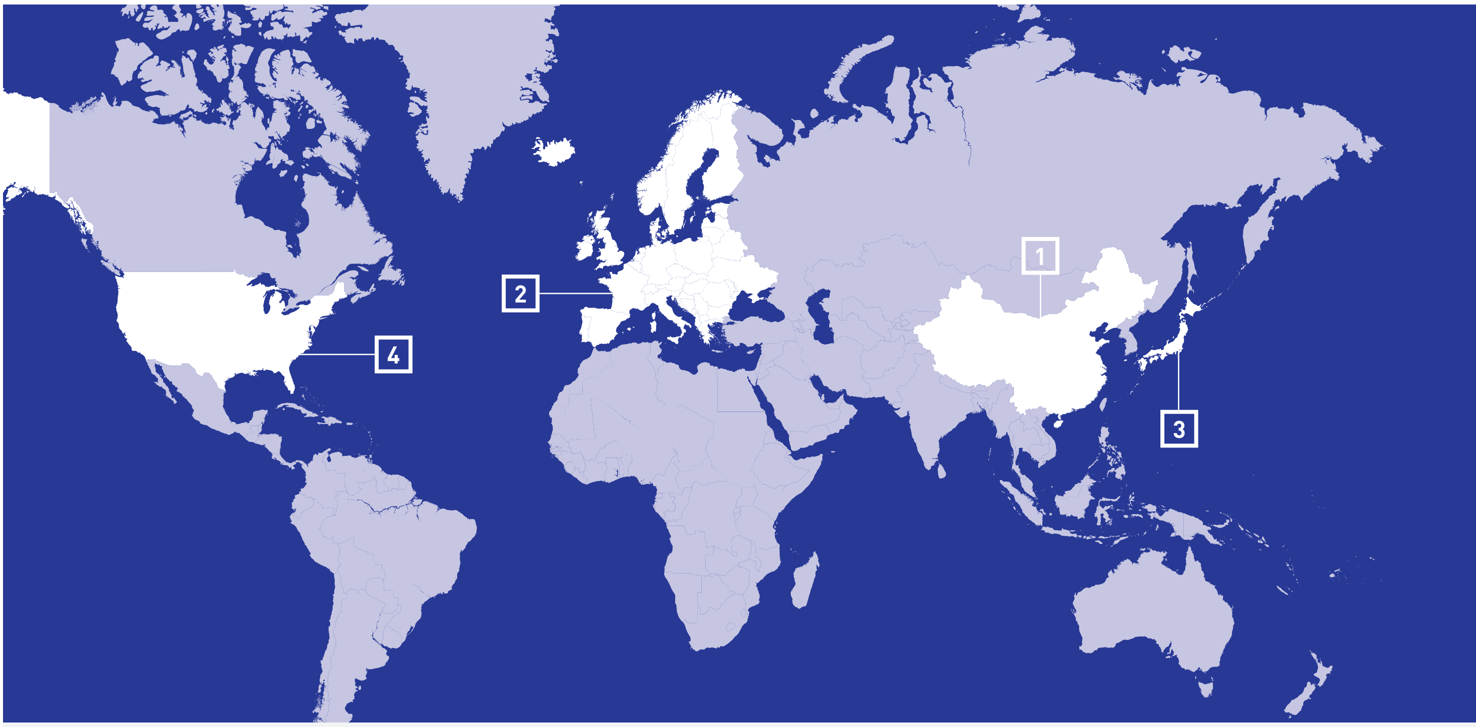
The current market



Responding to a challenging market

The global market

According to the European Photovoltaic Industry Association the global market grew 35% compared with 2012 to 37MW in 2013.

Global PV cumulative installed capacity reaching 136.7GW at the end of 2013. The Asia-Pacific region accounted for 57% of last year's global installations market with Europe accounting for just 28%. China accounted for 31% and Japan 19% of installations as the market continued its transition from a European-dominated environment to an Asia-Pacific focus. This trend is expected to continue, with China experiencing robust and sustained growth in installations which should enable it to remain the number one market in the coming years.

Read more about the regulatory environment:
Visit www.pvcrystalox.com/about_us/our_market/

The current market

1 CHINA

> Biggest global market in 2013 with a record 11.3GW installed
> Target of 14GW in 2014 and 35GW cumulative installed capacity by 2015
> Stimulated by new feed-in tariffs

2 EUROPE

> Slowdown in Europe where installations were 10.3GW, down 42% on 2012
> Italy experienced a 70% market decrease and Germany a 57% market decrease compared to 2012
> Decline in political support in several European countries
> 80.0GW of cumulative installations, 58% of total installations

3 JAPAN

> Third biggest global market in 2013 with around 6.9GW installed
> Cumulative PV installations passed the 10GW landmark in August 2013
> Stimulated by the generous incentive programme; twice that on offer in China and Germany

4 USA

> Fourth biggest global market for installations in 2013 with 4.8GW

"Double-digit growth is expected for the PV market in 2014, with some analysts expecting global installations to exceed 50GW."

Our key operating locations

Crystalox Limited, Abingdon, UK

PV Crystalox Solar Silicon GmbH, Erfurt, Germany

PV Crystalox Solar KK, Tokyo, Japan

The global regulatory environment

Claims of unfair trade practices have led to anti-dumping investigations.

USA

> November 2012 – probe concluded that solar cells were being imported at below fair market value and duties of 24% to 254% were imposed against Chinese module companies

> Early 2014 – new investigation into Chinese solar products due to exploitation of a loophole involving cells from Taiwan and elsewhere

China

> July 2013 – probe into polysilicon imports with interim anti-dumping duties of 2.4% to 57% imposed against South Korea and US companies

> Early 2014 – Confirmation that duties on imports of polysilicon from the US will be applied for five years

Europe

> June 2013 – EU finding that for wafers, cells and modules the fair value was 88% higher than current prices, provisional anti-dumping duties of 11.8% imposed against Chinese companies

> August 2013 – Revised decision resulting in minimum import price and import quota of 7GW

Read the Operational Review:
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Our strategy and KPIs

The Group will continue with its cash conservation strategy in 2014. At the same time, our improved cost structure enables us to increase production output in order to consolidate existing and to develop new customer relationships.

OPERATIONAL PRIORITIES

Our long-term strategy	How we will achieve this in 2014
Cash conservation	> Increase production output as market prices allow > Retain operational capabilities > Trade excess polysilicon but less than in 2013 > Working capital management
Continued focus on operating cost reductions	> Negotiate improved polysilicon pricing > Other supplier price reductions > Production efficiencies > Higher yields
Retaining flexibility of production	> Actively managing our polysilicon supply contracts > Wafer production in Germany and Japan

BUSINESS PRIORITIES

Our long-term strategy	How we will achieve this in 2014
Focus on further developments of the leading silicon processing technology	> Work with customers to increase product quality and develop the next generation of wafer technology
Continued focus on major PV companies	> Enhance relationships with existing customers > Develop new customers

Cash conservation focus

The Group will continue with its cash conservation strategy while current market conditions persist. However, as a result of reduced manufacturing costs the Group is able to increase production and develop customer relationships rather than keeping production at a minimum level consistent with retaining core ingot and wafering manufacturing capabilities.

Our vision

Our vision is to remain one of the PV industry's cost leaders and to supply quality wafers.

2013 priorities

> Temporarily reduce production output
> Retain operational capabilities
> Trade excess polysilicon
> Working capital management

> Negotiate improved polysilicon pricing
> Restructure operations
> Other supplier price reductions
> Production efficiencies
> Higher yields

> Diversity in sourcing polysilicon supply
> Geographical diversity in wafer production

> Work with customers to increase product quality and develop the next generation of wafer technology

> Enhance relationships with existing customers
> Develop new customers

Key performance indicators

Wafer shipments

211MW +83%
2012: 115MW

Revenue on continuing operations

€71.4m +54.2%
2012: €46.3m

EBT on continuing operations[1]

€6.6m
2012 restated: loss €30.7m

Net cash from operating activities on continuing operations

€4.4m
2012 restated: €77.3m

Free cash flow on continuing activities[2]

€2.2m
2012 restated: €65.0m

Net cash

€39.2m
2012: €89.4m

Basic earnings/(loss) per share

€0.010
2012: loss €0.299

1 This increase in profitability was driven primarily by the impact of revised assumptions in respect of the onerous contract provision (including that market conditions at the end of 2013 were somewhat better than anticipated last year) which resulted in non-cash income of €11.7 million in the statement of comprehensive income.

2 Free cash flow is defined using net cash from operating activities less cash used in investment activities less interest received.

Risk management and principal risks

During 2013 the Group continued to be exposed to several risks that had been identified in previous Annual Reports.

One of the key mitigating strategies was the continuation of the cash conservation measures and the Group restructuring described in the Operational Review. The key risks to which the Group is exposed are described below.

The Group might be affected by a number of risks, which may have a material adverse effect on our reputation, operations and/or financial performance. The risks associated with the Group's financial instruments are detailed in note 30 in the Notes to the Consolidated Financial Statements.

The Group is exposed to a number of other risks, some of which may have a material impact on its results. It is not possible to identify or anticipate every risk that may affect the Group, some of which may not be known or may not have been assessed. Our overall success as a global business depends, in part, upon our ability to succeed in different economic, social and political environments and manage and mitigate such risks.

Principal risks	Nature of risk	RS*	Mitigating actions
Price of wafers on the spot market remain below cash cost of production	The Group has previously sold wafers under long-term contracts and at spot prices. As pricing on the spot market decreased during the last three years we cooperated with our long-term contract customers and offered lower prices but at a premium to spot prices. The Group no longer has significant long-term contracts that provide pricing protection. It is thus important that the Group's cash cost of production is broadly in line with market prices in order to avoid significant cash burn.	→	> Lowering production costs. > We negotiate with our suppliers to achieve polysilicon prices at close to the spot price where possible. > Temporary reduction in ingot and wafer production output. > Continuing cash conservation measures. > Maintaining a strong balance sheet which gives the Group the strength to weather the ongoing price squeeze.
Contracted polysilicon feedstock continues to exceed our own internal requirements	The Group obtains polysilicon feedstock through two long-term contracts, where pricing is significantly above current market levels. Due to our reduced wafer production output the contracted volume is significantly in excess of the Group's requirements.	→	> We look to obtain flexibility in terms of price, volume and timing of deliveries by negotiating amendments to the terms of our long-term contracts with our suppliers. > We have and will continue to trade excess volumes of polysilicon feedstock.
Our reliance on other key suppliers	The Group is solely reliant on certain key suppliers for some goods and services. Should any of these key suppliers cease supply it might impact the Group's ability to meet production targets.	→	> We have long-term relationships which help protect our access to goods and services provided by our key suppliers. > We look to develop relationships with alternative suppliers such that we could obtain those goods and services at short notice, if required.

Risk status key

→ Risk steady　　↑ Risk increase　　↓ Risk decrease

* RS refers to "Risk Status" — the current status of a particular risk as compared to the previous year. The risk may be classified as having increased, decreased or remained approximately the same as the previous year.

Principal risks	Nature of risk	RS*	Mitigating actions
Shrinking customer base	With many companies exiting the PV industry either voluntarily or through insolvency and the increasing dominance of Chinese players the accessible customer base is getting smaller. The Group is dependent on a small number of customers for its sales and the loss of any major customer either to a competitor or through its own business circumstances might impact significantly on the Group's financial condition.	↑	> Where possible we concentrate on customers that are financially strong with a clear strategic vision for the PV industry and accordingly have the potential to be long-term major players in the industry. > We work in partnership with our customers to ensure that the quality, specifications and efficiency of our wafers are suitable for their current and future needs. > We are continuing to develop new customers and broaden our customer base.
PV market development is reliant on Government incentives, support and legislation	The solar industry is dependent on the support of individual governments to encourage the installation and use of solar electricity within their territories. Without such support the increased uptake of solar electricity may reduce or be slow to develop.	→	> We focus on supplying those major PV companies which are better equipped, therefore, to sell product into global markets. > We ensure that the Group operates internationally thus spreading risk among several markets. > We focus on cost reduction and efficiency enhancement strategies to reduce the need for Government support in the long term.
Loss of a key production facility could disrupt our ability to deliver contracted wafer volumes and to retain core production capabilities	The Group has operations at different stages in the value chain. The loss of a facility at any stage would impact the Group's ability to fulfil contracted wafer or to retain core production capabilities.	→	> We are currently producing at levels considerably below capacity due to our cash conservation activities. > Ingot manufacturing is carried out in the United Kingdom where the Group has four separate sites available for production. > Wafering is carried out at our internal facility in Germany and at a sub-contractor in Japan. > We have health and safety, fire prevention and security procedures in place at all facilities. > We have comprehensive property damage and business interruption insurance in place.
Imposition of trade barriers and restrictions may have a significant impact on the PV industry	Trade disputes can lead to imposition of duties on imports of some PV products. Recent years have seen claims of dumping of Chinese products into both Europe and the United States and also claims by China regarding imports of polysilicon. The renewal of the trade dispute between the United States and China may result in disruption the market.	→	> We work with PV companies who have a diverse geographic customer base and thus less dependent on demand from a particular region. > We will cooperate, as we have done previously, with the authorities in the event of any future investigations.

Operational review

> "The Group restructuring involved a reduction in production levels and headcount, however, we retained our core ingot, block and wafer production facilities."

Market drivers

According to the European Photovoltaic Industry Association ("EPIA"), global PV installations grew to 37GW in 2013, a 35% rise over the previous year. China and Japan were the two leading markets and together accounted for 49% of installations as the market continued its transition from a European-dominated environment to a global market. New European installations were 10GW, down 43% on 2012 as demand in several key markets such as Germany and Italy continued to decline.

Cumulative PV installations in Japan passed the 10GW landmark in August 2013, making Japan only the fifth country to reach this milestone joining Germany, Italy, China, and the US. The latter two only reached the milestone during the first half of 2013. Growth in Japan has been stimulated by the generous incentive programme that started in July 2012 whereby Japan's feed-in tariff in fiscal 2013 was 37.8 Yen (US$0.38)/kWh for 20 years, which is more than twice the tariffs on offer in China and Germany.

China was the leading global market and installed 11.3GW. No country has ever added more than 8GW of solar power in a single year prior to 2013, and China's record outstripped even the most optimistic forecasts of twelve months ago. The Chinese State Council backed up targets recently announced by the State Grid and has set a cumulative target of 35GW of installed capacity by 2015. This represents a 14GW increase on the previously stated 2015 target of 21GW and provides further support for its substantial domestic manufacturing industry. The Chinese Government is targeting 14GW of additional PV capacity in 2014.

The dramatic decline in PV industry pricing during the last two years led to claims of unfair trade practices and to anti-dumping investigations in the United States, China and Europe. In November 2012 the United States International Trade Commission ("USITC") judged that Chinese producers/exporters had sold solar cells at below fair market value and had materially damaged the US PV industry. Duties ranging from 24% to 254% were imposed. The enquiries in China and Europe have recently been concluded although with varying outcomes.

In July 2013 China's Ministry of Commerce ("MOFCOM") announced that a probe launched last year had found that polysilicon imports into China were damaging domestic manufacturers. Provisional anti-dumping duties ranging from 2.4% to 57% were imposed against solar-grade polysilicon imports from South Korea and the United States.

The European Commission launched investigations in September 2012 and concluded that Chinese producers were dumping wafers, cells and modules into the EU market and that the fair market value was 88% higher than current prices. Exports of PV products from China to the EU totalled €21 billion in 2011, making the case the largest unfair-trade probe ever started by the EU. While provisional anti-dumping duties of 11.8% were imposed in June 2013 with a further threatened increase to an average 47%, the EU abruptly changed its stance in August 2013 and accepted an undertaking by Chinese PV companies to set a minimum import price. While details remain unclear, this price is apparently almost half the level originally deemed necessary to remedy the injury from dumping. An import quota of 7GW will also apply, above which duties will be imposed.

Following a period of calm in the latter part of 2013, PV industry trade disputes have erupted again in January 2014 with the United States Government officially opening another anti-dumping and anti-subsidy investigation into Chinese solar products imported into the United States. The decision by USITC follows a petition at the end of 2013 in which it claimed that existing anti-dumping levies, averaging 31%, were being circumvented by China's manufacturers who are exploiting a loophole by using cells from Taiwan and elsewhere for their modules. A preliminary determination of any countervailing and anti-dumping duties is not expected until June at the earliest.

China responded swiftly, even before the United States decision was finalised, by imposing fresh duties on imports of polysilicon from the United States and which will be applied for five years.

Operational review of 2013

On account of the depressed market prices, excess inventory and our cash conservation strategy, wafer production output was maintained at low levels during 2013. We operated at below 20% of our maximum 750MW capacity but actual sales volumes of 211MW were almost twice our production output as the Group was able to supply customers from inventory. As a result wafer inventories were reduced to almost optimum levels by the end of 2013.

The Group restructuring involved a reduction in production levels and headcount at each of the Group's manufacturing sites in UK and Germany and its sales office in Japan. The Group retained its core ingot, block and wafer production facilities, although the majority of the value of production equipment was written down as an impairment charge in 2012.

- In the UK, where the Group's ingot and block production facilities are located, headcount was reduced by 65%, two of the four production plants were mothballed and production cut such that operations continued at less than 20% of the 750MW capacity.
- In Erfurt, Germany, the wafering operation suffered a 52% headcount reduction, the mothballing of the majority of the wafering wire saws and a significant cut in output.
- In Bitterfeld, Germany, polysilicon production at the plant was suspended in November 2011, from which time the plant operated in idle mode. A decision to permanently discontinue operations at the plant was taken at the end of 2012. The Group commenced consultation with its employees as part of the shut down process. However, during this process an agreement was reached for the disposal of the plant to a management buy-in team. The facility and staff were transferred together with associated obligations and liabilities including those relating to the repayment of grants, subsidies and closure costs in return for a cash payment of €12.3 million from the Group. This transaction was an improvement on the alternative shutdown scenario as it resulted in lower cash outflows for the Group and also enabled some jobs to be retained under the new management.
- In Japan there was a headcount reduction of 29% and the operation relocated to smaller office premises in December 2013.

During the year the Group remained in cash conservation mode and was successful in achieving internal cost reductions, quality improvements and lowering inventory levels.

- Internal costs were reduced through a number of activities including successful negotiation with our polysilicon suppliers on price and volumes; disposal of the Group's polysilicon facility at Bitterfeld; improvements in the efficiency of the wafer production activities at Erfurt; and negotiating lower costs with our wafering sub-contractor in Japan which also benefited from a weakening Japanese Yen.
- The Group undertook quality improvement programmes in the UK which focused on optimisation of the ingot crystallisation process and which have enabled us to offer higher efficiency wafers that command a premium price.
- We reduced levels of polysilicon and wafer inventory and at the year end they are now close to optimum levels.

A description of 2013 developments with our customers and polysilicon suppliers is included in the Chief Executive's Statement.

Outlook

Double-digit growth is expected for the PV market in 2014, with some analysts expecting global installations to exceed 50GW, up from the 37GW achieved in 2013. Pressure on pricing is likely to remain, although some market tightness may positively impact sales prices as supply and demand come closer to balance later in the year.

The Board continues to be mindful of the challenging market situation and the increasingly dominant role of Chinese players in the PV industry and does not expect the underlying business to return to profitability during 2014. Nevertheless it is taking cautious steps to position the Group to take advantage of any further improvement in market conditions. The Group has a healthy net cash balance and the restructuring carried out together with the progress achieved in cost reductions during 2013 will enable the Group to compete more effectively and provide the opportunity to broaden its customer base in 2014.

Iain Dorrity
Chief Executive Officer
19 March 2014

Read more about our business at:
Visit www.pvcrystalox.com/about_us/our_business/

Financial review

Review summary

- In 2013 Group revenue increased by 54.2% to €71.4 million
- Profit for the year from continuing operations was €6.2 million (2012 restated: a loss of €41.3 million)
- Profit attributed to equity owners of the parent was €3.7 million (2012: loss of €121.4 million)
- In December the Group returned €36.3 million to shareholders under a B and C share scheme
- The Group's net cash position at year end was €39.2 million
- Operating cash flow from continuing operations was €4.4 million

The presentation of the financial statements has been amended for 2013 following the disposal of the polysilicon facility at Bitterfeld which is classed as a discontinued operation. The consolidated statement of comprehensive income and the consolidated cash flow statement have been split between continuing operations and discontinued operations. The 2012 comparatives have been restated to exclude the discontinued operations. Comments below, unless expressly stated, refer to the continuing operations.

In 2013 Group revenue increased by 54.2% to €71.4 million (2012: €46.3 million) due to higher wafer sales volumes, including a large proportion of its surplus wafer inventories, and increased trading of surplus polysilicon feedstock.

During the year the Group generated an EBIT of €10.5 million (2012 restated: loss €30.0 million). This increase in profitability was driven primarily by the impact of revised assumptions in respect of the onerous contract provision (including that market conditions at the end of 2013 were somewhat better than anticipated last year) which resulted in non-cash income of €11.7 million in the statement of comprehensive income. The onerous contract provision was created in 2011 and updated in 2012 as non-cash charges to the cost of material in respect of the onerous nature of the Group's long-term polysilicon supply agreements. The onerous contract provision unwinds from period to period as the related contracts move towards expiry. Details of the onerous contract provision are discussed later in this review and details of the movement in the onerous contract provision are set out in note 22 of the financial statements.

Net interest expense was €3.9 million (2012 restated: €0.7 million). This was made up of a charge of €4.6 million in respect of the unwinding of the discount rate used in the calculation of the Group's onerous contract provision and interest charged on Group borrowings and pension commitments of €0.1 million, which was partly offset by interest income of €0.8 million.

The income tax charge of €0.4 million is mainly due to tax on interest received which cannot be offset against trading tax losses brought forward. The prior year tax charge of €10.6 million was mainly the result of the reversal of deferred tax assets relating to previously recognised tax losses. These losses are still available for offset against future trading profits, but these are unlikely to be utilised in the immediate future.

The profit attributable to equity owners in the year of €6.24 million on continuing operations was offset by losses of €2.58 million on discontinued operations to give an overall profit attributable to equity owners in the year of €3.66 million, which equates to a profit per share of €0.01. In 2012 the loss on the restated continuing operations of €41.3 million and the loss of €80.1 million on discontinued operations gave an overall loss attributable to the equity owners of €121.4 million, which equates to a loss per share of €0.299.

"The Board believes that its ongoing strategy will enable the Group to operate within its net cash reserves for the foreseeable future and accordingly be in a strong position to take advantage of improving market conditions at the appropriate time."

The Group's net cash position at the year end was €39.2 million which was €50.2 million lower than the net position of €89.4 million at the start of the year. The main outflows in the year were the €36.3 million cash return to shareholders, of £0.0725 (approximately €0.087) per share under a B and C share scheme, and outflows of €15.8 million in respect of the discontinued operations.

When earnings before taxes of €6.6 million are adjusted for non-cash movements (mainly the decrease in provisions of €31.7 million and the reversal of the net interest expense, relating to the discounting of the onerous contract provision, of €3.9 million) the adjusted cash outflow before tax from continuing operations was €21.7 million. The Group was successful in releasing €24.2 million of cash from working capital mainly due to the reductions in inventories (€21.0 million) and polysilicon feedstock advance payments (€9.5 million) partially offset by the increase in debtors of €5.7 million. This gives net cash inflows from operating activities of €4.4 million when the effects of inflows from income taxes of €1.1 million and interest received of €0.8 million are included. After deducting cash used in investing activities of €1.4 million and reversing out interest received of €0.8 million the free cash inflow was €2.2 million. The Group's capital expenditure in the year was €0.1 million (2012 restated: €1.1 million). The cash conservation strategy had meant that there was no significant capital expenditure in the year and accordingly only essential items were purchased. Investment grants received in prior years were all in respect of the German operations as capital expenditure in the United Kingdom does not qualify for such grants.

Further cash flows were due to the cash return to shareholders of €36.3 million, the amounts paid of €15.8 million in respect of the discontinued polysilicon operations and the effect of foreign exchange rate changes on cash of €2.3 million. The cash outflows due to the discontinued operation consisted of adjusted cash losses of €0.7 million, an increase in working capital of €3.5 million and a payment to the management buy-in team of €12.3 million.

Onerous contract provision ("OCP")

The Group has long-term agreements for the purchase of its raw material, polysilicon, from two external suppliers that were entered into in 2008 and 2010. Given the significant decline in market prices for polysilicon and silicon wafers since the contracts were signed, the contracted cost of polysilicon under these agreements means the Group is likely to incur losses in respect of these contracts. Consequently the Board provided for the anticipated losses under these contracts taking into account the terms of the contracts and market conditions.

Group management has continued to negotiate and reach agreement with both suppliers as to volumes and price during 2013 and this will continue for the duration of the contracts. In addition, market conditions for the trading of surplus polysilicon were a little better than had previously been anticipated. The OCP has been recalculated as at 31 December 2013 taking into account the remaining contractual periods, the current and anticipated agreements with suppliers plus updated market conditions and the net effect has been the release of €11.7 million from the provision.

Note 22 details the various movements in the provision during the year: the amount credited to the cost of materials totalled €24.4 million; the amount charged as finance cost was €4.6 million in respect of the unwinding of the discount factor (as there is one year less outstanding on the contracts); and the amount charged in respect of exchange differences was €5.7 million (as the provision is calculated in various currencies). The net provision was €26.5 million at the year end (2012: €52.0 million).

Impairment

The Board assessed the carrying values of the Group's property, plant and equipment for impairment as at 31 December 2012. As a result of this assessment, an impairment charge was recognised in 2012 that reduced the carrying values of property, plant and equipment and intangibles by €82.5 million. Only €37.6 million of this amount related to that used in continuing operations and the remainder related to the discontinued operation that was disposed of in June 2013. Accordingly, the Group's property, plant and equipment in respect of continuing operations had been largely written down and the 2013 annual depreciation charge was a modest €0.4 million. It should be noted that the plant and equipment remains available for use and a significant increase in production can be achieved without a significant increase in capital expenditure or an increase in the annual depreciation charge.

Financial review continued

Discontinued operations

In June 2013 the Group disposed of its polysilicon production facility in Bitterfeld, Germany, to a management buy-in team. The team acquired the facility and staff together with associated obligations and liabilities including those related to the repayment of grants, subsidies and closure costs in return for a cash payment from the Group of €12.3 million. This transaction was preferable to shutting the facility as it resulted in lower cash outflows for the Group and enabled some jobs to be retained under the new management. Specifically, the disposal was preferable to closure because it gave certainty as to the timing and quantum of cash flows rather than the uncertainty inherent in closing a production facility and thereby dismissing employees, disposing of plant and equipment and selling land. Note 36 sets out the loss incurred at the polysilicon plant in the period prior to disposal of €2.6 million and the related operating cash outflow of €3.5 million in addition to the above mentioned payment on disposal of €12.3 million. The 2012 comparison numbers in the accounts have been restated to remove the prior year effect of this discontinued operation.

Going concern

The Group's directors have put in place a cash conservation strategy to enable the Group to manage its operations whilst market conditions remain difficult. The following passage sets out the rationale behind this strategy and why the Board believes it will enable the Group to sustain adequate cash resources for the foreseeable future.

A description of the current market conditions and the Group's actions to conserve cash are included in the Strategic Report.

As part of its normal business practice, the Group regularly prepares both annual and longer-term plans which are based on the directors' expectations concerning key assumptions. The assumptions around contracted sales volumes and prices and contracted purchase volumes and prices are based on management's expectations and are consistent with the Group's experience in the first part of 2014.

The Group has long-term contracts with two external suppliers for the purchase of polysilicon, our main raw material. The Group's management has been successful in reaching accommodation with these suppliers to secure periodic contract amendments and to adjust prices and volumes. As a result, these amendments have brought the terms more in line with current market pricing. To manage inventory levels the Group will sell surplus polysilicon and has been successful in this respect during 2013 and the first quarter of 2014.

The nature of the Group's operation means that it can vary production levels to match market requirements. As part of the cash conservation measures and the associated planning assumptions, production output has been flexed to match expected demand. In line with the Group's strategy of retaining flexibility in production levels, production can be brought back on stream when market conditions allow. Employment costs were reduced during 2013 following redundancies in the United Kingdom and Germany at the beginning of the year. The Group has also reduced other costs through negotiation with suppliers and by achieving greater efficiencies within the Group's operations.

As a result of these actions and related modelling assumptions the Group's base plans indicate that the Group will be able to operate within its net cash reserves for the foreseeable future.

On 31 December 2013 there was a net cash balance of €39.2 million, comprising cash or cash equivalents of €39.9 million and short-term loans of €0.7 million. The current borrowings are in Japanese Yen and are subject to certain covenants on the Japanese subsidiary company (including interest cover, profitability, and receivables cover). The Group's plans are based upon remaining within its net cash balance and are not dependent upon these short-term borrowings.

Therefore, whilst any consideration of future matters involves making a judgement at a particular point in time about future events that are inherently uncertain, the directors, after careful consideration and after making appropriate enquiries, are of the opinion that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Thus the Group continues to adopt the going concern basis of accounting in preparing the annual financial statements.

The Board believes that its ongoing strategy will enable the Group to operate within its net cash reserves for the foreseeable future and accordingly be in a strong position to take advantage of improving market conditions at the appropriate time.

Dr Peter Finnegan
Chief Financial Officer
19 March 2014

Corporate responsibility

"The Group has effective environmental management and health and safety systems in place, in support of, and to complement, its quality assurance systems."

The environment

Our product

The Group is a leading producer of multicrystalline silicon wafers for the production of solar cells. These cells are processed into solar systems used for the generation of renewable electricity with a lifetime in excess of 25 years, providing electricity for a known starting cost and with minimal maintenance. Depending on the system's location, it has been estimated that the total energy used in the production of a silicon solar system will be recovered within a period of two to three years.

Our focus on our environmental responsibilities is clearly evident, being a producer of wafers for the PV industry and providing for power generation that is free of emissions.

Our processes

It is the Group's policy to:

> seek to eliminate and, where this is not practicable, to minimise negative environmental impacts from the pursuit of all business interests while continuing to produce high quality products which meet customer requirements;

> comply with all statutory environmental legislation as a minimum and to aim to improve upon the standards set by the local regulatory authorities; and

> foster an informed and responsible approach to all environmental concerns and encourage the involvement of employees, customers and suppliers. Regulatory authorities are consulted and informed at all appropriate times.

Waste and recycling

The Group has effective environmental management and health and safety systems in place, in support of, and to complement, its quality assurance systems. Across all its sites in the United Kingdom and Germany a proactive approach is taken to the pre-treatment of waste as required by the EU Landfill Directive. The purpose of this treatment requirement is to reduce the impact of waste sent to landfill and to increase the amount of waste that is recycled. For instance, within the Group, all silicon carbide used in the sawing of blocks and wafers is continually treated and recovered for reuse.

> At Crystalox in the United Kingdom, an automated water filtration system has been installed that allows for recovery of 90% of process water used during the cutting and grinding of multicrystalline silicon blocks. Silicon fines are removed from the process water which is subsequently reconditioned to allow for recirculation, thus significantly reducing waste water discharge volumes.

> In addition there is a trade effluent discharge consent in place with the local authority water/sewage company that allows Crystalox to discharge fine silicon particles suspended in water provided it does not exceed a chemical oxygen demand of 1500 mg/l and a settleable solids level of 1000 mg/l. During 2013 trials commenced with different types of trade effluent treatment plant with a view to reducing these discharge limits by 30% in one year. pH control chemicals and flocculants were introduced in conjunction with the existing centrifuge systems and successful trials were run with Dissolved Air Filtration systems and Lamella Separators that are now delivering significant improvements in the waste water quality.

> Crystalox is a member of compliance schemes which fulfil local legislation requirements such as The Producer Responsibility Obligations (Packaging Waste) Regulations 2007. This scheme sets targets for British industry for the recovery and recycling of packaging waste, seeking to ensure that discarded products are environmentally treated through recycling and recovery rather than being disposed of in landfill.

> A similar scheme exists in Germany where the Erfurt-based operation again received an award from the State of Thuringia in 2013 for participating successfully in the sustainability programme "Ökoprofit", a voluntary programme carried out by industrial companies that first analyses the impact of their industrial production on the environment and then reduces waste materials, packing materials, consumption of water, use of energy and emissions.

> All plastics, wood, paper, polythene, cardboard, metals, etc. are recycled, either by being sold to recycling companies or under local council arrangements, removed for recycling. The Group endeavours to recycle all recyclable packaging materials to conform to current packaging legislation and thereby minimise waste to landfill across all its sites.

> During 2012 the operation at Erfurt introduced an energy management programme and has received its certification for ISO 50001 Energy Management System. As a result of this, in 2013 we were able to reduce our total energy consumption per wafer by 13% compared to 2012 which was 20% less than in 2011.

Corporate responsibility continued

The environment continued

Environmental management systems

We recognise the need to establish, formalise and apply an environmental management system at each of our manufacturing sites. Therefore, in order to further enhance its already effective environmental and health and safety management systems:

> Crystalox in the United Kingdom continues its programme to achieve environment and health and safety accreditations; and

> the site in Erfurt, Germany, has been carrying out an environmental audit for the last ten years, focusing on the consumption of water, electricity and on the emission of waste materials.

These high standards complement and consolidate Crystalox and the Erfurt operation's EN ISO 9001 status, further fulfilling our responsibility to the environment and health and safety.

Our staff

The Group's policy is to provide equal opportunities to all existing and prospective employees. The Group recognises that its operation and reputation depends upon the skills and effectiveness of its employees and is committed to the fair and equitable treatment of all and to prohibit discrimination on the grounds of age, sex, religion, sexual orientation, race, nationality or ethnic origin.

It is the Group's policy to give sympathetic consideration to the recruitment, continuing employment, training, career development and promotion of disabled persons. In the event that a person became disabled he or she would continue to be employed, wherever possible, in the same job. If the degree of disablement made this impractical, every effort would be made to find suitable alternative employment and to give any appropriate training. The Group's policy on training and career progression applies equally to everyone within the Group whether or not disabled.

In December 2012 the Board announced that, following a strategic review of the business, it would carry out a radical restructuring in response to the continuing challenging market conditions. As a result during 2013 the Group adjusted its operations to align with anticipated sustainable short-term market demand while retaining its core production capabilities. As part of this programme the Group i) initially discontinued its polysilicon production facility in Bitterfeld, Germany and then transferred it to the management buy-in company; and ii) substantially reduced its production output at its UK ingot and German wafer operations. Regrettably these actions led to very significant job losses both in the UK and in Germany. Staff numbers dropped from 299 at the end of 2012 to 88 at the end of 2013.

The restructuring was completed following a consultation process, with the staff affected and the Crystalox Limited Employee Forum in the UK and the Works Councils in Erfurt and Bitterfeld, to agree the terms of the restructure.

Gender diversity

The following table sets out a breakdown by gender showing at 31 December 2013 (i) the number of persons who were directors of the Company; (ii) the number of persons who were senior managers of the Group (other than persons falling within sub-paragraph (i)); and (iii) the number of persons who were employees of the Group.

	Number of men	%	Number of women	%
Directors	4	100.0%	0	0%
Senior managers	11	91.7%	1	8.3%
Employees	50	67.6%	24	32.4%
Total	**65**	**72.2%**	**25**	**27.8%**

"Our employees are one of the Group's key strengths and are vital in ensuring that we retain our core production capabilities."

Training

The Group recognises that a key factor in its successful operations is its personnel. In spite of the headcount reductions at all sites management's top priority has been to provide a safe and secure work environment for all. To this end, health and safety training has been of paramount importance.

Initial in-house health and safety induction training for all personnel joining is supported by external specialist trainers for occupation specific training. During 2013 fire marshalling training was undertaken by selected staff at each site. A number of staff were externally trained in display screen equipment regulations and manual handling.

A voluntary health management programme was run for all staff in Erfurt.

The Group is committed to the ongoing training and development of its personnel. Particular skills-based training is provided to individuals when identified and seen as beneficial to the overall operation of the Group. The introduction of new technologies and new and efficient working methods has resulted in personnel being trained to both develop and hone their knowledge and skills. A flexible work environment has meant that personnel are given the chance to work in different departments, thereby helping them maximise their potential and sense of fulfilment.

During 2013, Crystalox Limited completed a multi module management development training programme for its managers. The Group believes that given the recent changes in production and headcount levels, the difficult market conditions, the continued period of uncertainty and the challenges faced by the managers, there is a need for support and development. This is to enable the managers to perform at the highest levels possible required to achieve the overall business objectives, in addition to providing them with the opportunity for personal development and growth.

In Germany, the Group has been running an apprenticeship programme for a number of years. Currently, there are eight young people in Erfurt enrolled in technical and administrative jobs. The intention of the programme was that after a three year period these apprentices would have the chance to become permanent members of staff. For some of the apprentices the programme enables them to continue with their studies to obtain a degree in engineering. During 2013 PV Crystalox Solar Silicon GmbH has been selected for an "Excellent Training Company" award from the local Government.

Health and safety

The Group recognises its responsibilities under health and safety legislation in each country of operation to ensure, so far as it is reasonably practicable, the health, safety and welfare of all its employees. Group policy is to take all reasonable precautions to prevent accidents and dangerous occurrences and for the creation of working conditions which safeguard employees.

The Group attaches the greatest importance to health and safety, considering this to be a management responsibility. To this end the Group will allocate the necessary resources and enlist the active support of all employees upon whom duties are also imposed by health and safety legislation. The Group regards the standards set by the various relevant statutory provisions as the minimum standards which must be achieved and endeavours to improve upon these where reasonably practicable.

In the United Kingdom health and safety management was supported by the appointment of health and safety representatives from key departments as well as the Health and Safety Steering Committee who met at monthly intervals throughout the year to monitor performance and promote a safe working environment within the business. In Erfurt five safety representatives are appointed onto the Health and Safety Committee which met for four quarterly meetings in 2013.

The total number of reported work related accidents in the United Kingdom fell from 0.00163 in 2012 to 0.00065 accidents per day worked in 2013; this equates to 0.65 accidents per 1,000 days worked.

There were no RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995) related incidences to report in the United Kingdom in 2012 or 2013. The number of work related accidents in Erfurt, Germany fell from four in 2012 to none in 2013.

Human rights

With regard to human rights, commentary has not been included as it is not considered necessary for an understanding of the development, performance or position of the Group's business.

Corporate responsibility continued

Our community

We have been running local events in Erfurt for several years to demonstrate the possibilities of solar electricity and again in 2013 we worked with the local power provider to carry out the annual solar car race programme with local students. The feed-in tariff which we receive from our 30 KW solar system mounted to the building in Erfurt, which feeds electricity directly into the local grid, is used to finance these projects.

The Group is an initiator and participant in the five year long project "SolarValley Mitteldeutschland". This is a research and development cluster in the German states of Thuringia, Sachsen-Anhalt and Saxony. Dr Hubert Aulich, the Group's former Director of German Operations, is chairman of the cluster board of the project. It involves 35 companies, five universities and nine research institutes working on the entire crystalline silicon value chain with the aim of reducing the cost of solar electricity to below that of conventional power and accelerating market introduction. This is the largest worldwide PV cluster with 98 projects and an overall €150 million budget over five years which is funded 50% by the Government and 50% by industry.

PV Crystalox Solar greenhouse gas emissions

Greenhouse gas (GHG) emissions

This is our first greenhouse gas ("GHG") emissions report in line with UK mandatory reporting requirements as set out under the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013.

The Group's emissions have been calculated based on the UK Government's Environmental Reporting Guidance (2013 version). Emissions reported correspond with our financial year. As a result of the changes to the Group due to the restructuring and to operating in cash conservation mode we have decided to report on 2013 with no comparative figures and to report on our own emissions only. We are reporting on our ongoing operations only so there are no amounts in respect of the polysilicon production facility at Bitterfeld in Germany which was sold halfway through the year.

We are reporting the direct emissions from combustion of fuel in PV Crystalox Solar facilities (Scope 1) and indirect emissions resulting from electricity purchased by PV Crystalox Solar (Scope 2). These emissions cover the operation of ingot production, block production and head office activities in the UK, the wafer production activities in Germany and running our sales and logistics office in Japan.

Emissions are predominantly from gas and oil combustion and electricity use at our manufacturing facilities. We have used conversion factors provided in the "UK Government conversion factors for company reporting" for UK and Japan emissions and have taken into account the local electricity mix for the conversion factor for our German operations.

	2013 (tonnes CO_2 equivalent)[1]
Scope 1 Direct emissions from combustion of fuel in PV Crystalox Solar facilities	**132**
Scope 2 Indirect emissions resulting from electricity purchased by PV Crystalox Solar	**5,679**
Scope 1 and Scope 2	**5,811**
Intensity measurement[2] tonnes CO_2/MW of wafer shipments	**27.5**

1 As this is our first year of reporting on mandatory GHG there is no prior year comparative.

2 This is based on shipments of wafers during the year which includes sales of surplus inventory. It should be noted that using the revenue figure from the financial statements would include sales of surplus polysilicon in addition to wafer shipments. The management team will continue to monitor and review the appropriateness of the intensity ratio.

Governance

Governance

Corporate governance statement

Introduction from the Chairman

Dear Shareholder
The Board is mindful of its responsibilities to the Company's shareholders and key stakeholders to ensure the Company has the right people, systems and processes in place to manage risk and deliver the Group's agreed strategy. As Chairman, I am responsible for ensuring that the Board operates effectively with well-informed directors asking the right questions and setting the right tone from the top.

This Corporate Governance Statement describes our approach to governance and highlights a number of the actions we have taken during the year.

Change in listing from premium to standard
At the general meeting on 11 September 2013, 100% of the shareholders who voted approved the move of the Company's listing from Premium to Standard listing on the Official List and this move took place on 10 October 2013.

The transfer enabled the Company to undertake a return of cash in a tax efficient manner using a B and C share scheme and will also enable the Company to implement any other transactions, such as acquisitions or disposals, which might be in the interests of the Company in a shorter timescale and at lower expense.

A standard listing requires the issuer to comply with the minimum regulatory requirements imposed by the EU that apply to all securities that are admitted to trading on EU regulated markets.

As an issuer with a standard listing, the Company will remain subject to the Listing Rules (as applicable to a company whose equity shares have a standard listing), the Prospectus Rules and the Disclosure and Transparency Rules, but it will not be required to comply with super-equivalent provisions of the Listing Rules which apply to companies with a premium listing.

Board balance and independence
Throughout the year the Board had two non-executive directors, a Chairman who was independent on appointment and an independent non-executive director, Michael Parker who is deemed to be independent in accordance with the Code. At the start of 2013 there were three executive directors, but following the 2013 AGM at which Hubert Aulich retired the number of executive directors reduced to two. Further details are set out on pages 26 to 27.

Peter Finnegan, the Chief Financial Officer ("CFO"), informed the Board in March 2014 that he will retire from the Group on 31 May 2014 and accordingly will not stand for re-election at this year's AGM. Matthew Wethey, the Group Secretary will take over as CFO but will not join the Board. Following the 2014 AGM the Board will thus comprise the Chairman, one independent non-executive director and one executive director. This composition will be compliant with the Code and the Board believes, given the current circumstances, that this composition is the most appropriate for the time being.

Compliance
As a standard listed company on the Official List the Company is fully compliant with applicable governance requirements. The Company has previously reported as a smaller company against the Code on a "comply or explain" basis. The Company is compliant against the Code except for those provisions relating to board and committee composition. These exceptions are detailed on page 23.

Performance evaluation
We had originally intended to conduct an external Board effectiveness review this year. Due to the reduced scale of operation and the cash conservation strategy, however, the Board agreed to carry out an internal review. I led this review supported by the Group Secretary. The review found that the Board is operating effectively.

The performance of the individual directors was evaluated and my performance was evaluated by the Senior Independent Director and the Chief Executive Officer.

The performance of the Board, its committees, the individual directors and the Chairman were all found to be effective. Further details are set out on page 24.

John Sleeman
Chairman
19 March 2014

Compliance

As a company with a standard listing governance levels are lower than those that apply to premium listed companies. The Company is fully compliant with the governance requirements of a standard listing.

A premium listed company is required to comply with the super-equivalent provisions which are contained in the Code. Throughout the year ended 31 December 2013, the Group complied with all the provisions set out in the Code except that those provisions relating to board and committee composition, namely sections B.1.2, B.2.1, C.3.1 and D.2.1. The Board believes that the current structure with a non-executive Chairman who was independent on appointment, one independent non-executive director and two executive directors is appropriate at present. As a result the Company was not compliant with:

> Section B.1.2 which states that except for smaller companies, at least half of the board, excluding the chairman, should comprise non-executive directors determined by the board to be independent. A smaller company should have at least two independent non-executive directors.

> Section B.2.1 states that a majority of members of the Nomination Committee should be independent non-executive directors.

> Section C.3.1 states that the board should establish an Audit Committee of at least three, or in the case of smaller companies two, independent non-executive directors. In smaller companies the company chairman may be a member of, but not chair, the committee in addition to the independent non-executive directors, provided he or she was considered independent on appointment as chairman. The board should satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience.

> Section D.2.1 states that the board should establish a Remuneration Committee of at least three, or in the case of smaller companies two, independent non-executive directors. In addition the company chairman may also be a member of, but not chair, the committee if he or she was considered independent on appointment as chairman.

Board of directors

The Board is primarily responsible for the success of the Group by providing leadership within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Group's strategic aims, ensures that the necessary financial and human resources are in place for the Group to meet its objectives and reviews management performance. The Board sets the Group's values and standards and ensures that its obligations to its shareholders and others are understood and met.

Matters reserved for the Board

The Board has a formal schedule of matters reserved to it for its decision. This schedule is reviewed annually and includes approval of:

> Group objectives, strategy and policies;

> business planning;

> substantial transactions, contracts and commitments;

> review of performance;

> risk assessment;

> dividends;

> appointments to the Board and as Group Secretary; and

> senior management appointments and succession plans.

Other specific responsibilities are delegated to Board committees, which operate within clearly defined terms of reference. Details of the responsibilities delegated to Board committees are given on pages 28 to 46.

Board balance and independence

During the year the Board consisted of two non-executive directors, a Chairman who was independent on appointment, an independent non-executive director, Michael Parker who is deemed to be independent in accordance with the Code, and the executive directors. At the start of 2013 there were three executive directors. Following the 2013 AGM on 24 May 2013, at which Hubert Aulich retired, the number of executive directors reduced to two.

The Chairman is presumed under the Code not to be independent. The Board considers Michael Parker to be independent and he is the recognised Senior Independent Director who is available to shareholders if they have any relevant issues or concerns. Brief biographical details of all members of the Board are set out on pages 26 and 27.

The non-executive directors bring a wide range of commercial and financial experience and knowledge and are independent of management and any business or other relationship that could interfere with the exercise of their judgement. This provides a balance whereby an individual or small group cannot dominate the Board's decision making.

The non-executive directors entered into arrangements for initial three year periods and their appointments continue subject to re-election at each AGM or six months' notice in writing from either party. The terms and conditions of appointment of the non-executive directors can be inspected at the Company's registered office and will be available for inspection at the Annual General Meeting. John Sleeman was appointed on 11 June 2007 and Michael Parker was appointed on 1 January 2010.

The Board has established a separate Nomination Committee and details of its responsibilities and activities are on page 28.

Corporate governance statement continued

Board meetings

The Board meets at least six times per annum and at other times according to business requirements. During 2013 there were twelve meetings, including a meeting in June 2013 where the Board met offsite to consider the Group's strategy and to review key business issues. Meetings are held in central London and at the Group's operating subsidiaries: at Abingdon in the United Kingdom; and at Erfurt in Germany. When the Board meets at the Group's operating subsidiaries the Board will have a detailed presentation from the subsidiary directors at that location and an opportunity to review the operation and to meet local management. During 2013 the number of Board and committee meetings with individual attendances was as follows:

	Board	Audit	Remuneration	Nomination
Hubert Aulich	6/6	1/1	1/1	2/2
Iain Dorrity	12/12	2/2	2/2	2/2
Peter Finnegan	12/12	2/2	2/2	2/2
Michael Parker*	12/12	2/2	2/2	2/2
John Sleeman*	12/12	2/2	2/2	2/2

* Non-executive directors.

Board support

All directors have access to advice and services from the Group Secretary. The appointment and removal of the Group Secretary is a matter for the Board as a whole. The Group Secretary is responsible for advising the Board on all governance matters, ensuring Board procedures are followed and applicable rules and regulations are complied with. The directors are free to seek any further information they consider necessary and directors can obtain independent professional advice at the Group's expense.

Information, induction and professional development

The Chairman, assisted by the Group Secretary, is responsible for ensuring that the Board receives appropriate and timely information on all relevant matters.

On appointment to the Board, new directors receive background reading about the Group and details of Board procedures and other governance related matters. In addition, the directors participate in a comprehensive induction programme, including site visits to the Group's operations and meetings with the executive directors and senior management across the Group.

The Chairman regularly reviews and agrees with each director their training and development needs as part of the succession planning process. Directors receive ongoing training and updates on relevant issues as appropriate, taking into account their individual qualifications and experience. The Group Secretary helps directors undertake any other professional development they consider necessary to assist them in carrying out their duties.

Chairman and Chief Executive

The roles of Chairman and Chief Executive Officer are separated and their responsibilities are clearly established. The Chairman is responsible for the leadership and workings of the Board and ensuring its effectiveness and the Chief Executive Officer together with the executive directors are responsible for the implementation of strategy and policies and the day-to-day decision making and administration.

Other significant commitments of the Chairman, John Sleeman, are set out in the Directors section on page 26. The Board is satisfied that these commitments do not restrict him from effectively carrying out his duties as Chairman.

Performance evaluation

The directors believe that an effective Board is vital to the success of the Group and, as a result, undertake a thorough evaluation each year in order to assess how well the Board, its committees, the directors and the Chairman are performing. The aim is to improve the effectiveness of the Board, its committees and ultimately the Group's performance. The process is led by the Chairman and is supported by the Group Secretary. The Board believes that a combination of external reviews every third/fourth year with internal reviews in the other intervening years is the most appropriate method for evaluating effectiveness. The Board conducted an external evaluation for the 2008 Annual Report and had originally intended to carry out an external review for this Annual Report. The Board decided, in view of the cash conservation measures being taken throughout the organisation, that the external review would be postponed until the Group enters a more normal trading environment. As a result an internal evaluation was undertaken this year.

The performance of individual directors was evaluated by the Chairman and the Senior Independent Director. Following the review process, the Chairman concluded that each director continues to make an effective contribution to the work of the Board, is well prepared and informed concerning items to be considered by the Board, has a good understanding of the Group's businesses and their commitment to the role remains strong.

The Senior Independent Director together with the Chief Executive Officer evaluated the performance of the Chairman and concluded that the Chairman operated effectively in his role.

As was highlighted above, the Board carried out an internal evaluation of its effectiveness by a process which involved a structured discussion at a board meeting in January 2014. The process was led by the Chairman with the assistance of the Group Secretary. The discussion focused on the Board's roles and responsibilities; the Board's culture and dynamics; the Board's processes; and the role of the Chairman. The review concluded that the Board was operating in an effective manner.

The Audit, Nomination and Remuneration Committees carried out internal evaluations of their effectiveness at meetings in January 2014 and March 2014. The process for each review was similar to that used for the Board's effectiveness review. The reviews concluded that each committee was operating in an effective manner.

Relations with shareholders

The Board values the views of its shareholders and recognises their interest in the Group's strategy and performance, Board membership and quality of management.

The AGM is used to communicate with investors and documents are sent to shareholders at least 20 working days before the meeting. The Chief Executive makes a presentation there on the Group's progress. The Chairman, Chief Executive, Chief Financial Officer, and the chairmen of the Audit Committee and Remuneration Committee are available to answer relevant questions. Separate resolutions are proposed on each substantial issue so that they can be given proper consideration and there is a resolution to receive and consider the Annual Report and financial statements. The Group counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

The totals of proxy votes on each resolution, including details of any votes withheld, are announced at the meeting after each resolution has been dealt with on a show of hands and the full proxy voting results are announced through a regulatory news service and on the Company's website. In the event of a close result as indicated by the proxies held by the chairman of the meeting, the chairman would call a poll but this has not proved necessary at any of the AGMs to date. The Board believes that the immediacy of voting on a show of hands with the proxy votes immediately being announced, rather than a laborious process of conducting a formal poll on every resolution, is appreciated by the shareholders who attend the meeting.

During the year there were two general meetings: on 11 September 2013, to approve the transfer in listing, and on 19 November 2013, to approve the return of cash to shareholders. Before both of those meetings documents were sent to shareholders at least 15 working days before the meetings and at both meetings members of the Board were available to answer relevant questions from shareholders.

During the year the executive directors maintained a regular programme of visits and presentations to major institutional shareholders both in the United Kingdom and overseas. All directors receive copies of articles concerning the Group and are updated by the Group's financial advisors on investors' perceptions of PV Crystalox Solar.

There were formal presentations following the preliminary and interim results and in addition the Group released Interim Management Statements in May and November 2013.

Key announcements, financial reports, the presentations referred to above and other information about the Group can be found on the Group's website at www.pvcrystalox.com.

Accountability

The Board aims to present a balanced and understandable assessment of the Group's position and prospects in all reports and other price sensitive disclosures, reports to regulators and information required to be presented by statute. The responsibilities of the directors as regards the financial statements are described on page 46 and that of the auditors on pages 48 to 50. A statement on going concern appears on page 16.

Remuneration Committee

The Directors' Remuneration Report and details of the activities of the Remuneration Committee are on pages 29 to 41. It sets out the Group's policy and the full details of all elements of the remuneration package of each individual director.

Directors
An experienced Board

John Sleeman Chairman

Dr Iain Dorrity Chief Executive Officer

The Board of directors comprised four extremely experienced individuals.

John Sleeman graduated in Physics from the University of Durham and started his career at Deloitte & Touche in 1970 where he qualified as a Chartered Accountant before moving in 1975 to Samuel Montagu where he qualified as a Chartered Banker and held various corporate and project finance advisory roles, becoming a director in 1989.

Following its acquisition by HSBC, he held directorships with a number of companies within the HSBC Group, and from 2000 to 2003 was managing director, head of international team, corporate finance.

After that, John was an independent director of OSJC Power Machines (from 2003 to 2008), the Russian power generation equipment manufacturer 25% owned by Siemens AG, and an independent director of JSC Open Investments (from 2005 to 2009), the Russian real estate group.

He was appointed as a non-executive director and Senior Independent Director at PV Crystalox Solar in May 2007 and became the Chairman in May 2012. He is chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.

Since 2006 John has been a founding partner of S.P. Angel Corporate Finance LLP and in 2013 he was appointed a non-executive director of Unitech Corporate Parks Plc.

Iain Dorrity has a PhD in Physical Chemistry from Exeter University. He joined the Company in 1986 and became responsible for sales and marketing in 1988.

He was a member of the MBO team that acquired the Crystalox business in 1994 and was appointed to the boards of both Crystalox Limited and Crystalox Solar Limited at that time. Subsequently, following the merger of PV Silicon GmbH and Crystalox Limited, he became a member of the Board of PV Crystalox Solar GmbH in 2002 and a director of the Company on its formation in December 2006.

Dr Dorrity has over 25 years' experience in crystal growth and semiconductor materials with an emphasis latterly on multicrystalline silicon technology. Prior to joining Crystalox, he spent eight years working in research and in industry with General Electric Company.

Dr Peter Finnegan Chief Financial Officer

Michael Parker Non-executive Director

Peter Finnegan has a Doctorate in Corporate Finance from Henley Business School, an MBA from Manchester Business School, is a Fellow of the Chartered Institute of Management Accountants and is a Chartered Global Management Accountant.

He has been involved in the Group's management since 1985 when he became Company Secretary of Crystalox Limited whilst he was Financial Director of its holding company at that time, Elkem (Holdings) Ltd. He was appointed to the board of Crystalox Solar Limited in 1994 and was a director of Crystalox Limited from 1994 to 2009.

He was appointed as a director of the Company on its formation in December 2006. Dr Finnegan has overall Group responsibility for finance, accounting, planning, financial control, legal matters and investor relations. Prior to joining the Group he held a number of senior managerial positions in large international manufacturing companies.

Mike Parker received a Bachelor's degree in Chemical Engineering from the University of Manchester and an MBA from Manchester Business School. He began his career with Dow in 1968. During his career with the company he was based in the US, UK, Switzerland and Hong Kong. He became president and chief executive officer of The Dow Chemical Company in Midland, Michigan, USA in 2000 and a member of the company's board of directors from 1995 to 2003.

He was appointed group chief executive of BNFL (British Nuclear Fuels), a UK Government owned company in August 2003; at the end of June 2009 he finished this role following the successful dismantling and privatisation of the company.

Until November 2012 Michael was chairman of Liverpool's economic development and regeneration company, Liverpool Vision. Michael remains involved with Liverpool as chair of the BioCampus Board for the Royal Liverpool University Hospital and is on the Alder Hey Children's Charity Capital Appeal board.

He became a Trustee of the Royal Society for Prevention of Accidents (RoSPA) in 2009, currently vice chairman and chairman of the Audit Committee and a member of the Remuneration Committee.

Michael joined PV Crystalox Solar Board as non-executive director in 2010, he is the Senior Independent Director as well as a member of the Nomination Committee, chairman of the Audit Committee and chairman of the Remuneration Committee.

In 2010 Michael joined SNC-Lavalin (Canada) as a non-executive director and is a member of the governance committee, project review committee and chairman of the health & safety security and environment committee. In 2011 Michael was appointed as chairman of Street League, a national charity that utilises football to engage with inactive 16–25 year olds. In 2012 he became a trustee of the Energy Institute and chairman of the Strategy Review Group. He is also a member of the Manchester Business School advisory board.

Michael was awarded a CBE in the New Year Honours 2009 for services to the energy industry.

Report of the Nomination Committee

Message from the chairman of the Nomination Committee

Dear Shareholder
I have chaired the Nomination Committee since May 2012 and have been a member since June 2007.

I am pleased to present this report of the Nomination Committee which explains our role and principal activities during the year.

We are mindful that the Group is not compliant with certain provisions of the UK Corporate Governance Code relating to board and committee composition. We have considered the reduced size and complexity of the Group and believe the current structure is appropriate at present and as a result we have not recommended recruiting a further non-executive director. We will continue to keep the size and composition of the Board under review in the future.

Hubert Aulich retired as an executive director in May 2013 and, following a recommendation from the Nomination Committee, the Board decided not to replace his position but to ask Iain Dorrity to assume Dr Aulich's responsibilities on the Board. This decision partially reduced the imbalance between executive and independent non-executive directors.

We have a schedule of matters for annual consideration and specific responsibilities should there be a need to recruit a director or chairman, or to make recommendations for appointments to the Board's committees or for the role of senior independent director. Full details of the Nomination Committee's roles and responsibilities are contained in the terms of reference which are available to members of the public upon request and are available on the Group's website at www.pvcrystalox.com.

Further details are described more fully below.

John Sleeman
Chairman of the Nomination Committee
19 March 2014

Membership
The Nomination Committee comprises both of the non-executive directors and is chaired by John Sleeman. The Chief Executive Officer, the Chief Financial Officer, other directors and external advisors may be invited to attend meetings as and when appropriate. The Group Secretary acts as the Secretary of the Nomination Committee.

Meetings
The Nomination Committee meets at least twice a year and reports to the Board on its proceedings. The Nomination Committee met twice during the year. Details of attendance are shown in the Corporate Governance Statement on page 24.

Effectiveness
As detailed on page 24, an internal evaluation was conducted during the year which confirmed that the Nomination Committee was operating effectively.

Role
The Nomination Committee has a number of responsibilities as set out in its terms of reference. In summary the key roles are to:

> review the Board structure, size and composition (including the skills, knowledge, experience and diversity) compared with its current position and make recommendations to the Board with regard to any changes;

> consider succession planning for directors and other senior executives; and

> make recommendations to the Board regarding the appointment, re-appointment and retirement of directors.

Activities of the Nomination Committee
Set out below are the key matters considered by the Nomination Committee during the year and subsequently.

Structure, size and composition of the Board
The Nomination Committee regularly reviews the structure, size and composition of the Board compared to its current position. The Group's operations are now reduced and less complex as a result of the cash conservation strategy and the disposal of Bitterfeld during 2013. The Nomination Committee was notified of the retirement of Hubert Aulich in March 2013 and it was decided that his responsibilities for the German operating subsidiary would be delegated to the directors of that subsidiary and that his Board responsibilities would be covered by Iain Dorrity. The Nomination Committee carried out a further review in January 2014 and recommended that the structure, size and composition of the Board remained appropriate despite the Group not being compliant with certain provisions of the Code relating to board and committee composition.

Succession planning
Succession planning is a key area of discussion and the Nomination Committee reviewed the capability of the senior management and directors and considered the succession plans for the executive directors.

Re-election of the directors
The Nomination Committee considered the effectiveness and commitment of each director standing for re-election at the 2014 AGM and, having concluded that their performance continues to be effective, recommends the re-election of each director to shareholders.

Diversity
The Nomination Committee noted the revised guidance provisions relating to the Board's policy on gender diversity but observed that there had not been any external recruitment at senior management or Board level for several years and that there were no current plans for recruitment at a senior level during 2014. It noted that one female manager in Japan had been promoted to senior manager in January 2014. It noted that the Group had a non-discriminatory recruitment policy; however, with the current recruitment plans, the Committee did not believe that it was appropriate to set measurable objectives on actively seeking gender diversity at this time.

Terms of Reference
The Committee carried out a review of the Terms of Reference and agreed to make changes consistent with the recommendations contained in the ICSA Guidance on Terms of Reference Nomination Committee (June 2013). The terms of reference of the Nomination Committee are available to members of the public upon request and are available on the Group's website at www.pvcrystalox.com.

Directors' remuneration report

Annual statement by the chairman of the Remuneration Committee

Dear Shareholder

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 31 December 2013, which sets out the remuneration policy for the directors of PV Crystalox Solar and provides details of their remuneration in respect of the year ended 31 December 2013. The Government has introduced new regulations which impact on the presentation and disclosure of directors' remuneration and the layout of this report reflects those new regulations.

The Remuneration Policy Report (set out on pages 30 to 35) will be put to shareholders for approval in a binding vote at the AGM on 22 May 2014. The Annual Report on Remuneration (set out on pages 36 to 41), which describes how the policy has been implemented in the year under review and how it will be implemented for the year ahead, will be subject to an advisory vote at the AGM.

2013 key items considered

Deferred Share Plan awards

The 2010 awards made under the Executive Directors' Deferred Share Plan vested in April 2013 and the Remuneration Committee approved the early vesting of Hubert Aulich's 2011 award in June 2013 under the good leaver provisions following his retirement.

Performance Share Plan awards

The Group failed to achieve the minimum performance conditions in respect of the Performance Share Plan awards made in 2011 for the performance period 1 January 2011 to 31 December 2013. As a result the award will lapse in 2014.

2014 remuneration

The Remuneration Committee is mindful of the provisions and recommendations of the Code and associated guidance that a significant proportion of remuneration for executive directors should be structured so as to link rewards to corporate and individual performance and that it should be designed to promote the long-term success of the Company.

During the 2012 and 2013 the executive directors' remuneration consisted of base salary only with no annual bonus or long-term incentive. In addition the base salaries of the executive directors have remained at the levels first agreed in July 2008. The Remuneration Committee reviewed the composition of the executive directors' remuneration and has agreed to amend this for 2014 to better reflect the guidance. As a result the following proposal for executive directors' remuneration was proposed by the Remuneration Committee and agreed by the Board:

> the remuneration of Peter Finnegan will remain at the same level as in 2013 until his retirement at the end of May 2014;

> the base salary of the Chief Executive Officer is to be reduced by 25% from 1 January 2014;

> an increase in the percentage of employer pension contributions from 6% to 8%, to keep the absolute employer contribution the same;

> the reintroduction of an annual bonus plan for 2014 with performance conditions based on share price increases during the 2014 financial; year; and

> there will not be a long-term incentive award for the performance period from 1 January 2014 to 31 December 2016.

The Remuneration Committee approved management's proposals to increase salaries, from 1 January 2014, for all of the Group's employees to reflect the relative increases in the cost of living in the UK, Germany and Japan. During the cash conservation period salaries had not increased in 2012 or 2013.

The Remuneration Committee approved an annual bonus scheme for certain Group employees, linking the value of their award to the Company's share price.

Due to the composition of the Remuneration Committee the Board are responsible for determining the fees of the non-executive directors. The Board agreed to leave the fees at the same level as in 2013. The Board noted that when John Sleeman was appointed as Chairman in 2012 his fees were 30% lower than those received by the previous Chairman. It was also noted that I did not receive additional fees when I took over the roles of Senior Independent Director, chairman of the Audit Committee and chairman of the Remuneration Committee in 2012.

Governance

As detailed on page 24, an internal evaluation was conducted during the year which confirmed that the Remuneration Committee was operating effectively. In addition it carried out a review of the Remuneration Committee terms of reference and updated then in line with the ICSA guidance issued in June 2013. The terms of reference of the Remuneration Committee are available to members of the public upon request and are available on the Group's website at www.pvcrystalox.com.

The Remuneration Committee met twice during the year. Details of attendance are shown in the Corporate Governance Statement on page 24.

The Remuneration Committee looks forward to your support of the remuneration policy at the 2014 AGM.

Michael Parker
Chairman of the Remuneration Committee
19 March 2014

Directors' remuneration report continued

Remuneration policy

This report sets out the Company's policy on the remuneration of its executive and non-executive directors, and will be proposed for approval by shareholders at the AGM on 22 May 2014. It will take effect from the day following the AGM and may operate for up to three years.

Policy overview

The Company's remuneration policy is to provide executive remuneration packages that attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, to deliver outstanding operational performance, to deliver excellent financial performance and to enhance shareholder value. To achieve this policy the packages must:

> be competitive;

> encourage a focus on long-term, sustained performance;

> be fair and transparent;

> be consistent across the Group; and

> be aligned to shareholders' interests.

The performance measurement of the executive directors and key members of senior management and the determination of their annual remuneration packages are undertaken by the Remuneration Committee.

There are five elements of the current remuneration package for executive directors and senior management:

> base annual salary;

> benefits-in-kind;

Summary remuneration policy

The table below summarises the executive directors' remuneration policy from the 2014 AGM onwards:

Element of remuneration	Purpose and link to strategy	Operation
Base salary	To provide competitive fixed remuneration. To attract, retain and motivate executive management of the quality required to run the Company successfully in order to deliver the business strategy. Intended to reflect that paid to executive management of comparable companies. To reflect the market value of the individual, his or her skills, experience and performance.	In deciding appropriate remuneration levels, the Remuneration Committee considers the Group as a whole and relies on objective research which gives up-to-date information on a comparator group of listed companies of similar size and complexity. Base salaries are reviewed by the Remuneration Committee annually prior to the start of the salary year and on the occasion when an individual changes position or responsibility.
Benefits-in-kind	To provide competitive benefits-in-kind to ensure overall package is competitive. To attract, retain and motivate executive management of the quality required to run the Company successfully in order to deliver the business strategy.	Provision or a range of benefits including some or all of: > a company car or car allowance; > private medical insurance; > income protection insurance; and > life assurance. Other benefits may be payable where appropriate.
Annual bonus scheme	Rewards annual achievement of performance targets in order to deliver the business strategy. Compulsory deferral into the Company's shares provides a link to the creation of long-term shareholder value and also retention element.	Measures and targets are set annually and pay-out levels are determined by the Remuneration Committee after the year end based on performance in the financial year against those targets. Half of each bonus will be payable in cash. The other half of each bonus will be deferred and payable in shares under the Executive Directors' Deferred Share Plan which will vest three years after the award date. A bonus will not be payable unless the executive director is employed on the date of payment. The annual bonus is not pensionable and there are no claw back or withholding arrangements.

- annual bonus payments;
- long-term incentives; and
- pension arrangements.

It should be noted that there will not be a long term incentive award in 2014.

Consideration of employment conditions elsewhere in the Group
The Remuneration Committee takes into account the general pay and employment conditions of other employees of the Group when determining executive directors' remuneration for the relevant financial year. This includes taking account of the levels of base salary increase for employees below executive level when reviewing executive base salaries and ensuring that the same principles apply in setting performance targets for executives' incentives as for other employees of the Group.

Consideration of shareholder views
The Remuneration Committee considers shareholder feedback received in relation to the AGM each year at the AGM. This feedback, plus any additional feedback received during any meetings from time to time, is then considered as part of the Company's annual review of remuneration policy. In addition, the Remuneration Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be made to the remuneration policy.

Maximum	Performance targets
The Remuneration Committee is guided by the general increase for the broader employee population but on occasions may need to recognise, for example, a change in the scale, scope or responsibility of the role. Current salary levels are set out on page 36.	Individual and business performance is considered in determining base salary levels.
Benefits may include those currently provided as disclosed on page 36; however the Remuneration Committee reserves the right to provide such level of benefits as it considers appropriate to support the ongoing business strategy.	Not performance related.
Maximum bonus only payable for achieving demanding targets. A maximum bonus of 100% of base salary.	Set annually by the Remuneration Committee based on various performance metrics (which will be determined by the Remuneration Committee) measured over the relevant financial year. Pay-out levels based on: > a threshold performance level (the minimum level of performance that results in any payment), of 20% of maximum pay-out; > a mid performance level, of 60% of maximum pay-out; and > a maximum performance level, of 100% of maximum pay-out.

Directors' remuneration report continued

Summary remuneration policy continued

Element of remuneration	Purpose and link to strategy	Operation
Long term incentive – Performance share plan ("PSP") **No award in 2014**	Rewards sustained performance against challenging long-term targets which are critical to the realisation of the business strategy. Designed to attract, retain and incentivise executive management over the longer term. To provide an appropriate motivational framework and to align more closely the interests of the executive management with the performance of the business and the interests of shareholders.	The current Performance Share Plan was approved at the 2011 AGM and is governed by the rules of the Plan. A summary of the key features is set out below: > Conditional share awards or options over a fixed number of shares are granted based on the relevant percentage of a director's base salary and the closing share price on the date of the award. > Vesting of awards will be subject to a three year performance period. > The awards will lapse if the participant leaves employment before vesting unless in specific "good leaver" circumstances. > Award levels and performance conditions will be determined each year by the Remuneration Committee. > Awards may attract dividend equivalents when the award vests at the discretion of the Remuneration Committee. > It is anticipated that awards will be satisfied on vesting by the transfer of shares from the PV Crystalox Solar PLC Employee Benefit Trust.
Pension	To provide retirement benefits to ensure overall package is competitive. To attract, retain and motivate executive management of the quality required to run the company successfully in order to deliver the business strategy.	Defined contribution arrangements into the Crystalox Group Personal Pension Scheme or such other pension plan suitable to the executive and his country of residence. Current contribution levels 8% employer contributions into a defined contribution scheme.

Notes

(1) A description of how the Company intends to implement the policy set out in this table for 2014 is set out in the Annual Report on Remuneration on pages 36 to 41.

(2) The following differences exist between the Company's policy for the remuneration of executive directors as set out above and its approach to the payment of employees generally:

› A lower level of maximum annual bonus opportunity (or zero bonus opportunity) may apply to employees other than the executive directors and certain senior managers.

› Benefits offered to other employees generally comprise provision of income protection insurance, life assurance and healthcare where required for the role or to meet market norms.

› The majority of employees in the UK participate in local defined contribution pension arrangements. Employees in Germany do not participate in company pension schemes.

› Participation in the PSP is limited to the executive directors and certain selected senior managers.

In general, these differences arise from the development of remuneration arrangements that are market competitive for the various categories of individuals and on arrangements in the countries where the Group has employees (UK, Germany and Japan). They also reflect the fact that, in the case of the executive directors and senior managers, a greater emphasis tends to be placed on performance related pay.

Maximum	Performance targets
Maximum value of awards made to participants in any financial year will not exceed 200% of their remuneration at the relevant date of award. If there are exceptional circumstances, however, that the Remuneration Committee considers justify making awards in excess of this limit, participants may receive awards with a value of up to 400% of their remuneration at the relevant date of award. The last awards were made in 2011 to the Chief Executive Officer of 125% and to other executive directors of 100% of base salary.	The performance targets are set annually by the Remuneration Committee based on achievement of growth in both total shareholder return and earnings per share over at least a three year performance period. The payout would be based on a matrix with payouts from 0% to 100% of maximum. The Remuneration Committee may set different performance conditions for future awards having regard to the Company's strategic priorities, shareholder expectations and market conditions prevailing at that time.
Pension provision may include those currently provided which are 8%; however, the Remuneration Committee reserves the right to provide such level of pension provision as it considers appropriate to support the ongoing business strategy.	Not performance related.

(3) The choice of the performance metrics applicable to the annual bonus scheme reflect the Remuneration Committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of profit growth and specific individual objectives.

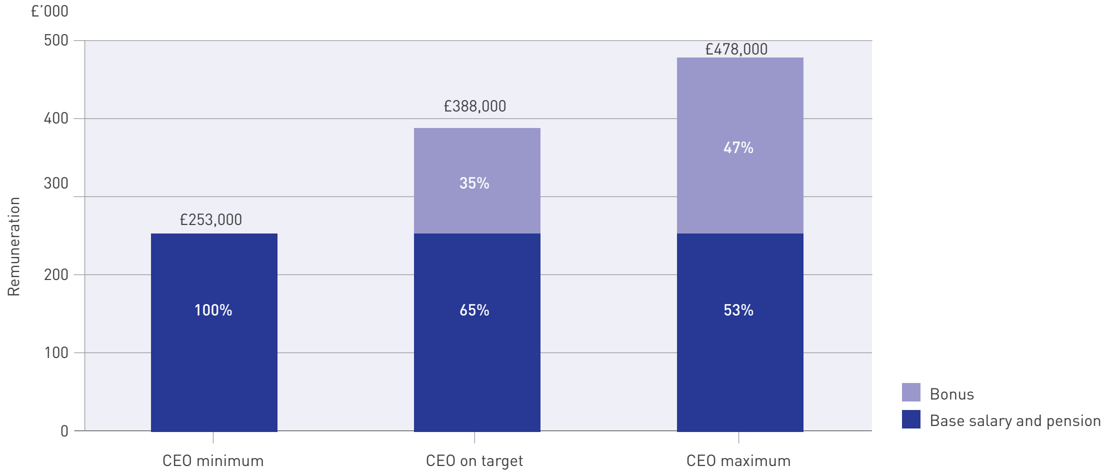
(4) The total shareholder return ("TSR") and earnings per share ("EPS") performance conditions applicable to the PSP (further details of which are provided on page 37) were selected by the Remuneration Committee on the basis that they reward the delivery of long-term returns to shareholders and the Group's financial growth and are consistent with the Company's objective of delivering superior levels of long-term value to shareholders. The TSR performance condition is monitored on the Remuneration Committee's behalf by Westhouse Securities whilst the Group's EPS growth is derived from the audited financial statements.

(5) The Remuneration Committee operates share plans in accordance with their respective rules and in accordance with the Listing Rules and HMRC where relevant. The Remuneration Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of certain plans.

(6) For the avoidance of doubt, in approving this Directors' Remuneration Policy, authority is given to the Company to honour any commitments entered into with current or former directors. Details of any payments to former directors will be set out in the Annual Report on Remuneration as they arise.

Directors' remuneration report continued
Summary remuneration policy continued

Illustrations of application of remuneration policy
The chart below illustrates how the composition of the Chief Executive Officer's remuneration package varies at different levels of performance under the 2014 policy, both as a percentage of total remuneration opportunity and as a total value. The figures are in Sterling as this is the currency in which the director is paid.



Notes

(1) The value of benefits receivable in 2014 is taken to be the value of benefits received in 2013 (as calculated under the directors' remuneration table, set out on page 38).

(2) The value of pension is as presented under the directors' remuneration table.

(3) The on-target level of bonus is taken to be 60% of the maximum bonus opportunity (100% of salary for executive directors).

(4) The Remuneration Committee has decided that there will not be an LTIP scheme in operation for 2014.

(5) No share price appreciation has been assumed for the deferred bonus shares and PSP awards.

Service contracts for executive directors
The service agreements of the executive directors are not fixed term and are terminable by either the Company or the director on twelve months' notice and make provision, at the Board's discretion, for early termination by way of payment of salary in lieu of twelve months' notice. Incidental expenses may also be payable where appropriate. In calculating the amount payable to a director on termination of employment, the Board would take into account the commercial interests of the Company. The Remuneration Committee reviews the contractual terms for new executive directors to ensure these reflect best practice.

The Company does not have a minimum shareholding guideline for executive directors as the current executive directors all have shareholdings many times in excess of their annual salary which aligns the executives' and shareholders' interests.

Provision	Detailed terms
Notice period	Twelve months
Termination payment	Up to twelve months' salary
Remuneration entitlements	A bonus may be payable (pro-rated where relevant) and outstanding share awards may vest
Change of control	No executive director's contract contains additional provisions in respect of change of control

Executive directors' contracts of service, which include details of remuneration, are available for inspection at the Company's registered address and will be available for inspection at the AGM to be held on 22 May 2014.

Approach to recruitment and promotions
The remuneration package for a new executive director – i.e., base salary, benefits, pension, annual bonus and long-term incentive awards – would be set in accordance with the terms of the Company's prevailing approved remuneration policy at the time of appointment and would reflect the experience of the individual. The Remuneration Committee may offer additional cash and/or share-based elements when it considers these to be in the best interests of the Company (and therefore shareholders) to take account of remuneration relinquished when leaving the former employer and would where possible reflect the nature, time horizons and performance requirements attaching to that remuneration. Shareholders will be informed of any such payments at the time of appointment.

For an internal executive director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue, provided that they are put to shareholders for approval at the earliest opportunity.

For external and internal appointments, the Remuneration Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

Approach to leavers

At the discretion of the Remuneration Committee, an annual bonus may be payable with respect to the period of the financial year served although it will be pro-rated for time and paid at the normal payout date. Any share-based entitlements granted to an executive director under the Company's share plans will be determined based on the relevant plan rules. The default treatment under the PSP and the Executive Directors' Deferred Share Plan is that any outstanding awards lapse on cessation of employment.

However, in certain prescribed circumstances, such as death, ill health, disability, retirement or other circumstances at the discretion of the Remuneration Committee, "good leaver" status may be applied. For good leavers, awards will normally vest on cessation, subject to the satisfaction of the relevant performance conditions at that time and reduced pro-rata to reflect the proportion of the performance period actually served. However, the Remuneration Committee has discretion to determine that awards vest at a later date and/or to disapply time pro-rating. The default treatment for deferred bonus awards is that any outstanding awards lapse on cessation of employment. However, in certain "good leaver" circumstances awards will normally vest in full on the date of cessation (unless the Remuneration Committee determines otherwise).

The executive directors may accept outside appointments, with prior Board approval, provided these opportunities do not negatively impact on the individual's ability to perform his duties at the Company. Whether any related fees are retained by the individual or are remitted to the Company will be considered on a case by case basis.

Non-executive directors

Element of remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Non-executive director fees	To reward individuals for fulfilling the relevant role. To reflect the time commitment and responsibilities of the roles of the individual non-executive directors. To attract, retain and motivate individuals with the necessary experience and ability to make a substantial contribution to the Group.	Cash fee paid. Fees are reviewed on an annual basis and are set by the Board. Expenses incurred by the non-executive director in the course of his employment are reimbursed in accordance with the Group's expenses guidelines. Fees are not subject to claw back or withholding arrangements.	The Board is guided by the general increase in the non-executive Director market and for the broader employee population but on occasions may need to recognise, for example, an increase in the scale, scope or responsibility of the role. Current fee levels are set out on page 36.	Not applicable. Non-executive directors do not participate in variable pay arrangements.

Non-executive directors are appointed pursuant to a letter of appointment for an initial period of three years unless terminated earlier by either party giving six month notice. Continuation of each appointment is contingent on satisfactory performance and re-election at an AGM. Under the letter of appointment the director is subject to re-election every three years at the AGM. Since 2011 the Board agreed that each director would be subject to re-election at each AGM. Non-executive directors are typically expected to serve two three year terms although the Board may invite the non-executive director to serve an additional period.

The non-executive directors' letter of appointment are available for inspection at the Company's registered address and will be available for inspection at the AGM to be held on 22 May 2014.

Directors' remuneration report continued
Annual report on remuneration

The information contained in this report is not subject to audit except where specified.

This part of the report has been prepared in accordance with Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and Rule 9.8.6R of the Listing Rules. The Annual Report on Report on Remuneration will be put to an advisory shareholder vote at the AGM to be held on 22 May 2014.

The Remuneration Committee
The Remuneration Committee is chaired by Michael Parker and is to be made up of a minimum of two non-executive directors. The Remuneration Committee comprises the committee chairman and John Sleeman. The Chief Executive Officer, other directors, the head of human resources and external advisors may be invited to attend meetings as and when appropriate. The Group Secretary acts as the Secretary to the Remuneration Committee. The terms of reference of the Remuneration Committee are available to members of the public upon request and are available on the Group's website at www.pvcrystalox.com. The Remuneration Committee meets not less than twice a year and is required to report formally to the Board on its proceedings. Details of attendance at each meeting are shown in the Corporate Governance Report on page 24.

External advisors
The Remuneration Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference. During the year the Remuneration Committee did not seek advice from external advisors.

Implementation of the remuneration policy for the year ended 31 December 2014
A summary of how the Directors' Remuneration Policy will be applied during the year ending 31 December 2014 is set out below.

Individual elements of remuneration
Annual base salaries and fees of the directors

Base salaries for the individual executive directors are reviewed annually by the Remuneration Committee and are set to reflect the market value of the individual, his or her skills, experience and performance and are intended to reflect that paid to executive management of comparable companies. During 2012 and 2013 the base salaries of the executive directors have remained fixed in line with employees throughout the Group. For 2014 the Remuneration Committee has agreed to reduce Chief Executive Officer's base salary level by 25% and to reintroduce an annual performance bonus so that a significant proportion of remuneration links rewards to corporate performance. As a result of Peter Finnegan's announcement to retire at the end of May 2014, the Remuneration Committee has agreed to leave Peter Finnegan's base salary at its 2013 level without an annual performance bonus.

The fees for the non-executive directors are reviewed on an annual basis and are set by the Board to reflect the time commitment and responsibilities of the roles of the individual non-executive directors. The non-executive directors do not participate in any annual bonus or long-term incentive plans nor do they receive benefits-in-kind or pension contributions. There was no change in the level of fees for the non-executive directors for 2014.

Payable in Sterling	**2014 annual rate £**	2013 annual rate £	% decrease
Iain Dorrity	**225,000**	300,000	(25%)
Peter Finnegan[1]	**250,000**	250,000	0%
John Sleeman	**70,000**	70,000	0%
Michael Parker	**40,000**	40,000	0%
Payable in Euros	**€**	€	
Hubert Aulich[2] until May 2013	**n/a**	294,550	

1 Peter Finnegan will be paid at the rate of £250,000 until he leaves the Board at the end of May 2014.

2 During 2013 Hubert Aulich received the annual equivalent of base salary of £250,000 payable in Euros at the average exchange rate of €1.1782:£1.00 until his retirement at the end of May 2013.

Benefits-in-kind

Executive directors receive either a company expensed motor vehicle commensurate with their seniority or a monthly car allowance. All other benefits-in-kind are available to all employees dependent upon local conditions in their country of employment.

Annual bonus payment

The structure of the annual bonus scheme is as approved by shareholders at the 2009 AGM and as described in the remuneration policy. The maximum award under the annual bonus will remain unchanged at 100% of salary. Threshold performance gives a payout of 20% with 60% earned for on-target performance. Half of any bonus will be paid in cash and half will be awarded in deferred shares under the PV Crystalox Solar Executive Directors Deferred Share Plan which vest after a further three years.

In 2013

Due to the difficult trading conditions and the difficulty in setting meaningful performance targets, the Remuneration Committee recommended that no bonus scheme be offered to the executive directors.

In 2014

The Remuneration Committee has reintroduced an annual bonus in 2014 where the performance conditions are based upon the increase in the Company's share price during 2014.

Any awards of deferred shares under the Executive Directors' Deferred Share Plan will be satisfied on vesting by the transfer of shares from the existing PV Crystalox Solar PLC Employee Benefit Trust. The trust has already acquired and will, from time to time, continue to acquire shares that will be available for award to employees (including executive directors).

Long-term incentives

Awards vesting in respect of the financial period

Performance Share Plan

The first awards under the Performance Share Plan ("PSP") covering the performance period from 1 January 2011 ending on 31 December 2013 were made on 26 May 2011 following the approval of the scheme by shareholders at the AGM on that date.

Under the PSP participants receive awards over shares with a value equal to a percentage of base salary at the date of the award as follows.

Participant	Award % of salary
Chief Executive Officer	**125%**
Other executive directors	**100%**

The payout under the scheme is based on achievement of performance targets for achieving growth in both TSR and EPS in accordance with the following matrix.

TSR growth	**<10%**	**10%–20%**	**>20%–30%**	**>30%–40%**	**>40%**
EPS, Euro cents					
<10.1	**0%**	**10%**	**20%**	**30%**	**40%**
10.1–10.9	**10%**	**20%**	**30%**	**40%**	**50%**
>10.9–11.7	**20%**	**30%**	**40%**	**50%**	**60%**
>11.7–12.5	**30%**	**40%**	**50%**	**60%**	**70%**
>12.5–13.4	**40%**	**50%**	**60%**	**70%**	**80%**
>13.4	**50%**	**60%**	**70%**	**80%**	**100%**

The extent to which the PSP awards granted in May 2011 are to vest was determined by the Remuneration Committee.

	Actual	Range	% vesting
EPS, Euro cents	**1.0**	**<10.1**	
TSR growth	**(76.2)%**	**<10%**	
Overall vesting			**0%**

As a result the PSP awards lapse in 2014.

No awards were made under the PSP in 2012, for performance in the period from 1 January 2012 to 31 December 2014, in 2013, for performance in the period from 1 January 2013 to 31 December 2015, or in 2014, for performance in the period from 1 January 2014 to 31 December 2016.

Pension arrangements

The executive directors' contracts of service set out their base salaries from which contributions can be made into the Crystalox Group Personal Pension Scheme or such other pension plan suitable to the executive and his country of residence. Iain Dorrity is entitled to a Company contribution of 8% (2013: 6%) of base salary and Peter Finnegan is entitled to a Company contribution of 6% (2013: 6%) of base salary paid directly to a defined contribution scheme (the Crystalox Group Personal Pension Scheme). As part of the discussions on amending base salary it is intended that the absolute level of Company pension contributions will remain the same as in 2013, which means that the percentage of base salary increases for Iain Dorrity. It should be noted that company contributions for UK employees other than the executive directors are 8% provided that the employees contribute at least 4%.

Directors' remuneration report continued
Annual report on remuneration continued

Single total figure of remuneration (audited)
The table below reports the total remuneration receivable in respect of qualifying services by each director during the year.

Year ended 31 December 2013	Fees/base salary €	Benefits-in-kind €	Annual bonus €	Long-term incentives €	Pension related benefits €	Total €
Hubert Aulich (until May 2013)[1]	**130,073**	**2,934**	**—**	**—**	**18,848**	**151,855**
Iain Dorrity	**353,460**	**11,842**	**—**	**—**	**21,208**	**386,510**
Peter Finnegan	**294,599**	**11,721**	**—**	**—**	**17,673**	**323,993**
Michael Parker	**47,128**	**—**	**—**	**—**	**—**	**47,128**
John Sleeman	**82,474**	**—**	**—**	**—**	**—**	**82,474**
Total year ended 31 December 2013	**907,734**	**26,497**	**—**	**—**	**57,729**	**991,960**
Year ended 31 December 2012						
Maarten Henderson (until June 2012)[1]	61,664	—	—	—	—	61,664
Hubert Aulich	308,320	7,475	—	—	56,753	372,548
Iain Dorrity	369,984	11,814	—	—	22,199	403,997
Peter Finnegan	308,320	12,326	—	—	18,499	339,145
Michael Parker	49,331	—	—	—	—	49,331
John Sleeman	76,052	—	—	—	—	76,052
Total year ended 31 December 2012	1,173,671	31,615	—	—	97,451	1,302,737

1 No amounts were payable for loss of office in respect of Maarten Henderson or Hubert Aulich.

The figures in the single figure table are derived from the following:

Fees/base salary	The amount of fees/salary received in the period.
Benefits-in-kind	The taxable value of benefits received in the period. These are car, car allowance, private medical insurance, income protection and life insurance.
Annual bonus	No annual bonus schemes were set during either year.
Long-term incentives	The value of the long-term incentive schemes that vest in respect of the financial year.
PSP: None have vested in 2012 or 2013	No executive director's contract contains additional provisions in respect of change of control.
Pension related benefits	This includes the Company's contributions to the defined contribution pension scheme and, in the case of Hubert Aulich, the change in transfer value of increase in accrued benefits less directors' contributions in relation to the defined benefits scheme.

Additional information on directors' interests (audited)
Details of the executive directors' interests in outstanding share awards under the Executive Directors' Deferred Share Plan ("EDDSP") and the PSP are set out below.

Deferred share awards as at 31 December 2013
The outstanding share grants relate to deferred shares issued under the EDDSP. Under the rules of this plan the number of shares is calculated by reference to 50% of a participant's gross bonus, for a particular financial year, divided by the average of the middle market quotations on the five consecutive dealing days immediately following the date on which the results are announced.

	Shares held at 1 January 2013	Shares awarded during 2013	Shares vested during 2013	Number of award shares at 31 December 2013	Normal vesting date	Share price at grant p	Market price at vesting p	Monetary value of vested award £
Hubert Aulich[1]	19,108	—	(19,108)	**—**	25.03.13	48.45	10.50	2,006
	112,007	—	(112,007)	**—**	24.03.14	55.80	11.25	12,601
Iain Dorrity	22,929	—	(22,929)	**—**	25.03.13	48.45	10.50	2,407
	134,409	—	—	**134,409**	24.03.14	55.80	—	—
Peter Finnegan	19,108	—	(19,108)	**—**	25.03.13	48.45	10.50	2,006
	112,007	—	—	**112,007**	24.03.14	55.80	—	—

1 The Remuneration Committee used its discretion to allow the early exercise of the award granted to Hubert Aulich on 24 March 2011 under the good leaver provisions following his retirement in May 2013.

Deferred shares awarded due to 2012 performance

No bonus is payable in relation to 2012 performance as no bonus scheme was in operation. Accordingly no awards of deferred shares were made.

Deferred shares awarded due to 2013 performance

No bonus is payable in relation to 2013 performance as no bonus scheme was in operation. Accordingly no awards of deferred shares are to be made.

Performance share plan

Awards made under the performance share plan which remain outstanding at 31 December 2013 are outlined below:

	PSP share options held at 1 January 2013	Award date	Market price per share at award date p	Normal vesting date	**PSP shares lapsed during year**	**Maximum PSP share options held at 31 December 2013**	Maximum value based on share price of 14.5p at 31 December 2013 £
Hubert Aulich	515,464	26.05.11	48.50	21.03.14	**—**	**515,464**	74,742
Iain Dorrity	773,196	26.05.11	48.50	21.03.14	**—**	**773,196**	112,113
Peter Finnegan	515,464	26.05.11	48.50	21.03.14	**—**	**515,464**	74,742

It should be noted that the performance conditions for these awards, as described on pages 32 and 33, were not achieved and these awards will lapse in 2014.

Directors' pension (audited)

	Contributions to defined contribution scheme €	**Total 2013 €**
Hubert Aulich	—	**—**
Iain Dorrity	21,208	**21,208**
Peter Finnegan	17,673	**17,673**
Michael Parker	—	**—**
John Sleeman	—	**—**
	38,881	**38,881**

Increases in pension benefits as at 31 December 2013

	Accrued pension		Transfer value of accrued benefits		Change in transfer value	Pension payments in the year	Change in transfer value of accrued benefits plus pension payments in the year
	2013 €	2012 €	**2013 €**	2012 €	**2013 €**	**2013 €**	**2013 €**
Hubert Aulich	**60,000**	60,000	**943,611**	959,763	**(16,152)**	**35,000**	**18,848**

Hubert Aulich's contributions in the financial year were €nil (2012: €nil).

Payments to the former Executive Director of the German Operations – Hubert Aulich (audited)

Following his retirement from the Board on 23 May 2013, Hubert Aulich started to receive payments from his pension plan. He received €35,000 for the period from 1 June 2013 to 31 December 2013.

The Remuneration Committee exercised its discretion to allow the early exercise of the Executive Director Deferred Share award granted to Hubert Aulich on 24 March 2011 under the good leaver provisions following his retirement in May 2013. This award was over 112,007 shares. The market price at vesting was 11.25 pence with a monetary value of £12,601.

Remuneration policy for non-executive directors (audited)

The non-executive directors have specific terms of engagement and their remuneration is determined by the Board based on independent surveys of fees paid to non-executive directors of similar companies. Non-executive directors are not eligible to join the Company's share schemes or pension schemes.

Directors' remuneration report continued
Annual report on remuneration continued

Directors' interests in shares of the Company (audited)
The interests in the ordinary share capital of the Company as at 31 December 2013 of those directors, and their connected persons, who were in office during the year are detailed below.

	Shares		Options	
	Shares owned outright	Unvested and subject to holding period (EDDSP)	Unvested and subject to performance conditions (PSP)	Total interests held
Hubert Aulich	4,374,837	—	515,464	4,890,301
Iain Dorrity	16,964,143	134,409	773,196	17,871,748
Peter Finnegan	1,035,007	112,007	515,464	1,662,478
Michael Parker	—	—	—	—
John Sleeman	—	—	—	—

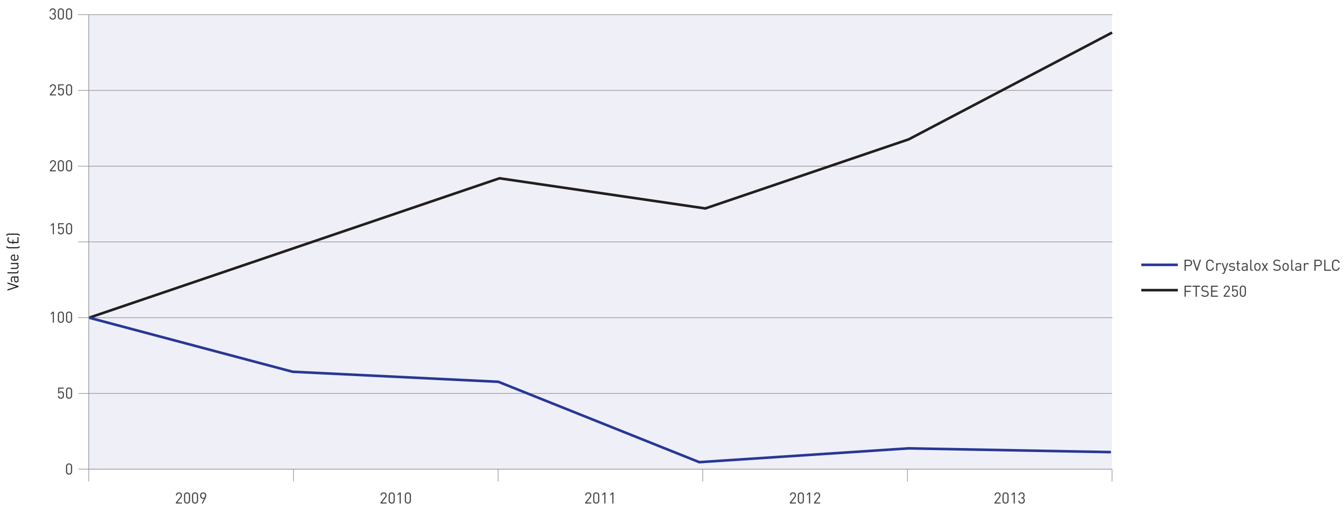
The closing midmarket price of a PV Crystalox Solar PLC share on 31 December 2013 was 14.50 pence and the price range during the year was 10.00 pence to 18.50 pence.

Between 1 January 2014 and 28 February 2014 (the latest date for which it was practical to obtain the information) there were no changes to the beneficial interest of the directors in the ordinary shares of the Company.

Statement of voting at last AGM
The Company remains committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. The following table sets out actual voting in respect of the resolution to approve the Directors' Remuneration Report at the Company's Annual General Meeting on 23 May 2013:

	For (no. of votes)	For (% of vote)	Against (no. of votes)	Against (% of vote)	Withheld (no. of votes)
Resolution 2 To receive and approve the 2012 Directors' Remuneration Report	202,517,383	88.31%	26,816,880	11.69%	104,460

Shareholder return
Performance graph (unaudited)
The graph below shows the TSR performance from 1 January 2009 to 31 December 2013. This is compared against the TSR performance of the FTSE 250 index. The Group was a member of the FTSE 250 index between September 2007 and March 2010. The graph is based upon £100 being invested in the shares of PV Crystalox Solar PLC on 1 January 2009 if all dividends had been reinvested and the comparative figures for the FTSE 250 index again assuming that dividends were reinvested. The data has been sourced from Thomson Datastream.



Remuneration for the Chief Executive over last five years

The table below shows the single figure remuneration for the Chief Executive during each of the past five financial years. The total remuneration figure includes the annual bonus and LTIP awards which vested based on performance in those years. The annual bonus and LTIP percentages show the payout for each year as a percentage of the maximum.

	2009	2010	2011	2012	**2013**
Total remuneration (€)	388,927	554,934	376,915	403,997	**386,510**
Annual bonus (%)	6.4%	50%	0%	—	**—**
LTIP vesting (%)	—	—	—	—	**—**

Notes

(1) Iain Dorrity, the Chief Executive, is paid in Sterling but disclosure in Euros has contributed to the volatility of the results above.

(2) There were no annual bonus awards in respect of the financial years 2012 and 2013.

(3) There were no LTIP awards in respect of the financial years 2009, 2010, 2011 or 2012.

Percentage change in the remuneration of the Chief Executive

The table below sets out the increase in the salary, benefits and bonus of the Chief Executive paid in Sterling and that of the PV Crystalox Group management population. This population has been selected for this comparison because it is considered to be the most relevant as these countries have the Group's largest concentration of employees with a similarly structured remuneration package.

	Chief Executive	Group management population
	Percentage change (2013 v 2012)	Percentage change (2013 v 2012)
Salary	0%	0%
Benefits	0%	0%
Bonus	0%	0%

Relative importance of spend of pay

The table below shows a comparison between overall expenditure on pay and dividends paid to shareholders for 2013 and 2012.

	2013 €'000	2012 €'000	Percentage change
Overall expenditure on pay[1]	**7,472**	20,165	(62.9)%
Dividend paid in the year[2]	**36,285**	—	n/a

1 Overall expenditure on pay is total staff costs for continuing and discontinued operations per note 4 in the Notes to the Consolidated Financial Statements.

2 Dividend here is the return of cash to all shareholders.

This report contains the information required by the Companies Act 2006 and the relevant parts of the Listing Rules of the United Kingdom Listing Authority and the United Kingdom Corporate Governance Code.

The information contained in this report is not subject to audit except where specified.

In accordance with the requirements of the Companies Act 2006, a resolution to approve this report will be proposed at the AGM to be held on 22 May 2014.

Michael Parker
Chairman of the Remuneration Committee
19 March 2014

Report of the Audit Committee

The responsibilities and work carried out by the Audit Committee in the year under review are set out in the following report.

Composition and governance

The Audit Committee of the Board is chaired by Michael Parker and is to be made up of a minimum of two members where a majority of the members shall be non-executive directors, at least one of whom shall have recent and relevant financial experience. The Audit Committee Chairman shall be an independent non-executive director. During the year, the Audit Committee was made up of two members, the independent non-executive director, Michael Parker, and John Sleeman, the Chairman of the Board, who was considered to be independent on appointment. John Sleeman is a Chartered Accountant and a Chartered Banker who since 2006 has been a founding partner of S.P. Angel Corporate Finance LLP. The Board considers John Sleeman has recent and relevant financial experience. Michael Parker, a former CEO of both The Dow Chemical Company and BNFL, brings many years of international commercial experience to the Audit Committee. The Board believes that this combination of professional experience is appropriate to fulfil the duties of the Audit Committee.

The Chief Financial Officer and the external auditor are invited to attend Audit Committee meetings on a regular basis and other members may be invited to attend all or part of any meeting as and when appropriate. The Group Secretary acts as the Secretary of the Audit Committee. The Audit Committee meets not less than twice a year and is required to report formally to the Board on its proceedings.

The primary role of the Audit Committee, which reports its findings to the Board, is to ensure the integrity of the financial reporting and audit process and the maintenance of sound internal control and risk management systems. It is responsible for monitoring and reviewing:

> the integrity of the financial statements and formal announcements relating to the Group's financial performance;

> the Group's internal financial controls and internal control and risk management systems;

> the requirement for an internal audit function;

> the content of the Annual Report and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's/Group's performance, business model and strategy;

> the Group's arrangements for whistleblowing, detecting fraud and preventing bribery;

> the external auditors' independence and objectivity and the effectiveness of the audit process; and

> making recommendations to the Board on the appointment or re-appointment of the Group's external auditors.

The terms of reference of the Audit Committee are available to members of the public upon request and are available on the Group's website at www.pvcrystalox.com.

External auditors

Non-audit services

The Group's external auditors are PricewaterhouseCoopers LLP ("PwC") and the Audit Committee operates a policy to safeguard the independence and objectivity of the external auditors. This policy requires approval of non-audit services provided by the external auditors in advance, with the requirement that on an annual basis the total fees for non-audit services do not exceed the total annual fees for audit services; sets out certain disclosure requirements by the external auditors to the Audit Committee; places restrictions on the employment of the external auditors' former employees; and partner rotation. During the year, the Audit Committee reviewed the processes that the external auditors have in place to safeguard their independence and received a letter from them confirming that, in their opinion, they remained independent.

A breakdown of the fees paid to the external auditors in respect of audit and non-audit related work is included in note 5 in the Notes to the Consolidated Financial Statements.

The Code has recommended that companies in the FTSE 350 index put their external audit contract out to tender at least every ten years. The Audit Committee has considered this recommendation and is mindful that the Company has not been a member of the FTSE 350 index since March 2010 and is not required to comply with this recommendation. In addition PwC were appointed with effect from the 2011 AGM following a tender process during November 2010. The Audit Committee has provided the Board with its recommendation to the shareholders to re-appoint PwC as external auditors for the year ending 31 December 2014. This will continue to be assessed on an annual basis.

The performance and effectiveness of the external auditors was formally reviewed by the Committee taking into account the views of directors and senior management on such matters as independence, objectivity, proficiency, resourcing and audit strategy and planning. The Committee concluded that the performance of the external auditors remained satisfactory following the review. The performance of the external auditors will continue to be reviewed annually.

Work undertaken during the year

The Audit Committee met twice during the year. Details of attendance are shown in the Corporate Governance Statement on page 24.

During the year the main items considered were:

> discussions with the auditors on the audit approach and strategy, the audit process, key issues arising out of the audit and discussions on the Audit Report;

> approval of the audit fees and the auditors' letter of engagement;

> approval of non-audit work to be undertaken by the auditors;

> considering the independence and objectivity of the external auditors;

> reviewing the internal controls and risk management systems in operation within the Group;

> consideration of the requirement for the Group to have an internal audit function;

> detailed reviews of the Group's preliminary announcement, Annual Report, Interim Reports and interim management statements;

> the Audit Committee effectiveness review;

> a review of the effectiveness of the external auditors; and

> a review of the terms of reference of the Audit Committee.

Financial reporting

The primary role of the Audit Committee in relation to financial reporting is to review with both management and the external auditors, and report to the Board where requested or required, the appropriateness of the half-year and annual financial statements concentrating on, amongst other matters:

> the quality and acceptability of accounting policies and practices;

> the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;

> material areas in which significant judgements have been applied or there has been discussion with the external auditors;

> whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and

> any correspondence from regulators in relation to our financial reporting.

To aid the review, the Audit Committee considers reports from the Chief Financial Officer and Group Financial Controller and also reports from the external auditors on the outcomes of their half-year review and annual audit. The Audit Committee supports PwC in displaying the necessary independence and objectivity its role requires.

The primary areas of judgement considered by the Audit Committee in relation to the 2013 financial statements and how these have been addressed are listed below. In concluding that the below list represented the primary areas of judgement, the Audit Committee considered a report by management which referenced both quantitative and qualitative judgement factors across each significant account balance, assessing the impact on the user of the financial statements.

These are also areas of higher audit risk and accordingly PwC reported to the Audit Committee on and the Audit Committee discussed these judgements.

Going concern
Management has prepared a paper setting out the going concern position. This included a cash flow forecast for the Group illustrating the current cash position for each Group company and how management are comfortable that the Group will have sufficient liquidity through at least the twelve month period following the signing of the accounts. The Audit Committee discussed that paper, challenging the assumptions behind the plan and the sensitivities which could negatively impact trading. Further details on the assumptions within the going concern review are contained in the Financial Review. The Audit Committee was satisfied that the going concern basis of preparation continues to be appropriate.

Onerous contract provision
The Group continues to have long-term contracts for the supply of polysilicon where market prices for polysilicon are now significantly below the prices agreed in the original contracts. The financial statements include an onerous contract provision ("OCP") which provided for the anticipated losses under the contract taking into account the terms of the contracts, the current state of negotiations with the suppliers and market conditions. Further details on the assumptions within the OCP review are contained in the Financial Review. A paper was presented by management to the Audit Committee setting out the details of the OCP. The Audit Committee assessed the judgements and was satisfied that the resultant provision has been calculated on a reasonable basis and reflects up-to-date information available at this time, including assumptions as to the quantity of polysilicon that is expected to be used in wafer production and the quantity that is expected to be sold as excess.

Investment in subsidiary undertakings
In the PV Crystalox Solar PLC parent company balance sheet are investments in subsidiaries which are greater than the consolidated net assets of those subsidiaries which indicates potential impairment. Management has prepared a paper demonstrating that there is sufficient expected additional value to support the carrying value of investments of £61.6 million. The Audit Committee has reviewed the paper, discussed and challenged the assumptions and is satisfied with management's judgement that the additional value will be realised.

Internal controls and risk management systems

The Board has overall responsibility for the Group's system of internal control and risk management systems and for reviewing its effectiveness. The Board delegates to executive management the responsibility for designing, operating and monitoring both the systems and the maintenance of effective internal control in each of the Group's operating subsidiaries. The internal controls and risk management systems are designed to meet the particular needs of the Group and the risks to which it is exposed and are designed to manage rather than eliminate risk. Accordingly they can provide only reasonable and not absolute assurance against material misstatement, losses, fraud or breaches of laws or regulations.

Executive management is responsible for establishing and maintaining adequate internal control and risk management systems relating to the financial reporting process and the Group's process for the preparation of consolidated accounts. The systems and controls in place include policies and procedures that relate to the maintenance of records that accurately and fairly reflect transactions and accurately record and control the Group's assets; provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS"); require representatives of the operating subsidiaries to confirm that their reported information gives a true and fair view of the state of affairs of the subsidiary and the results for the period; and review and reconcile reported results.

The key procedures, which exist to provide effective internal controls and risk management systems, are as follows:

> clear limits of authority;

> a comprehensive system for consolidating financial results from Group companies and reporting these financial results to the Board;

> annual revenue, cash flow and capital forecasts reviewed regularly during the year, monthly monitoring of management accounts and capital expenditure reported to the Board and monthly comparisons with forecasts;

> financial controls and procedures;

> clear guidelines for the authorisation of significant transactions including capital expenditure and disposals under defined levels of authority;

> regular meetings of the executive directors;

> an Audit Committee, which approves audit plans and published financial information and reviews reports from external auditors arising from the audit and deals with significant control matters raised;

> regular Board meetings to monitor continuously any areas of concern;

> annual review of risks and internal controls; and

> annual review of compliance with the Code.

The Board has reviewed the operation and effectiveness of the Group's system of internal control, including financial, operational and compliance controls and risk management systems which were in place during the financial year ended 31 December 2013 and the period up to the date of approval of the financial statements. The Group Secretary, who is a Chartered Accountant, led the review. The review was summarised into a report which was discussed by the Audit Committee and the Board in March 2014.

The Board confirmed that no significant weaknesses were identified in relation to the review conducted during the year.

The Board confirms that the ongoing process for identifying, evaluating and managing the significant risks faced by the Group is regularly reviewed by the Board in accordance with the Turnbull Guidance on internal control.

The Board has considered the need for an internal audit function but has decided that the size of the Group does not justify it at present. The Board will keep the decision under annual review.

Michael Parker
Chairman of the Audit Committee
19 March 2014

Directors' report

The directors are pleased to present their report together with the consolidated audited financial statements of the Group for the year ended 31 December 2013.

Results for the year
The Consolidated Statement of Comprehensive Income for the year ended 31 December 2013 is shown on page 51. The Consolidated Statement of Changes in Equity for the year is shown on page 53 and segmental information is shown in note 8 in the Notes to the Consolidated Financial Statements.

Dividends paid and proposed
The directors have not recommended a final dividend in respect of the current financial year and no interim dividend was paid during 2013. A return of cash to shareholders using a B and C share scheme which allowed shareholders the option to receive either a capital or income return took place in December 2013 at 7.25 pence per share. No dividends were paid in respect of 2012.

Strategic Report
The Group is required by the Companies Act 2006 to set out the development and performance of the business of the Group during the financial year ended 31 December 2013 and of the position of the Group at the end of the year and a description of the principal risks and uncertainties facing the Group. The information concerning the Strategic Report can be found on pages 3 to 20.

Corporate Governance Statement
As required by the Disclosure and Transparency Rules a Corporate Governance Statement has been made. This is included separately on pages 22 to 25.

Greenhouse gas reporting
The directors are required to set out in this report the annual quantity of emissions in tonnes of carbon dioxide equivalent from activities for which the Group is responsible, including the combustion of fuel and the operation of any facility. The report must state the annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity, heat, steam or cooling by the Company for its own use. This report is shown on page 20.

Future developments for the business/outlook
The Board's assessment and evaluation of future development and the outlook for the business is discussed in the Operational Review which can be found on pages 12 to 13.

Environmental policy
The environmental policy is discussed in the Corporate Responsibility Statement which can be found on pages 17 to 20.

Directors
The directors who served during the year to 31 December 2013 are:

Dr Hubert Aulich (until 23 May 2013)	Executive Director, German Operations
Dr Iain Dorrity	Chief Executive Officer and Executive Director
Dr Peter Finnegan	Chief Financial Officer and Executive Director
Michael Parker*	Senior Independent Director Member of the Nomination Committee Chairman of the Remuneration Committee Chairman of the Audit Committee
John Sleeman*	Chairman Chairman of the Nomination Committee Member of the Remuneration Committee Member of the Audit Committee

* Non-executive directors.

There have been no changes since the year end. Biographical details of the directors are set out on page 26 and 27.

Retirement and re-election of directors
The Company's Articles of Association require all directors to seek re-election by shareholders at least once every three years. In addition, any directors appointed by the Board must stand for re-election at the first AGM following his or her appointment. Any non-executive directors who have served for more than nine years are subject to annual re-election.

The Board of directors believe that the annual re-election of directors in line with the United Kingdom Corporate Governance Code (September 2012) (the "Code") is in the best interests of the Company. As a result all current directors have stood for annual re-election since the 2011 AGM. Accordingly, at the 2014 AGM all directors will retire and, being eligible, Iain Dorrity, Michael Parker and John Sleeman will offer themselves for re-election. Peter Finnegan has announced his intention to retire at the end of May 2014 and is not standing for re-election.

Directors' interests and remuneration
The Remuneration Report, which includes details of service agreements and the directors' interests in PV Crystalox Solar PLC shares, is set out on pages 29 to 41.

Beneficial interests in significant contracts
None of the directors has a material interest in any contract of significance to which the Group or any of its subsidiaries were party during the year.

Substantial shareholders
As at 28 February 2014 the Group had been notified, or is aware, of the following shareholdings amounting to 3% or more of the issued ordinary share capital of the Company:

	Number of ordinary shares	% of issued ordinary shares
Schroder Investment Management Limited	30,219,772	18.85
Dr Iain Dorrity	16,964,962	10.58
Barry Garrard	16,108,323	10.05
Stuart Oldham	10,276,442	6.41
GLG Partners	9,621,909	6.00
TD Direct Investing	5,548,249	3.46
Barclays Wealth	5,545,038	3.46
Graham Young	5,398,888	3.37

Directors' indemnity and insurance

As at the date of this report and throughout the period under review, the Company has provided to all the directors an indemnity in accordance with the Articles of Association (to the extent permitted by the Companies Act 2006) in respect of liabilities incurred as a result of their office and the Company has taken out an insurance policy in respect of those liabilities. This indemnity is a qualifying third party indemnity provision for the purposes of Sections 232 to 234 of the Companies Act 2006. Neither the indemnity nor insurance provides cover in the event that the director is proved to have acted dishonestly or fraudulently.

Share capital

The authorised share capital and allotted, called up and fully paid share capital of the Company is shown in note 28. The Company carried out a share consolidation of five new ordinary shares for 13 old ordinary shares in November 2013. As at the date of this report, 160.3 million ordinary shares of 5.2 pence each were allotted, called up and fully paid with an aggregate nominal value of €12.3 million.

The Company has a single class of share capital, which are ordinary shares of 5.2 pence each, and full details of rights accorded to the holders of these ordinary shares are set out in the Articles of Association. Holders of ordinary shares have the rights accorded to them under United Kingdom Company law, including the right to receive the Company's Annual Report and Accounts, attend and speak at general meetings, appoint proxies and exercise voting rights.

The Company operates an employee benefit trust to hold shares pending employees becoming entitled to them under the Company's employee share plans. The trust has an independent trustee which waives its rights to dividends on the shareholding; however, it did participate in the return of cash, details of which are set out in note 29. Details of employee share schemes and shares held by the PV Crystalox Solar PLC Employee Benefit Trust are set out in note 29.

In respect of the Company's share capital there are no restrictions on the transfer of shares, no limitations are placed on the holding of shares and prior approval is not required from the Company or from other holders of shares for a transfer.

Subject to the provisions of the Companies Act 2006 and of the Articles of Association, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.

The Board may declare and pay such interim dividends as appears to the Board to be justified by the profits of the Company available for distribution. All dividends shall be apportioned and paid pro-rata according to the amount paid up on the shares.

The Company was given authority at the 2013 AGM to allot further shares up to a maximum of £2,778,169, which was approximately 33% of the issued share capital on 21 April 2013 and to allot an additional number of ordinary shares up to a maximum of £2,778,169 which is approximately a further 33% of the issued share capital on 21 April 2013 by way of a rights issue in which the new shares are offered to existing shareholders in proportion to their existing shareholdings. No ordinary shares were allocated during the period from the AGM to the date of this report. This authority will expire at the 2014 AGM and approval will be sought from shareholders at that meeting for a similar authority to be given for a further year.

The Company was given authority at the 2013 AGM to make market purchases of up to 41,672,533 of its own ordinary shares. At the General Meeting on 19 November 2013 shareholders approved the consolidation of the Company's share capital from 416,725,335 ordinary shares of 2 pence to 160,278,975 new ordinary shares of 5.2 pence. At the meeting the Company was given authority to make market purchases of up to 1,027,897 of its own ordinary shares of 5.2 pence. This authority will expire at the 2014 AGM and approval will be sought from shareholders at that meeting for a similar authority to be given for a further year. The Company did not make any purchases of its own ordinary shares during the period from the AGM to the date of this report.

Going concern

Going concern is discussed in the Financial Review which can be found on pages 14 to 16.

Research and development

The Group spent €2.3 million (2012: €2.2 million) on research and development during the year in the field of continuous production process optimisation and improvement and adaptation of products to market requirements.

Change of control

There are a number of agreements that take effect, alter or terminate upon a change of control of one of the Group subsidiary companies such as commercial supplier and customer contracts. There is no individual contractual arrangement that is considered to be essential to the continuing operation of the Group.

All of the Company's share schemes contain provisions relating to a change of control. Outstanding options and awards normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions at that time.

Financial risk management

The Group's financial risk management policy is set out in note 30 in the Notes to the Consolidated Financial Statements.

Disclosure of information to the auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP have indicated that they are willing to continue in office. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors for the ensuing year will be proposed at the AGM.

Annual General Meeting

The AGM will be held at 3 More London Riverside, London SE1 2AQ on Thursday 22 May 2014 at 2.00pm. The Letter from the Chairman and Notice of Meeting document give full details of the AGM and the resolutions to be proposed.

By order of the Board

Matthew Wethey
Group Secretary
19 March 2014

Statement of directors' responsibilities
in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

> select suitable accounting policies and then apply them consistently;

> make judgements and accounting estimates that are reasonable and prudent;

> state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Company financial statements respectively; and

> prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

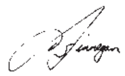
The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess a company's performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Directors section confirm that, to the best of their knowledge:

> the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and

> the Strategic Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.



Dr Peter Finnegan
Chief Financial Officer
19 March 2014

Financial statements

Financial statements

Independent auditors' report
to the members of PV Crystalox Solar PLC

Report on the Group financial statements

Our opinion

In our opinion the Group financial statements, defined below:

- give a true and fair view of the state of the Group's affairs as at 31 December 2013 and of the Group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The Group financial statements, which are prepared by PV Crystalox Solar PLC, comprise:

- the Consolidated Balance Sheet as at 31 December 2013;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year then ended; and
- the notes to the Consolidated financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and IFRS as adopted by the European Union.

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Annual Report and Accounts (the "Annual Report"), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Group financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Overview of our audit approach

Materiality

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Group financial statements as a whole to be €1.0 million, which represents 1% of total assets. We have had regard to total assets because, in our view, this is an appropriate measure of underlying performance.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €50,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of our audit

The Group is structured with operations in the UK, Germany and Japan. These operations are organised around the production and supply of one product, multicrystalline silicon wafers. The Group financial statements are a consolidation of six reporting units across these territories, comprising the Group's operating businesses and head office.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the reporting units by us, as the Group engagement team, or component auditors from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

Based on our assessment of significance and risk, audits of the complete financial information of four of the six reporting units – PV Crystalox Solar PLC, Crystalox Limited, PV Crystalox Solar KK and PV Crystalox Solar Silicon GmbH – were performed. These four reporting units accounted for 98% of Group assets. In addition, we performed procedures over the remaining reporting units to identify any unusual or unexpected transactions or balances. This work, together with additional procedures performed at the Group level over the consolidation process, gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

Areas of particular audit focus

In preparing the financial statements, the directors made a number of subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We primarily focused our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

In our audit, we tested and examined information, using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We obtained audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

We considered the following areas to be those that required particular focus in the current year. This is not a complete list of all risks or areas of focus identified by our audit. We discussed these areas of focus with the Audit Committee. Their report on those matters that they considered to be significant issues in relation to the financial statements is set out on pages 42 to 43.

Area of focus	How the scope of our audit addressed the area of focus
Going concern We focused on this area because global overcapacity has driven a significant ongoing decline in market prices across the photovoltaic value chain which has placed significant pressure on the Group's ability to generate cash. The directors' assessment in relation to going concern is described on page 16. This assessment is inherently subjective, due to the judgement in estimating future cash flows.	Our work included testing management's going concern assessment and evaluating and challenging key assumptions used in the assessment and cash flow forecasts, including the future price at which polysilicon is purchased, sales prices and manufacturing costs. We performed sensitivity analysis over these significant assumptions to ascertain the extent of change in those assumptions that either individually or collectively would be required for the company to have insufficient cash flows to meet its ongoing liabilities as they fall due. We also considered the likelihood of such a movement in those key assumptions arising. We additionally considered the accuracy of previous cash flow forecasts. Our conclusion on going concern is overleaf.
Onerous supplier contract provision As described in note 22 to the Group financial statements, due to a significant unexpected decline in market prices for both polysilicon and silicon wafers, the resultant cost of polysilicon under the Group's long-term supply contracts (and subsequent amendments) means the Group is expecting losses on these contracts for which provision is required. We focused on this area as the provisions are material to the balance sheet and require the directors to make estimates of the likely future cash flows that will be required to settle the Group's obligations. These estimates are inherently subjective.	Our work included testing management's onerous contract provision model and evaluating and challenging key inputs and assumptions used in the model, including agreeing future sales prices and future polysilicon purchase prices and volumes to appropriate evidence. We also evaluated whether assumptions were in line with those used in management's going concern assessment.
Fraud in revenue recognition ISAs (UK & Ireland) presume there is a risk of fraud in revenue recognition because of the pressure management may feel to achieve results. We focused on whether entitlement to recognise revenue had been achieved and the timing of when that revenue was recognised. In addition we considered how processes may have been circumvented and whether manual adjustments had been made to revenue to achieve market expectations.	We tested revenues recognised to source documentation. Particular focus was given to sales made around the year end by testing to confirm that the sale had been recorded in the period in which risk and reward had been transferred. We tested manual journal entries impacting revenue recorded at reporting units subject to audit and centrally at a Group level. Our work specifically focused on understanding the reasons for the adjustments and evaluating the adjustments against appropriate audit evidence.
Risk of management override of internal controls ISAs (UK & Ireland) require that we consider this.	We considered whether there was evidence of bias by the directors in the significant accounting estimates and judgements relevant to the financial statements that may represent a risk of material misstatement due to fraud. We also assessed the overall control environment of the Group and interviewed senior management. We analysed manual journals at reporting units subject to audit and centrally at a group level to identify unexpected or unusual journals and performed testing over these items.
Additional area of focus applicable to PV Crystalox Solar PLC Company financial statements Risk of impairment of investment in subsidiary undertakings We focused on this area since the carrying value of the investments in the Company Balance Sheet exceeded the consolidated net assets of the subsidiaries.	We obtained management's paper supporting the carrying value of investments. We evaluated management's assumptions and forecasts regarding the likelihood and magnitude of future cash flows, and whether these give rise to sufficient additional economic benefit that is expected to be generated over and above the carrying value of the consolidated net assets of the subsidiaries in order to support management's assessment that no impairment is required.

Independent auditors' report continued
to the members of PV Crystalox Solar PLC

Going concern
The directors have voluntarily complied with Listing Rule 9.8.6(R)(3) of the Financial Conduct Authority and provided a statement in relation to going concern, set out on page 16, required for companies with a premium listing on the London Stock Exchange.

The directors have requested that we review the statement on going concern as if the company were a premium listed company. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the Group's financial statements using the going concern basis of accounting. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion:

> the information given in the Strategic Report and the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements; and

> the information given in the Corporate Governance Statement set out on pages 22 to 25 in the Annual Report with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Other matters on which we are required to report by exception
Adequacy of information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Corporate governance statement
Under the Companies Act 2006, we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the Company. We have no exceptions to report arising from this responsibility.

The directors have chosen to voluntarily comply with the UK Corporate Governance Code ("the Code") as if the Company were a premium listed company. On page 46 of the Annual Report, as required by the Code Provision C.1.1, the directors state that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy. On pages 42 and 43, as required by C.3.8 of the Code, the Audit Committee has set out the significant issues that it considered in relation to the financial statements, and how they were addressed. Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

> the statement given by the directors is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit; or

> the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have no exceptions to report arising from this responsibility.

Other information in the Annual Report
Under ISAs (UK & Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

> materially inconsistent with the information in the audited Group financial statements; or

> apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or

> is otherwise misleading.

We have no exceptions to report arising from this responsibility.

Matters on which we have agreed to report by exception
Directors' remuneration
The Company voluntarily provides the disclosures relating to directors' remuneration required by the Listing Rules of the Financial Conduct Authority as if it were a premium listed company and the directors have requested that we review the elements of the report to shareholders by the Board on directors' remuneration specified for auditor review by the Listing Rules. We have nothing to report having performed our review.

Corporate governance statement
The Company prepares a Corporate Governance Statement in accordance with the Disclosure Rules and Transparency Rules of the Financial Conduct Authority and has chosen voluntarily to comply with the UK Corporate Governance Code. The directors have requested that we review the parts of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code specified for auditor review by the Listing Rules of the Financial Conduct Authority as if the Company were a premium listed company. We have nothing to report having performed our review.

Responsibilities for the financial statement audit
Our responsibilities and those of the directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 46, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other matter
We have reported separately on the Company financial statements of PV Crystalox Solar PLC for the year ended 31 December 2013 and on the information in the Directors' Remuneration Report that is described as having been audited.

Sam Taylor (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
Reading
19 March 2014

Consolidated statement of comprehensive income
for the year ended 31 December 2013

	Notes	2013 Total €'000	2012 Total €'000 restated*
Continuing operations:			
Revenues		**71,442**	46,305
Other income	2	**2,696**	101,202
Cost of material and services			
Cost of material	3	**(53,276)**	(116,780)
Cost of services	3	**(1,827)**	(3,459)
Personnel expenses			
Wages and salaries	4	**(5,196)**	(9,424)
Social security costs	4	**(820)**	(1,150)
Pension costs	4	**(179)**	(592)
Employee share schemes	4	**(243)**	(303)
Restructuring costs	4	**(16)**	(2,686)
Depreciation and impairment of property, plant and equipment and amortisation of intangible assets		**(441)**	(37,685)
Other expenses	5	**(4,693)**	(7,880)
Currency gains and losses	30	**3,081**	2,432
Profit/(loss) before interest and taxes ("EBIT")		**10,528**	(30,020)
Finance income	6	**796**	820
Finance cost	6	**(4,698)**	(1,514)
Profit/(loss) before taxes ("EBT")		**6,626**	(30,714)
Income taxes	7	**(390)**	(10,607)
Profit/(loss) for the year from continuing operations		**6,236**	(41,321)
Discontinued operations:			
Loss for the year from discontinued operations	36	**(2,577)**	(80,080)
Profit/(loss) attributable to equity owners of the parent		**3,659**	(121,401)
Other comprehensive income			
Exchange differences on translating foreign operations		**(4,974)**	(1,258)
Total comprehensive income			
Attributable to equity owners of the parent		**(1,315)**	(122,659)
Basic and diluted earnings/(loss) per share in Euro cents			
From continuing operations	9	**1.7**	(10.2)
From discontinued operations	9	**(0.7)**	(19.7)
From profit/(loss) for the year	9	**1.0**	(29.9)

* Prior year figures have been restated due to the discontinued operations.

The accompanying notes form an integral part of these financial statements.

Consolidated balance sheet
as at 31 December 2013

	Notes	2013 €'000	2012 €'000
Intangible assets	15	**44**	116
Property, plant and equipment	16	**2,351**	10,806
Pension surplus	27	**108**	41
Other long-term assets	17	**14,626**	23,432
Deferred tax asset	18	**—**	190
Total non-current assets		**17,129**	34,585
Cash and cash equivalents	10	**39,900**	94,680
Trade accounts receivable	11	**13,473**	10,333
Inventories	12	**13,009**	38,426
Prepaid expenses and other assets	13	**11,504**	14,060
Current tax assets	14	**70**	1,365
Total current assets		**77,956**	158,864
Total assets		**95,085**	193,449
Loans payable	19	**690**	5,284
Trade accounts payable	20	**2,827**	6,701
Deferred revenue	26	**3,342**	3,348
Accrued expenses	21	**2,689**	25,006
Provisions	22	**12,594**	23,559
Deferred grants and subsidies	23	**152**	210
Current tax liabilities	24	**199**	13
Other current liabilities	25	**50**	529
Total current liabilities		**22,543**	64,650
Accrued expenses	21	**146**	142
Provisions	22	**13,969**	33,763
Other long-term liabilities		**43**	43
Total non-current liabilities		**14,158**	33,948
Share capital	28	**12,332**	12,332
Share premium		**50,511**	75,607
Other reserves		**25,096**	—
Shares held by the EBT		**(7,610)**	(8,640)
Share-based payment reserve		**922**	819
Reverse acquisition reserve		**(3,601)**	(3,601)
Retained earnings		**4,067**	36,693
Currency translation adjustment		**(23,333)**	(18,359)
Total equity		**58,384**	94,851
Total liabilities and equity		**95,085**	193,449

The accompanying notes form an integral part of these statements.

The financial statements on pages 51 to 79 were approved by the Board of directors on 19 March 2014 and signed on its behalf by:

Dr Peter Finnegan
Chief Financial Officer

Company number
06019466

Consolidated statement of changes in equity
for the year ended 31 December 2013

	Note	Share capital €'000	Share premium €'000	Other reserves €'000	Shares held by the EBT €'000	Share-based payment reserve €'000	Reverse acquisition reserve €'000	Retained earnings €'000	Currency translation adjustment €'000	Total equity €'000
As at 1 January 2012		12,332	75,607	—	(8,640)	500	(3,601)	158,094	(17,101)	217,191
Dividends paid in the year	35	—	—	—	—	—	—	—	—	—
Share-based payment charge	29	—	—	—	—	319	—	—	—	319
Transactions with owners		—	—	—	—	319	—	—	—	319
Loss for the year		—	—	—	—	—	—	(121,401)	—	(121,401)
Currency translation adjustment		—	—	—	—	—	—	—	(1,258)	(1,258)
Total comprehensive income		—	—	—	—	—	—	(121,401)	(1,258)	(122,659)
As at 31 December 2012		12,332	75,607	—	(8,640)	819	(3,601)	36,693	(18,359)	94,851
As at 1 January 2013		12,332	75,607	—	(8,640)	819	(3,601)	36,693	(18,359)	94,851
Shareholder return	35	—	—	—	—	—	—	(36,285)	—	(36,285)
Issue and redemption of B shares	28	—	(25,096)	25,096	—	—	—	—	—	—
Share-based payment charge		—	—	—	—	103	—	—	—	103
Award of shares		—	—	—	119	—	—	—	—	119
B share capital in shares for the EBT	29	—	—	—	911	—	—	—	—	911
Transactions with owners		—	(25,096)	25,096	1,030	103	—	(36,285)	—	(35,152)
Profit for the year		—	—	—	—	—	—	3,659	—	3,659
Currency translation adjustment		—	—	—	—	—	—	—	(4,974)	(4,974)
Total comprehensive income		—	—	—	—	—	—	3,659	(4,974)	(1,315)
As at 31 December 2013		**12,332**	**50,511**	**25,096**	**(7,610)**	**922**	**(3,601)**	**4,067**	**(23,333)**	**58,384**

Consolidated cash flow statement
for the year ended 31 December 2013

	Note	2013 €'000	2012 €'000
CONTINUING OPERATIONS			
Earnings before taxes		**6,626**	(30,714)
Adjustments for:			
Net interest expense	6	**3,902**	694
Depreciation and amortisation	15,16	**441**	16,834
Impairment	15,16	**—**	20,850
Inventory writedown	12	**681**	35,189
Charge for retirement benefit obligation and share-based payments	27,29	**35**	436
(Decrease)/increase in provisions	22	**(31,747)**	35,581
(Gain)/loss from the disposal of property, plant and equipment and intangibles		**(1,072)**	103
(Gains)/losses in foreign currency exchange		**(500)**	500
Derecognition of grants and subsidies		**20**	619
Change in deferred grants and subsidies		**(57)**	(1,529)
		(21,671)	78,563
Changes in working capital			
Decrease/(increase) in inventories	12	**20,965**	(32,421)
(Increase)/decrease in accounts receivables	11,13	**(5,731)**	21,946
Decrease in accounts payables and deferred income	20,21	**(214)**	(19,893)
Decrease in other assets	17	**9,508**	19,333
Decrease in other liabilities	25	**(335)**	(329)
		2,522	67,199
Income taxes received	14	**1,118**	9,248
Interest received		**796**	820
Net cash from operating activities		**4,436**	77,267
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		**1,190**	25
Repayment of investment grants and subsidies	23	**(2,477)**	(4)
Payments to acquire property, plant and equipment and intangibles	15,16	**(122)**	(1,129)
Net cash used in investing activities		**(1,409)**	(1,108)
Cash flow from financing activities			
Repayment of bank and other borrowings	19	**(3,356)**	(43,350)
Dividends paid	35	**(36,285)**	—
Interest paid	6	**(101)**	(190)
Net cash used in financing activities		**(39,742)**	(43,540)
Net change in cash and cash equivalents available from continuing operations		**(36,715)**	32,619

	Note	2013 €'000	2012 €'000
DISCONTINUED OPERATIONS			
Earnings before taxes		**(1,855)**	(80,080)
Adjustments for:			
Depreciation and amortisation	15,16	**38**	—
Impairment	15,16	**(720)**	61,753
Inventory writedown	12	**—**	6,318
(Recognition)/derecognition of grants and subsidies		**(18,452)**	5,193
Loss from the disposal of property, plant and equipment and intangibles		**20,250**	12
Change in deferred grants and subsidies		**—**	(7,497)
		(739)	(14,301)
Changes in working capital			
Decrease/(increase) in inventories	12	**816**	(755)
Decrease in accounts payables and deferred income	20,21	**(3,794)**	(1,195)
Decrease in other assets	17	**366**	5,945
(Increase)/decrease in other liabilities	25	**(138)**	107
Net cash used in operating activities		**(3,489)**	(10,199)
Cash flow from investing activities			
Proceeds from investment grants and subsidies	23	**—**	8
Payments to dispose of property, plant and equipment and intangibles	15,16	**(12,261)**	(156)
Net cash used in investing activities		**(12,261)**	(148)
Net change in cash and cash equivalents available from discontinued operations		**(15,750)**	(10,347)
Cash generated from continuing and discontinuing operations		**(52,465)**	22,272
Effects of foreign exchange rate changes on cash and cash equivalents		**(2,315)**	744
Cash and cash equivalents at beginning of the year		**94,680**	71,664
Cash and cash equivalents at end of the year		**39,900**	94,680

The accompanying notes form an integral part of these financial statements.

Notes to the consolidated financial statements
for the year ended 31 December 2013

1. Group accounting policies

Basis of preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial information has also been prepared under the historical cost convention except that it has been modified to include certain financial assets and liabilities (including derivatives) at their fair value through profit and loss. These policies have been consistently applied to all years presented unless otherwise stated.

PV Crystalox Solar PLC is incorporated and domiciled in the United Kingdom.

The Company's listing on the London Stock Exchange changed from premium to standard listing during 2013.

The financial statements for the year ended 31 December 2013 were approved by the Board of directors on 19 March 2014.

Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the parent company is Sterling. The financial information has been presented in Euros, which is the Group's presentational currency. The Euro has been selected as the Group's presentational currency as this is the currency used in its significant contracts. The financial statements are presented in round thousands.

Foreign currency translation

Transactions in foreign currencies are translated into the functional currency of the respective entity at the foreign exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the date the fair value was determined. Exchange gains and losses on monetary items are charged to EBIT.

The assets and liabilities of foreign operations are translated to Euros at foreign exchange rates ruling at the balance sheet date. The income and expenses of foreign operations are translated into Euros at the average foreign exchange rates of the year that the transactions occurred in. In the Consolidated Financial Statements exchange rate differences arising on consolidation of the net investments in subsidiaries are recognised in other comprehensive income under "Currency translation adjustment".

Use of estimates and judgements – overview

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income, expenses and contingent liabilities. Estimates and assumptions mainly relate to the useful life of non-current assets, the discounted cash flows used in impairment testing, the establishing of provisions for onerous contracts, taxes, share-based payment and inventory valuations. Estimates are based on historical experience and other assumptions that are considered reasonable under the circumstances. Actual values may vary from the estimates. The estimates and the assumptions are under continuous review with particular attention paid to the life of material plant.

Critical accounting and valuation policies and methods are those that are both most important to the depiction of the Group's financial position, results of operations and cash flows and that require the application of subjective and complex judgements, often as a result of the need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent years. The critical accounting policies that the Group discloses will not necessarily result in material changes to our financial statements in any given year but rather contain a potential for material change. The main accounting and valuation policies used by the Group are outlined in the following notes. While not all of the significant accounting policies require subjective or complex judgements, the Group considers that the following accounting policies should be considered critical accounting policies.

Use of estimates – property, plant and equipment impairment

Property, plant and equipment are depreciated over their estimated useful lives. The estimated useful lives are based on estimates of the period during which the assets will generate revenue. The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets, are subject to regular impairment testing and are reviewed annually and upon indication of impairment.

Having considered the current and, lack of certainty of, future profitability of other Group companies, the majority of property, plant and equipment has previously been written down to scrap value.

Although we believe that our estimates of the relevant expected useful lives, our assumptions concerning the business environment and developments in our industry and our estimations of the discounted future cash flows are appropriate, changes in assumptions or circumstances could require changes in the analysis. This could lead to additional impairment charges or allowances in the future or to valuation write backs should the expected trends reverse.

Use of estimates – deferred taxes

To compute provisions for taxes, estimates have to be applied. These estimates involve assessing the probability that deferred tax assets resulting from deductible temporary differences and tax losses can be utilised to offset taxable income in the future.

Due to the lack of certainty around future profits, all deferred tax assets continue to be unrecognised in the year's balance sheet.

1. Group accounting policies continued

Use of estimates – provisions – onerous contract provisions

In keeping with normal practice in the industry at the time, the Group entered into long-term supply contracts for its raw material, polysilicon, with two major suppliers. Given the significant unexpected decline in market prices for polysilicon and silicon wafers, the resultant cost of polysilicon under these contracts means the Group is expecting losses on these contracts.

Consequently the financial statements include a provision of €26.5 million (2012: €52.0 million) for the discounted total of currently anticipated losses under these contracts.

Any further renegotiation of these contracts or improvement in market pricing would reduce this provided for loss.

Use of estimates – inventory valuation

Given the significant unexpected decline in market prices for polysilicon and silicon wafers, the carrying amount of inventory has been reduced to net realisable value.

Net realisable value has been determined as estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Any improvement in anticipated selling prices would reduce the level of writedown necessary and would be taken as profit in 2014.

Basis of consolidation

The Group financial statements consolidate those of the Group and its subsidiary undertakings drawn up to 31 December 2013. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

The results of any subsidiary sold or acquired are included in the Consolidated Statement of Comprehensive Income up to, or from, the date control passes.

Consolidation is conducted by eliminating the investment in the subsidiary with the parent's share of the net equity of the subsidiary.

The Group owns 100% of the voting rights in PV Crystalox Solar Kabushiki Kaisha. Non-controlling interests in equity of €43,400 are related to non-redeemable preferred stock, subject to a guaranteed annual dividend payment of €2,000. As the fair value of the resulting dividend liabilities reduces the equity portion to marginal amounts, all non-controlling interests have been reclassified as liabilities.

On acquisition of a subsidiary, all of the subsidiary's separately identifiable assets and liabilities existing at the date of acquisition are recorded at their fair value reflecting their condition at that date. Goodwill arises where the fair value of the consideration given for a business exceeds the fair value of such net assets. So far no acquisitions have taken place since inception of the Group.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. All intra-group transactions, balances, income and expenses are eliminated upon consolidation.

Going concern

A description of the market conditions including the continued suppression in spot prices of wafers during 2013 and the Group's actions to conserve cash are included in the Operational Review.

As part of its normal business practice, the Group regularly prepares both annual and longer-term plans which are based on the directors' expectations concerning key assumptions. The assumptions around contracted sales volumes and prices and contracted purchase volumes and prices are based on management's expectations and are consistent with the Group's experience in the first part of 2014.

The Group has two remaining wafer supply contracts and although these in theory should give the ability to sell wafers at prices that are above current market spot prices during 2014 despite the difficult market environment, wafer sales to customers without long-term contracts are assumed in the business plan at values close to spot prices.

On the other hand, the Group has long-term contracts with two external suppliers for purchase of polysilicon, our main raw material, for volumes in excess of current reduced production requirements. The Group's management has been successful in reaching accommodation with these suppliers to secure periodic contract amendments and adjust prices and volumes. As a result, these amendments have brought the terms more in line with current market pricing. To manage inventory levels the Group continues to sell excess polysilicon into the spot market.

The nature of the Group's operation means that it can vary production levels to match market requirements. As part of the cash conservation measures and the associated planning assumptions, production output has been reduced to match expected demand. In line with the Group's strategy of retaining flexibility in production levels, production can be brought back on stream when market conditions allow and this has started to happen in the first few weeks of 2014.

As a result of these modelling assumptions the base plans indicate that the Group will be able to operate within its net cash reserves for the foreseeable future.

On 31 December 2013 there was a net cash balance of €39.2 million, comprising cash or cash equivalents of €39.9 million and short-term loans of €0.7 million. The borrowings are in Japanese Yen and security/comfort is given to the lender by the Japanese accounts receivable. The Group's plans are based upon remaining within its net cash balance and are not dependent upon these minimal short-term borrowings.

Therefore, whilst any consideration of future matters involves making a judgement at a particular point in time about future events that are inherently uncertain, the directors, after careful consideration and after making appropriate enquiries, are of the opinion that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Thus the Group continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the consolidated financial statements continued
for the year ended 31 December 2013

1. Group accounting policies continued

Effects of new accounting pronouncements

Accounting standards in effect or applied for the first time in 2013

> Amendment to IAS 1, 'Financial statement presentation', regarding other comprehensive income (effective 1 July 2012)

> Amendment to IAS 12, 'Income taxes', on deferred tax (effective 1 January 2013)

> Amendment to IAS 19, 'Employee benefits' (effective 1 January 2013)

> Amendment to IFRS 1, 'First time adoption', on government loans (effective 1 January 2013)

> Amendment to IFRS 1 on hyperinflation and fixed dates (effective 1 January 2013)

> Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting (effective 1 January 2013)

> Annual improvements 2011 (effective 1 January 2013)

> IFRIC 20, 'Stripping costs in the production phase of a surface mine' (effective 1 January 2013)

> IFRS 13, 'Fair value measurement' (effective 1 January 2013)

The above has not made a material difference to the financial statements.

In issue, but not yet effective

The following interpretations are in issue, but not yet effective. The Group does not believe that any will have a material impact on the Group's financial positions, results of operations or cash flows.

> IFRS 10, 'Consolidated financial statements' (effective 1 January 2014)

> IFRS 11, 'Joint arrangements' (effective 1 January 2014)

> IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2014)

> Amendment to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting (effective 1 January 2014)

> IAS 27 (revised 2011), 'Separate financial statements' (1 January 2014)

> IAS 28 (revised 2011), 'Associates and joint ventures' (effective 1 January 2014)

> IFRS 9, 'Financial instruments' (effective 1 January 2015)

Intangible assets

Intangible assets are stated at cost net of accumulated amortisation. The Group's policy is to write off the difference between the cost of intangible assets systematically over their estimated useful life. Amortisation of intangible assets is recorded under "Depreciation and impairment of property, plant and equipment and amortisation of intangible assets" in the Consolidated Statement of Comprehensive Income.

Acquired computer software licences and patents are capitalised on the basis of the costs incurred to purchase and bring into use the software.

The capitalised costs are written down using the straight-line method over the expected economic life of the patents and licences (five years) or the software under development (three to five years).

Internally generated intangible assets – research and development expenditure

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the Consolidated Statement of Comprehensive Income.

Property, plant and equipment

Property, plant and equipment is stated at acquisition or construction cost, net of depreciation and provision for impairment. No depreciation is charged during the period of construction. The cost of own work capitalised is comprised of direct costs of material and manufacturing and directly attributable costs of manufacturing overheads. All allowable costs up until the point at which the asset is physically able to operate as intended by management are capitalised. The capitalised costs are written down using the straight-line method.

The Group's policy is to write off the difference between the cost of property, plant and equipment and its residual value systematically over its estimated useful life. Reviews of the estimated remaining lives and residual values of individual productive assets are made annually, taking commercial and technological obsolescence as well as normal wear and tear into account.

The total useful lives range from approximately 25 to 33 years for buildings, five to ten years for plant and machinery and up to 15 years for other furniture and equipment. No depreciation is provided on freehold land. Property, plant and equipment are reviewed for impairment at each balance sheet date or upon indication that the carrying value may not be recoverable.

The gain or loss arising on disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Comprehensive Income.

1. Group accounting policies continued

Impairment

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets, is subject to impairment testing upon indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal and value in use based on an internal discounted cash flow evaluation. The asset is subsequently reviewed for possible reversal of the impairment at each reporting date.

The total amount of such impairments, included in the Statement of Comprehensive Income, for this year is an impairment charge of €nil (2012: €82.6 million).

Leased assets

Leases are categorised as per the requirements of IAS17. Where risks and rewards are transferred to the lessee, the lease is classified as a finance lease. All other leases are classed as operating leases.

Rentals under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term. Lease incentives are spread over the total period of the lease.

The obligations from operating lease contracts are disclosed among financial obligations.

For the reporting year, no assets were recorded under finance leases.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are recorded initially at fair value net of transaction costs if changes in value are not charged directly to the Consolidated Statement of Comprehensive Income. Subsequent measurement depends on the designation of the instrument, as follows:

Amortised cost

> short-term borrowing, overdrafts and long-term loans are held at amortised cost; and

> accounts payable which are not interest bearing are recognised initially at fair value and thereafter at amortised cost under the effective interest method.

Held for trading

> derivatives, if any, comprising interest rate swaps and foreign exchange contracts, are classified as held for trading. They are included at fair value, upon the valuation of the local bank.

Loans and receivables

> non-interest bearing accounts receivable are initially recorded at fair value and subsequently valued at amortised cost, less provisions for impairment. Any change in their value through impairment or reversal of impairment is recognised in profit or loss net of any advance payment held by the Group where a right of offset exists; and

> cash and cash equivalents comprise cash balances and call deposits with maturities of less than three months together with other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Interest and other income resulting from financial assets are recognised in profit or loss on the accruals basis, using the effective interest method.

Inventories

Inventories are stated at the lower of cost or net realisable value.

Acquisition costs for raw materials are usually determined by the weighted average method.

For finished goods and work in progress, cost of production includes directly attributable costs for material and manufacturing and an attributable proportion of manufacturing overhead expenses (including depreciation) based on normal levels of activity. Selling expenses and other overhead expenses are excluded. Interest is expensed as incurred and therefore not included. Net realisable value is determined as estimated selling price for silicon wafers or polysilicon less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Contingent liabilities

Provisions are made for contingent liabilities where there is an obligation at the balance sheet date, an adverse outcome is probable and associated costs can be estimated reliably. Where no obligation is present at the balance sheet date no provision is made, although, where material, the contingent liability will be disclosed in a note.

Notes to the consolidated financial statements continued
for the year ended 31 December 2013

1. Group accounting policies continued

Current and deferred taxes

Current tax is the tax currently payable based on taxable profit for the year, including any under or over provisions from prior years.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Consolidated Statement of Comprehensive Income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Public grants and subsidies

As the German wafering operation is located in a region designated for economic development, the Group received both investment subsidies and investment grants. Government grants and subsidies relating to capital expenditure were credited to the "Deferred grants and subsidies" account and released to the Consolidated Statement of Comprehensive Income by equal annual instalments over the expected useful lives of the relevant assets under "Other income".

Government grants of a revenue nature, mainly for research and development purposes, were credited to the Consolidated Statement of Comprehensive Income in the same year as the related expenditure.

All required conditions of these grants have been met and it is the Group's intention they will continue to be met.

Responsibility for grants connected to the discontinued operation in Bitterfeld has been entirely passed to the new ownership company and the Group has no further liabilities in this regard.

Provisions

Provisions are formed where a third party obligation exists, which will lead to a probable future outflow of resources and where this outflow can be reliably estimated. Provisions are measured at the best estimate of the expenditure required to settle the obligation, discounted to present value. The resulting charge upon the discounting being unwound is recorded as a finance cost.

Accruals

Accruals are recognised when an obligation to meet an outflow of economic benefit in the future arises at the balance sheet date.

Accruals are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer. Ownership is considered to have transferred once products have been received by the customer unless shipping terms dictate any different. Revenues exclude intra-group sales and value added taxes and represent net invoice value less estimated rebates, returns and settlement discounts. The net invoice value is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied.

The Group has outsourced some elements of production to external companies. In cases in which the Group retains power of disposal over the product or product element, a sale is only recognised under IFRS when the final product is sold. The final product is deemed to have been sold when the risks and rewards of ownership have been transferred to a third party.

Finance income and costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested and dividend income and gains.

Interest income is recognised in the Consolidated Statement of Comprehensive Income as it accrues, using the effective interest method.

Exceptional items

Exceptional items are those items that in the directors' view are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Due to the current volatility in the PV industry and any (previously) unusual charges being in keeping with those of other similar companies, the directors' believe that separate disclosure would not therefore be beneficial.

1. Group accounting policies continued

Defined benefit pension plan

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Government bonds at the balance sheet date with a ten year maturity, adjusted for additional term to maturity of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited directly to the Consolidated Statement of Comprehensive Income in the period in which they arise.

Past service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional to the employees remaining in service for a specified period of time (the vesting period).

Defined contribution plan

For defined contribution plans, the Group pays contributions to pension insurance plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are incurred.

Employee benefit trust

All assets and liabilities of the Employee Benefit Trust ("EBT") have been consolidated in these financial statements as the Group has de facto control over the trust's net assets as the parent of its sponsoring company.

Deferred revenue and other long-term assets

As is common practice within the sector, the Group, where appropriate, both seeks to receive deposits from customers in advance of shipment and makes deposits in advance of supplies of silicon tetrachloride and polysilicon feedstock.

These deposits are held on the Balance Sheet and matched against revenue/cost as appropriate.

Deposits received from customers are not discounted, as the effect is not considered to be material.

Share-based payments

The Group has applied the requirements of IFRS 2, 'Share-based Payments'. The Group issues equity-settled share-based payments to certain employees. These are measured at their fair value at the date of the grant using an appropriate option pricing model and are expensed over the vesting year, based on the Group's estimate of the number of shares that will eventually vest. Grants of shares made during 2008 and 2007 are not subject to performance criteria and were valued at the date of the grant at market value. During 2009 the Group granted share options to employees. During 2011 awards were granted under the Performance Share Plan to employees. The share options granted are subject to performance criteria required for the option to vest and are considered in the method of measuring fair value. Fair value is assessed using the Black-Scholes method.

Charges made to the Consolidated Statement of Comprehensive Income in respect of share-based payments are credited to the share-based payment reserve.

Return of cash to shareholders

In December 2013 a return of cash was made to all shareholders amounting to €36.3 million in cash (7.25 pence per share, equivalent to approximately 8.7 cents per share), by way of a B and C share scheme, which gave shareholders (other than certain overseas subsidiaries) a choice between receiving the cash in the form of income or capital. The Return of Cash was accompanied by a 5 for 13 share consolidation to maintain broad comparability of the share price and return per share of the ordinary shares before and after the creation of the B and C shares.

Shareholders' equity

Shareholders' equity is comprised of the following balances:

- share capital is comprised of 160,278,275 ordinary shares of 5.2 pence each (following a share consolidation), see note 28;
- share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of share issue;
- other reserves arising from the issue and redemption of B shares in 2013;
- investment in own shares is the Group's shares held by the EBT that are held in trust for the benefit of employees;
- share-based payment reserve is the amount charged to the Consolidated Statement of Comprehensive Income in respect of shares already granted or options outstanding relative to the vesting date or option exercise date;
- the reverse acquisition reserve is the difference between the value of the assets acquired and the consideration paid by way of a share for share exchange on 5 January 2007;
- retained earnings is the cumulative profit retained by the Group; and
- currency translation adjustment represents the differences arising from the currency translation of the net assets in subsidiaries.

Notes to the consolidated financial statements continued
for the year ended 31 December 2013

2. Other income

	2013 €'000	2012 €'000 restated
Recognition of accrued grants and subsidies for investments	**57**	1,529
Sale of freehold property	**1,190**	—
Customer payment upon cancellation of contract	**—**	90,633
Customer deposit realised as income on cancellation of contract	**—**	8,067
Research and development grants	**494**	389
Sale of non-silicon product	**159**	24
Refunds	**180**	233
Insurance claims	**2**	20
Miscellaneous	**614**	307
	2,696	101,202

3. Cost of material and services

The cost of materials is attributable to the consumption of silicon, ingots, wafers, chemicals and other consumables as well as the purchase of merchandise.

	2013 €'000	2012 €'000 restated
Cost of raw materials, supplies and purchased merchandise	**46,961**	39,462
Change in finished goods and work in progress	**17,286**	1,133
Own work capitalised	**—**	(967)
Inventory writedowns	**681**	35,189
Onerous contract charge (see note 22)	**(11,652)**	41,963
Cost of materials	**53,276**	116,780
Cost of purchased services	**1,827**	3,459
Cost of services	**1,827**	3,459

Own work capitalised relates to the construction of production equipment including in particular crystallisation systems.

4. Personnel expenses

	2013 €'000	2012 €'000
Staff costs for the Group during the year – continuing operations		
Wages and salaries	**5,196**	9,424
Social security	**820**	1,150
Pension costs	**179**	592
Employee share schemes	**243**	303
Restructuring costs	**16**	2,686
Total	**6,454**	14,155
Staff costs for the Group during the year – discontinued operations		
Wages and salaries	**787**	3,076
Social security	**229**	736
Pension costs	**2**	5
Restructuring costs	**—**	2,193
Total	**1,018**	6,010
Total – continuing and discontinued	**7,472**	20,165

Included within pension costs of continuing operations is €nil (2012: €179k) relating to actuarial losses on defined benefit pension obligations.

4. Personnel expenses continued

Employees

The Group employed a monthly average of 153 employees during the year ended 31 December 2013 (2012: 311).

	2013 Number	2012 Number
Germany	**115**	217
United Kingdom	**33**	87
Japan	**5**	7
	153	311
Of which, related to discontinued operations	**41**	102

	2013 Number	2012 Number
Production	**90**	196
Administration	**63**	115
	153	311

The Group employed 88 employees at 31 December 2013 (31 December 2012: 299).

Of which, nil related to discontinued operations at 31 December 2013 (31 December 2012: 98).

The remuneration of the Board of directors, including appropriations to pension accruals, is shown in the Directors' Remuneration Report on pages 29 to 41.

5. Other expenses

	2013 €'000	2012 €'000
Derecognition of previously recognised grants and subsidies and interest thereon	**—**	619
Land and building operating lease charges	**2,151**	2,603
Repairs and maintenance	**95**	152
Selling expenses	**13**	23
Technical consulting, research and development	**145**	189
External professional services	**1,225**	2,117
Insurance premiums	**280**	380
Travel and advertising expenses	**133**	369
Bad debts	**133**	772
Staff related costs	**47**	150
Other	**471**	506
	4,693	7,880

The following amounts were paid/are payable to the Group's auditors:

	2013 €'000	2012 €'000
Fees payable to the Company's auditors and their associates for the audit of the parent company and consolidated financial statements	**96**	86
Fees payable to the Company's auditors and their associates for other services:		
– The audit of the Company's subsidiaries pursuant to legislation	**114**	185
– Audit-related assurance services	**—**	3
– Other assurance services	**77**	60
– Tax compliance services	**—**	10
	287	344

Other assurance services relate to the restructure of the Group and the shareholder return.

Notes to the consolidated financial statements continued

for the year ended 31 December 2013

6. Finance income and costs

Finance income and costs are derived/incurred on financial assets/liabilities and recognised under the effective interest method.

The resulting charge upon unwinding the discount charge on provisions is recorded as a finance cost.

	2013 Total €'000	2012 Total €'000 restated
Finance income	**796**	820
Finance expense:		
Expense of Group borrowings	**(41)**	(113)
Expense of pension commitment	**(60)**	(76)
Expense of unwinding provision discounting charge (note 22)	**(4,597)**	(1,325)
Finance expense	**(4,698)**	(1,514)

7. Income taxes

	2013 Total €'000	2012 Total €'000
Current tax:		
Current tax on profit for the year	**200**	142
Adjustments in respect of prior years	**—**	(817)
Total current tax	**200**	(675)
Deferred tax (note 18):		
Origination and reversal of temporary differences	**—**	(2)
Derecognition of previously recognised tax losses	**190**	11,284
Total deferred tax	**190**	11,282
Total tax charge	**390**	10,607

The total tax rate for the German companies is 32.275% (2012:31.575 %) in Erfurt and n/a% (2012: 29.125%) in Bitterfeld. The effective total tax rate in the United Kingdom was 23.25% (2012: 24.5%) and the total tax rate in Japan was 39.91 % (2012: 39.91 %). These rates are based on the legal regulations applicable or adopted at the balance sheet date.

The Finance Act 2012 included legislation to reduce the main rate of corporation tax in the UK to 23% with effect from 1 April 2013. The Finance Act 2013 included legislation to further reduce the main rate of corporation tax in the UK to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015. As these changes were substantively enacted during the year, they have been reflected in these financial statements.

The German rate will be unchanged in 2014 and in Japan it is expected the total rate will fall to 37.11% from 2016 onwards.

The impact of these changes on net deferred tax liabilities at 31 December 2013, profit for the year (underlying and statutory) and comprehensive income for the year has not been significant. The impact of these further changes is not expected to be material.

7. Income taxes continued

The tax on the Group's results before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the losses of the consolidated entities as follows:

	2013 €'000	2012 €'000 restated
Profit/(loss) before tax	**6,626**	(30,714)
Expected income tax expense at UK tax rate 23.25% (2012: 24.5%)	**1,541**	(7,525)
Adjustments for foreign tax rates	**(474)**	3,686
Taxation on intercompany sale of the shares	**183**	—
Income not subject to tax	**(86)**	(28)
Derecognition of previously recognised tax losses	**190**	11,284
Unrelieved tax losses	**1,374**	3,809
Adjustments in respect of prior year	**—**	(817)
Chargeable gains	**152**	—
Utilisation of tax losses and other deductions	**(2,391)**	—
Expenses not deductible for tax	**(99)**	170
Other tax effects	**—**	28
Total tax charge	**390**	10,607

8. Segment reporting

The chief operating decision-maker, who is responsible for allocating resources and assessing performance, has been identified as the executive Board. The Group is organised around the production and supply of one product, multicrystalline silicon wafers. Accordingly, the Board reviews the performance of the Group as a whole and there is only one operating segment. Disclosure of reportable segments under IFRS 8 is therefore not made.

Geographical information 2013

	Japan €'000	China €'000	Rest of Asia €'000	Germany €'000	United Kingdom €'000	Rest of Europe €'000	Rest of World €'000	Group €'000
Revenues								
By entity's country of domicile	**17,463**	**—**	**—**	**12,681**	**41,298**	**—**	**—**	**71,442**
By country from which derived	**17,356**	**2,952**	**18,214**	**9,560**	**30**	**8,351**	**14,979**	**71,442**
Non-current assets*								
By entity's country of domicile	**403**	**—**	**—**	**1,085**	**15,533**	**—**	**—**	**17,021**

* Excludes: financial instruments, deferred tax assets and post-employment benefit assets.

Three customers accounted for more than 10% of Group revenue each and sales to these customers are as follows (figures in €'000):
1. 16,813 (Japan);
2. 14,979 (Rest of World); and
3. 9,575 (Germany).

Geographical information 2012 (restated)

	Japan €'000	China €'000	Rest of Asia €'000	Germany €'000	United Kingdom €'000	Rest of Europe €'000	Rest of World €'000	Group €'000
Revenues								
By entity's country of domicile	17,086	—	—	7,926	21,293	—	—	46,305
By country from which derived	17,086	13,180	7,668	3,488	15	4,868	—	46,305
Non-current assets*								
By entity's country of domicile	440	—	—	9,445	24,469	—	—	34,354

* Excludes: financial instruments, deferred tax assets and post-employment benefit assets.

Two customers accounted for more than 10% of Group revenue each and sales to these customers are as follows (figures in €'000):
1. 17,049 (Japan); and
2. 13,178 (China).

Notes to the consolidated financial statements continued

for the year ended 31 December 2013

9. Earnings per share

Net earnings per share is computed by dividing the net profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted net earnings per share is computed by dividing the profit/(loss) for the period by the weighted average number of ordinary shares outstanding and, when dilutive, adjusted for the effect of all potentially dilutive shares, including share options.

	2013	2012
Basic shares (average)	**381,393,715**	405,891,335
Basic profit per share – continuing operations (Euro cents)	**1.7**	(10.2)
Basic loss per share – discontinued operations	**(0.7)**	(19.7)
Basic earnings/(loss) per share (Euro cents)	**1.0**	(29.9)
Diluted shares (average)	**383,849,862**	405,891,335
Diluted profit per share – continuing operations (Euro cents)	**1.7**	(10.2)
Diluted loss per share – discontinued operations	**(0.7)**	(19.7)
Diluted earnings per share (Euro cents)	**1.0**	(29.9)

Basic shares and diluted shares for this calculation can be reconciled to the number of issued shares (see note 28) as follows:

	2013	2012
Shares in issue (see note 28)	**416,725,335**	416,725,335
Weighted average number of EBT shares held	**(10,740,873)**	(10,834,000)
Share consolidation (including EBT shares)	**(24,590,747)**	—
Weighted average number of shares for basic EPS calculation	**381,393,715**	405,891,335
Dilutive share options	**2,456,147**	—
Weighted average number of shares for fully diluted EPS calculation	**383,849,862**	405,891,335

10. Cash and cash equivalents

All short-term deposits are interest bearing at the various rates applicable in the business locations of the Group.

	As at 31 December	
	2013 €'000	2012 €'000
Cash at bank and in hand	**30,486**	33,322
Short-term bank deposits	**9,414**	61,358
	39,900	94,680

11. Trade accounts receivable

	As at 31 December	
	2013 €'000	2012 €'000
Japan	**5,706**	9,459
Germany	**3,638**	711
United Kingdom	**4,129**	163
	13,473	10,333

All receivables have short-term maturity. During the year, receivables of €133,238 (2012: €771,648) were written off.

11. Trade accounts receivable continued

Some of the unimpaired trade receivables are past due at the reporting date. The age of financial assets past due but not impaired is as follows:

	As at 31 December	
	2013 €'000	2012 €'000
Not more than three months	**527**	252
Three months – six months	**—**	—
Six months – nine months	**—**	147

These amounts represent the Group's maximum exposure to credit risk at the year end. All amounts outstanding as at 31 December 2013 were received in January 2014.

12. Inventories

Inventories include finished goods and work in progress (ingots and blocks), as well as production supplies. The change in inventories is included in the Consolidated Statement of Comprehensive Income in the line "Cost of materials".

	As at 31 December	
	2013 €'000	2012 €'000
Finished products	**4,440**	18,674
Work in progress	**3,361**	6,413
Raw materials	**5,208**	13,339
	13,009	38,426

Inventory writedowns of €0.7 million in 2013 are included in cost of materials (2012 restated: €35.2 million).

13. Prepaid expenses and other assets

	As at 31 December	
	2013 €'000	2012 €'000
Subsidies due	**—**	394
VAT	**1,684**	1,316
Prepaid expenses	**9,705**	11,444
Energy tax claims	**64**	149
Other current assets	**51**	757
	11,504	14,060

Prepaid expenses primarily comprise polysilicon feedstock deposits.

14. Current tax assets

	As at 31 December	
	2013 €'000	2012 €'000
Income tax recoverable	**70**	1,365

Income tax recoverable relates to tax paid at source on interest received (2013) and prior year profits that is expected to be recovered against later year losses (2012).

Notes to the consolidated financial statements continued

for the year ended 31 December 2013

15. Intangible assets

	Patents and licences €'000	Software under development €'000	Total €'000
Cost			
At 1 January 2013	1,526	—	1,526
Disposals	(406)	—	(406)
Net effect of foreign currency movements	(59)	—	(59)
At 31 December 2013	**1,061**	**—**	**1,061**
Accumulated amortisation			
At 1 January 2013	1,410	—	1,410
Charge for the year	60	—	60
Disposals	(406)	—	(406)
Net effect of foreign currency movements	(47)	—	(47)
At 31 December 2013	**1,017**	**—**	**1,017**
Net book amount			
At 31 December 2013	**44**	**—**	**44**
At 31 December 2012	116	—	116

	Patents and licences €'000	Software under development €'000	Total €'000
Cost			
At 1 January 2012	1,587	10	1,597
Additions	27	—	27
Reclassification	10	(10)	—
Disposals	(63)	—	(63)
Net effect of foreign currency movements	(35)	—	(35)
At 31 December 2012	1,526	—	1,526
Accumulated amortisation			
At 1 January 2012	1,089	—	1,089
Charge for the year	215	—	215
Impairment	132	—	132
Disposals	(2)	—	(2)
Net effect of foreign currency movements	(24)	—	(24)
At 31 December 2012	1,410	—	1,410
Net book amount			
At 31 December 2012	116	—	116
At 31 December 2011	498	10	508

16. Property, plant and equipment

	Freehold land and buildings €'000	Plant and machinery €'000	Other furniture and equipment €'000	Assets under construction €'000	Total €'000
Cost					
At 1 January 2013	12,955	184,595	6,972	1,141	205,663
Additions	—	81	43	(2)	122
Reclassification	—	1,093	—	(1,093)	—
Disposals	(12,948)	(105,767)	(2,449)	(46)	(121,210)
Net effect of foreign currency movements	(7)	(1,069)	(103)	—	(1,179)
At 31 December 2013	**—**	**78,933**	**4,463**	**—**	**83,396**
Accumulated depreciation					
At 1 January 2013	12,312	174,949	6,554	1,042	194,857
Charge for the year	2	317	100	0	419
Reclassification	—	995	—	(995)	—
On disposals	(12,307)	(98,334)	(2,413)	(46)	(113,100)
Net effect of foreign currency movements	(7)	(1,044)	(79)	(1)	(1,131)
At 31 December 2013	**—**	**76,883**	**4,162**	**—**	**81,045**
Net book amount					
At 31 December 2013	**—**	**2,050**	**301**	**—**	**2,351**
At 31 December 2012	643	9,646	418	99	10,806

Assets under construction related to future plant and machinery yet to be bought into production at which point they are reclassified as such.

	Freehold land and buildings €'000	Plant and machinery €'000	Other furniture and equipment €'000	Assets under construction €'000	Total €'000
Cost					
At 1 January 2012	12,944	175,175	7,105	8,142	203,366
Additions	4	141	32	1,082	1,259
Reclassification	—	8,250	4	(8,254)	—
Disposals	—	(27)	(163)	—	(190)
Net effect of foreign currency movements	7	1,056	(6)	171	1,228
At 31 December 2012	12,955	184,595	6,972	1,141	205,663
Accumulated depreciation					
At 1 January 2012	1,363	90,827	3,262	—	95,452
Charge for the year	409	15,483	727	—	16,619
Impairment	10,536	68,209	2,685	1,042	82,472
On disposals	—	(27)	(85)	—	(112)
Net effect of foreign currency movements	4	457	(35)	—	426
At 31 December 2012	12,312	174,949	6,554	1,042	194,857
Net book amount					
At 31 December 2012	643	9,646	418	99	10,806
At 31 December 2011	11,581	84,348	3,843	8,142	107,914

Assets under construction related to future plant and machinery. Capital commitments at 31 December 2012 relating to this amounted to €0.1 million.

Notes to the consolidated financial statements continued
for the year ended 31 December 2013

17. Other long-term assets

	As at 31 December 2013 €'000	2012 €'000
Polysilicon feedstock deposits (covering periods to 31 March 2018)	**14,301**	23,098
Prepaid expenses	**68**	76
Other assets	**257**	258
	14,626	23,432

18. Deferred taxes

Analysis of deferred tax assets and liabilities:

	2013 €'000	2012 €'000
Tax loss carried forward	—	190

Deferred tax assets arising as a result of losses are recognised where, based on the Group's budget, they are expected to be realised in the foreseeable future.

As at 31 December 2013 there were unrecognised potential deferred tax assets in respect of losses of €48.1 million (2012: €50.6 million).

The gross movement on the deferred income tax account is as follows:

	2013 €'000	2012 €'000
At 1 January	**190**	11,137
Exchange differences	**—**	335
Derecognition of deferred tax assets	**(190)**	(11,284)
Income statement charge	**—**	2
At 31 December	**—**	190

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Elimination of intra-company losses	Other	Total
At 1 January 2012	7,986	197	8,183
Credited to the Statement of Comprehensive Income	(8,251)	(197)	(8,448)
Exchange differences	265	—	265
At 31 December 2012	—	—	—
At 31 December 2013	**—**	**—**	**—**

Deferred tax assets	Elimination of intra-company gains	Tax losses	Impairment losses	Other	Total
At 1 January 2012	—	10,950	8,118	252	19,320
Credited to the Statement of Comprehensive Income	—	(11,094)	(8,384)	(252)	(19,730)
Exchange differences	—	334	266	—	600
At 31 December 2012	—	190	—	—	190
Credited to the Statement of Comprehensive Income	—	(190)	—	—	(190)
Exchange differences	—	—	—	—	—
At 31 December 2013	**—**	**—**	**—**	**—**	**—**

19. Loans payable

Underwriter	As at 31 December 2013 €'000	2012 €'000	Maturity	Interest rate
Sumitomo Mitsui Banking Corporation ("SMBC")	**690**	5,284	01/14	0.95%

All current loans are in Japanese Yen.

Security/comfort for the SMBC loans is provided by the Japanese accounts receivable, details of which can be found in note 11. This facility has been reduced upon renewal in line with the lower receivables.

20. Trade accounts payable

	As at 31 December 2013 €'000	2012 €'000
Japan	**853**	2,141
United Kingdom	**1,348**	3,527
Germany	**626**	1,033
	2,827	6,701

The book value of these payables is materially the same as the fair value.

21. Accrued expenses

	2013 €'000	2012 €'000
Rents and ancillary rent costs	**295**	343
Repayment of grants and subsidies including interest thereon	**—**	21,302
Contract volume penalties	**1,153**	1,529
Other accrued expenses	**1,241**	1,832
Current accruals	**2,689**	25,006
Non-current accruals	**146**	142
Total accruals	**2,835**	25,148

22. Provisions

Movement in provisions is shown below:

	Warranty provisions €'000	Restructuring costs €'000	Onerous contract provision €'000	Total €'000
Provisions brought forward	33	5,242	52,047	57,322
Unwinding of discount factor	—	—	4,597	4,597
Charged/(credited) to the Statement of Comprehensive Income	4	(2,179)	(11,652)	(13,827)
Exchange differences	—	—	(5,736)	(5,736)
Utilised	—	(3,063)	(12,730)	(15,793)
Provisions carried forward	37	—	26,526	26,563

	Warranty provisions €'000	Restructuring costs €'000	Onerous contract provision €'000	Total €'000
Short-term element	37	—	12,557	12,594
Long-term element	—	—	13,969	13,969
Provisions carried forward	37	—	26,526	26,563

Warranty provisions unwind over a year from the date of sale, per the terms of the warranty agreement with customers.

Restructuring cost provision is for the costs of the Group restructure.

The onerous contract provision is an allowance for the loss arising on the difference between raw material costs under these contracts and the anticipated selling price of the Group's end product. This is discussed further in note 1. This provision will unwind over the length of the contracts, between two and five years.

Notes to the consolidated financial statements continued
for the year ended 31 December 2013

23. Deferred grants and subsidies

The grants from governmental institutions are bound to specific terms and conditions. The Group is obliged to observe retention periods of five years for the respective assets in the case of investment subsidies as well as of five years for assets under investment grants, and to retain a certain number of jobs created in conjunction with the underlying assets. In cases of breach of the terms, the grants received must be repaid. In the past, the grants received were subject to periodic audits, which were concluded without significant findings or adjustments.

The deferred grants and subsidies in the year under review consist of the following:

	As at 31 December	
	2013 €'000	2012 €'000
Investment grants	**152**	210
Current portion	**152**	210

24. Current tax liabilities

	As at 31 December	
	2013 €'000	2012 €'000
United Kingdom	**43**	—
Germany	**155**	13
Japan	**1**	—
	199	13

Current tax liabilities comprise both corporation and other non-VAT tax liabilities, calculated or estimated by the Group companies, as well as corresponding taxes payable abroad due to local tax laws, including probable amounts arising on completed or current tax audits.

25. Other current liabilities

	As at 31 December	
	2013 €'000	2012 €'000
VAT liability	**—**	99
Payroll liabilities	**23**	170
Other liabilities	**27**	260
	50	529

26. Deferred revenue

Where appropriate the Group enters into long-term contracts with its customers and may request payment deposits from them ahead of the supply of goods. At 31 December 2013, such deposits amounted to €3.3 million from one customer (2012: €3.3 million from one customer).

	As at 31 December	
	2013 €'000	2012 €'000
Current	**3,342**	3,348

27. Pension surplus/benefit

The obligation relates to fixed post-retirement payments for two employees and includes benefits for surviving spouses granted in 2005. The plan will be fully funded upon retirement of the employees by insurance contracts held and paid in by the Group. In case of insolvency the benefits have been ceded to the employees directly. Therefore the fair value of the insurance contracts has been treated as a plan asset. The scheme is not significant to the Group.

28. Share capital

Ordinary shares of 5.2 pence each (2012: 2.0 pence)

	2013 Shares	**2013 €'000**	2012 Shares	2012 €'000
Allotted, called up and fully paid				
At 1 January	**416,725,335**	**12,332**	416,725,335	12,332
Share consolidation (note 35)	**(256,446,360)**	**—**	—	—
At 31 December	**160,278,975**	**12,332**	416,725,335	12,332

At 31 December 2013, 4,100,326 shares were held by the EBT (2012: 10,834,000). The market value of these shares was €712k (2012: €1,524k).

28. Share capital continued

Summary of rights of share capital

The ordinary shares are entitled to receipt of dividends. On winding up, their rights are restricted to a repayment of the amount paid up to their share in any surplus assets arising. The ordinary shares have full voting rights.

B Shares at 7.25 pence each

	2013 Shares	2013 €'000	2012 Shares	2012 €'000
Issued and fully paid				
At 1 January	—	—	—	—
Issue of B shares	288,216,112	25,096	—	—
Redemption of B Shares	(288,216,112)	(25,096)	—	—
At 31 December	—	—	—	—

On 27 November 2013, 288,216,112 B shares were issued at 7.25 pence each, resulting in a total of €25.096 million (£20.896 million) being credited to the B share capital account in "other reserves". On 4 December 2013, 288,216,112 B shares were redeemed at 7.25 pence each and an amount of €25.096 million (£20.896 million) was deducted from the B share capital account in "other reserves".

C Shares/deferred shares at 0.0000001 pence each

	2013 Shares	2013 €'000	2012 Shares	2012 €'000
Issued and fully paid				
At 1 January	—	—	—	—
Issue of C shares	128,509,223	—	—	—
At 31 December	128,509,223	—	—	—

On 27 November 2013, 128,509,223 C shares were issued at 0.0000001 pence each, resulting in a total of €0.16 being credited to the C share capital account. On 11 December 2013, these shares paid a dividend of 7.25 pence each totalling €11.189 million (£9.317 million) and were immediately reclassified as deferred shares of 0.0000001 pence each. The deferred shares remain outstanding at the year end.

29. Share-based payment plans and return of cash to shareholders

In December 2013 a return of cash was made to all shareholders amounting to €36.3 million in cash (7.25 pence per share, equivalent to approximately 8.7 cents per share), by way of a B and C share scheme, which gave shareholders (other than certain overseas subsidiaries) a choice between receiving the cash in the form of income or capital. The return of cash was accompanied by a 5 for 13 share consolidation to maintain broad comparability of the share price and return per share of the ordinary shares before and after the creation of the B and C shares.

As a result of this broad comparability of the share price the Board has agreed, following a recommendation by the Remuneration Committee, not to alter outstanding awards as a result of the share consolidation. Thus outstanding awards which were previously based on ordinary shares of 2 pence each are now the same number of ordinary shares of 5.2 pence each.

Share-based payment plans

The Group established the PV Crystalox Solar PLC EBT on 18 January 2007, which has acquired, and may in the future acquire, the Company's ordinary shares for the benefit of the Group's employees.

The Group currently has three share incentive plans in operation which are satisfied by grants from the EBT.

PV Crystalox Solar PLC Performance Share Plan ("PSP")

This plan was approved by shareholders at the 2011 AGM under which awards are made to employees, including executive directors, consisting of a conditional right to receive shares in the Company. The awards will normally vest after the end of a three year performance period, to the extent that performance conditions are met as detailed in the Directors' Remuneration Report (see page 39).

No awards were made during 2013 (2012: nil).

On 26 May 2011 awards over up to 3,038,454 ordinary shares were granted to key senior employees including the three executive directors. These awards are subject to achieving growth in both total shareholder return and earnings per share in the performance period ending on 31 December 2013.

PV Crystalox Solar PLC Executive Directors Deferred Share Plan ("EDDSP")

At the AGM on 28 May 2009 a bonus plan (with deferred share element) for executive directors was approved by the Company's shareholders in the context of bringing the arrangements more in line with market practice and aligning executive directors' pay more closely with the interests of the Company's shareholders. Half of each bonus was to be payable in cash and the other half deferred and payable in shares under the EDDSP which vests three years after the award date. Awards of deferred shares under the EDDSP are to be satisfied on vesting by the transfer of shares from the existing PV Crystalox Solar PLC Employee Benefit Trust.

No awards were made during 2013 (2012: nil). On 24 March 2011 awards over 358,423 shares were made to executive directors.

Notes to the consolidated financial statements continued
for the year ended 31 December 2013

29. Share-based payment plans and Return of Cash to shareholders continued

Share-based payment plans continued

PV Crystalox Solar PLC Long Term Incentive Plan ("LTIP")

This is a long-term incentive scheme under which awards are made to employees consisting of the right to acquire ordinary shares for a nominal price subject to the achievement of specified performance conditions at the end of the vesting period which is not less than three years from the date of grant. Under the LTIP it is possible for awards to be granted which are designated as a Performance Share Award, a Market Value Option or a Nil Cost Option. To date Performance Share Awards and Market Value Options have been granted.

Performance Share Award ("PSA")

A PSA is a conditional award of a specified number of ordinary shares which may be acquired for nil consideration. The PSAs granted to date have all been initial awards where there is no specified performance condition. The vesting period of each award is three years from the date of grant.

No awards were issued in 2013 (2012: nil). No awards are outstanding under this scheme.

Market Value Option ("MVO")

An MVO is an option with an exercise price per share equal to the market value of a share on the date of grant. The vesting period of each award is three years from the date of grant and the award must be exercised no later than ten years following the date of grant.

On 24 November 2008 an MVO over 200,000 ordinary shares was granted to a senior employee and this option is exercisable from 24 November 2011 at £1.00 per share subject to an agreed performance criteria. This option is now exercisable at any time until 23 November 2018.

On 26 March 2009 an MVO over 200,000 ordinary shares was granted to a senior employee and this option is exercisable from 26 March 2012 at 76 pence per share subject to an agreed performance criteria; and on 25 September 2009 MVO awards over 1,200,000 ordinary shares were granted to key senior employees and these options are exercisable from 25 September 2012 at 76.9 pence per share subject to agreed performance criteria.

No awards were issued in 2013 (2012: nil).

PV Crystalox Solar PLC Share Incentive Plan ("SIP")

The SIP is an employee share scheme approved by HM Revenue and Customs in accordance with the provisions of Schedule 8 to the Finance Act 2000. On 26 February 2008 awards were granted to UK employees of 500 shares each over a total of 37,000 ordinary shares of 2 pence. These 37,000 ordinary shares of 2 pence each were transferred from the EBT into the SIP. During 2012 awards over 1,000 shares were forfeited by employees leaving the Group. During 2011 awards of 3,500 shares were forfeited by employees leaving the Group and awards over 8,500 shares vested due to employees leaving the Group as good leavers due to redundancy or retirement. The shares in the SIP were subject to the share consolidation so that each holding of 500 ordinary shares of 2 pence became a holding of 192 shares of 5.2 pence following the 5 for 13 share consolidation in 2013.

The Group recognised total expenses before tax of €103,000 (2012: €319,000) related to equity-settled share-based payment transactions during the year.

The number of share options and weighted average exercise price (WAEP) for each of the schemes is set out as follows:

	PSP* Number	EDDSP* Number	MVO Number	MVO WAEP price Pence	SIP* Number
Share grants and options outstanding at 1 January 2012	3,038,454	419,568	1,600,000	79.7	25,000
Share grants and options granted during the year	—	—	—	—	—
Share grants and options forfeited during the year	—	—	—	—	(1,000)
Share grants vested during the year	—	—	—	—	—
Options exercised during the year	—	—	—	—	—
Share grants and options outstanding at 31 December 2012	**3,038,454**	**419,568**	**1,600,000**	**79.7**	**24,000**
Exercisable at 31 December 2012	**—**	**—**	**1,600,000**	**79.7**	**—**
Share grants and options granted during the year	—	—	—	—	—
Share grants and options forfeited during the year	(852,723)	—	(200,000)	—	—
Share grants vested during the year	—	(173,152)	—	—	—
Impact of share consolidation					(14,784)
Options exercised during the year	—	—	—	—	—
Share grants and options outstanding at 31 December 2013	**2,185,731**	**246,416**	**1,400,000**	**79.7**	**9,216**
Exercisable at 31 December 2013	**—**	**—**	**1,400,000**	**79.7**	**—**

* The weighted average exercise price for the PSP, PSA and SIP options is £nil.

No share options were exercised during the year and no options were exercised in 2012.

30. Risk management

The main risks arising from the Group's financial instruments are credit risk, exchange rate fluctuation risks, interest rate risk and liquidity risk. The Board reviews and determines policies for managing each of these risks and they are, as such, summarised below. These policies have been consistently applied throughout the period.

Credit risk

The main credit risk arises from accounts receivable. All trade receivables are of a short-term nature, with maximum payment terms of 150 days, although the majority of customers currently have payment terms of 45 days. In order to manage credit risk, local management defines limits for customers based on a combination of payment history and customer reputation. Credit limits are reviewed by local management on a regular basis. As a supplier to some of the leading manufacturers of solar cells, the Group has a limited number of customers. In 2013 23.5% of the Group's sales are related to the largest customer (2012: 36.8%). The number of customers accounting for approximately 95% of the annual revenue remained constant at twelve, the same as that in 2012. Where appropriate, the Group requests payment or part payment in advance of shipment, which generally covers the cost of the goods. Different forms of retention of title are used for security depending on local restrictions prevalent on the respective markets. The maximum credit risk to the Group is the total of accounts receivable, details of which can be seen in note 11.

Cash is not considered to be a high credit risk due to all funds being immediately available, consideration being given to the institution in which it is deposited and the setting of counterparty limits. All institutions used have a minimum Moody's credit rating of Ba3.

Exchange rate fluctuation risks

A portion of sales revenue is invoiced in foreign currencies potentially exposing the Group to exchange rate risks. In the financial year 2013, about €17.5 million (2012: €17.1 million) of the Group's sales was generated in Japanese Yen. Expenses of €11.4 million (2012: €12.7 million) were invoiced in Japanese Yen and were allocated to cost of materials and other operating expenses.

Significant cash funds are denominated in currencies other than the presentational currency of the Group. Excess cash funds not needed for local sourcing are exposed to exchange rate and associated interest fluctuation risks, particularly so in the United Kingdom. The exchange rate risk is based on assets held in currencies other than Euros.

The Group sells its products in a number of currencies (mainly Euros, Japanese Yen and US Dollars) and also purchases goods and services in a number of currencies (mainly Euros, Japanese Yen, Sterling and to a small extent US Dollars).

The following exchange rates were used to translate individual companies' financial information into the Group's presentational currency:

	Average rate	Year end rate
Euro: Japanese Yen	129.659	144.877
Sterling: Euro	1.17820	1.19790

Hedging strategy

The Group sells to customers in the worldwide photovoltaic market and sells in three main currencies: US Dollars (58%), Japanese Yen (24%) and Euros (8%). It operates its wafering factory within the Euro zone and pays for the sub-contracting of wafer production in Japan in Japanese Yen. However, the ingot manufacturing operation is within the United Kingdom and therefore a relatively small proportion of overall costs are in Sterling, being mainly related to personnel costs, overheads and utilities (most of the raw materials are purchased in Euros and Japanese Yen). Additionally, the Group has a relatively large debtor book in Japan denominated in Japanese Yen and this is subjected to exchange rate fluctuation of that currency. This is partially hedged by Japanese Yen borrowings. This process continues to be under review. The Group is, to a certain extent, naturally hedged at an operating level because it buys a significant proportion of its raw materials and services in Euros and Japanese Yen, although in the year under review there is residual exchange rate risk to a certain extent in Euros and also in respect of US Dollar income.

After careful consideration and after taking into account the Group's partial natural operating hedging position coupled with its policy of matching borrowings in Japanese Yen with Japanese Yen assets, the directors have adopted a long-term policy of setting off any downside risks of currency fluctuation against the associated upside risks.

During 2013 the Japanese Yen/Euro exchange rate decreased by 27.60% (2012: decreased 13.26%). The impact of this change on the Consolidated Statement of Comprehensive Income was to decrease sales revenues by approximately 6.7% (2012: decrease 4.9%) and decrease the cost of materials and services by approximately 8.3% (2012: decrease 1.4%).

For each 1% increase in the Japanese Yen/Euro exchange rate profits would increase by approximately €1.0 million (2012: decrease by €0.3 million). The effect of the movement in the Japanese Yen/Euro exchange rate on assets held in Japanese Yen has been considered. Group management has arranged borrowings in Japanese Yen so that these partially offset asset balances held in that currency. Therefore, based on Japanese Yen asset balances on 31 December 2013, each 1% movement in the Japanese Yen/Euro exchange rate would have a very small effect on the currency translation adjustment of €0.05 million (2012: an immaterial amount).

Notes to the consolidated financial statements continued
for the year ended 31 December 2013

30. Risk management continued

Hedging strategy continued

During 2013 the net gain on foreign currency adjustments was €3.1 million (2012: gain of €2.4 million). This gain was mainly related to the conversion of currency balances in respect of Group advances or loans, currency debtor/creditor balances, currency advance payments to raw material suppliers and currency cash balances. These can be broken down into the following broad categories:

	2013 €'million	2012 €'million
Revaluation of cash balances	**(1.0)**	0.4
Revaluation of Group loans/intercompany account	**0.5**	(0.5)
Revaluation of Group raw material deposits	**(0.7)**	(1.0)
Accounts receivable/accounts payable revaluation	**0.1**	1.4
Revaluation of balance sheet provisions	**4.2**	2.1
Total currency gain	**3.1**	2.4

In addition to the above, upon translation of net assets in the consolidation, there was a negative impact in 2013 of €5.0 million (2012: negative €1.3 million) recording as a currency translation adjustment which is shown in the Consolidated Statement of Comprehensive Income as "other comprehensive income".

Interest rate risk

The Group is exposed to interest rate fluctuation risks, since the Group's loan agreements largely are subject to variable interest rates. All variable interest rate loans are of a short-term nature with a maturity of less than twelve months. The borrowings of €0.7 million at the end of 2013 are in Japanese Yen (2012: €5.3 million). Accordingly, there is a downside risk that Japanese Yen interest rates may increase substantially from the current relatively low levels, although the low level of current borrowings means that this risk equates to an insignificant amount. Additionally, the Group has a regular strong Japanese Yen income sufficient to repay the loans (if Group management wished to do so) within a twelve month time scale.

On 31 December 2013 the Group borrowings in Japanese Yen were €0.7 million (2012: €5.3 million) at an interest rate of approximately 0.95% (2012: average rate 0.78%). For each 1% rise in the Japanese Yen interest rates Group interest costs would increase by approximately €7,000 (2012: €53,000). Accordingly, Group profits and equity would fall or rise (after corporation tax in Japan) by approximately €3,500 (2012: €26,500).

Further sensitivity analysis of the accruals and loans outstanding at the year end has not been disclosed as these are virtually all current and paid in line with standard payment terms.

The Group's borrowings in Japanese Yen are also current and have no set repayment plan being secured on the Japanese receivables book. The interest on this loan is paid monthly in arrears.

The Group had a significant cash balance at the end of 2013 of €39.9 million (2012: €89.4 million) and places these cash funds on deposit with various quality banks subject to a counter party limit of €15 million. Accordingly, there is an interest rate risk in respect of interest receivable which amounted to €0.8 million in the year (2012: €0.8 million). Therefore, even if average interest rates applicable to our cash deposits fell to zero there would be limited effect on Group profits.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its exposure to liquidity risk by regularly reviewing net debt and forecast cash flows to ensure that current cash resources are available to meet its business objectives. The Group is exposed to the worldwide photovoltaic market and due to overcapacity this market has suffered large decreases in sales pricing over the two years until the end of 2012, although there has been some stabilisation of prices during 2013 and small increases from December 2013. Accordingly, the market pricing of the Group's main product (silicon wafers) has been under pressure. Against this difficult market background, Group management has put in place a cash conservation plan, which involved instigating various measures so that the Group can optimise its cash position whilst these conditions persist. Various measures have been taken to adjust production to levels appropriate to current market conditions. At the same time production capacity has been maintained so that this can be utilised when market conditions allow. The Cash Conservation Plan covers the period until 31 December 2014. Due to changing market and economic conditions, the expenses and liabilities actually arising from this plan in the future may differ materially from the estimates made on the basis of these actuarial assumptions.

On 31 December 2013 the Group had a net cash balance of €39.2 million (2012: €89.4 million) and this together with cash flow projections from the cash conservation plan indicate, assuming the projections are broadly correct, that the Group will have adequate cash reserves until at least twelve months beyond the signing of the accounts.

The Group also regularly monitors its compliance with its debt covenants. During the financial year, all covenants have been complied with. The Group has borrowing facilities in Japanese Yen which are available to be drawn.

30. Risk management continued

Financial assets and liabilities

	Book value €'000	Loan and receivables €'000	Amortised cost €'000	Non-financial €'000	Total €'000
2013					
Assets:					
Cash and cash equivalents	39,900	39,900	—	—	39,900
Accounts receivable	13,473	13,473	—	—	13,473
Prepaid expenses and other assets	11,504	51	—	11,453	11,504
Non-financial assets	30,213	—	—	30,213	30,213
Total	**95,090**	**53,424**	**—**	**41,666**	**95,090**
Liabilities:					
Loans payable short-term	(690)	—	(690)	—	(690)
Accounts payable trade	(2,827)	—	(2,827)	—	(2,827)
Accrued expenses	(2,835)	—	(2,835)	—	(2,835)
Provisions	(26,563)	—	—	(26,563)	(26,563)
Miscellaneous current liabilities	(50)	—	—	(50)	(50)
Miscellaneous long-term liabilities	(43)	—	(43)	—	(43)
Non-financial liabilities	(3,693)	—	—	(3,693)	(3,693)
Total	**(36,701)**	**—**	**(6,395)**	**(30,306)**	**(36,701)**
2012					
Assets:					
Cash and cash equivalents	94,680	94,680	—	—	94,680
Accounts receivable	10,333	10,333	—	—	10,333
Prepaid expenses and other assets	14,060	1,151	—	12,909	14,060
Non-financial assets	74,376	—	—	74,376	74,376
Total	193,449	106,164	—	87,285	193,449
Liabilities:					
Loans payable short-term	(5,284)	—	(5,284)	—	(5,284)
Accounts payable trade	(6,701)	—	(6,701)	—	(6,701)
Accrued expenses	(25,148)	—	(22,831)	(2,317)	(25,148)
Provisions	(57,322)	—	—	(57,322)	(57,322)
Miscellaneous current liabilities	(529)	—	—	(529)	(529)
Miscellaneous long-term liabilities	(43)	—	(43)	—	(43)
Non-financial liabilities	(3,571)	—	—	(3,571)	(3,571)
Total	(98,598)	—	(34,859)	(63,739)	(98,598)

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and other stakeholders and to maintain an optimal capital structure that strikes the appropriate balance between risk and the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group from time to time uses debt as a natural hedging instrument, where amounts are borrowed in the same foreign currency as it holds assets (for instance debtors) denominated in the same foreign currency. However, these borrowings have always been lower than the balance of cash and cash equivalents in any period. Accordingly, the Group has maintained a net cash positive position. This is a different approach to others in the photovoltaic industry where being heavily indebted (particularly in China) has become the norm. The directors believe that the Group's policy of not carrying any net debt has significantly reduced the Group's risk, which has been particularly important during the current extremely difficult market conditions.

The Group defines capital as all elements of equity.

Notes to the consolidated financial statements continued
for the year ended 31 December 2013

30. Risk management continued
Capital management continued
The Group's capital (plus its cash and cash equivalents) is set out in the following table. The Group is not subject to any externally imposed capital requirements.

	2013 €000	2012 €000
Cash and cash equivalents (see note 10)	**39,900**	94,680
Bank and other borrowings (see note 19)	**(690)**	(5,284)
Total net cash	**39,210**	89,396
Total equity	**58,384**	94,851

The Group is net cash positive and therefore does not have any gearing. Accordingly, the leverage ratio has no meaning and has not been calculated.

31. Calculation of fair value
There are no publicly traded financial instruments (e.g. publicly traded derivatives and securities held for trading and available-for-sale securities) nor any other financial instruments held at fair value.

32. Contingent liabilities
The Group did not assume any contingent liabilities for third parties. No material litigation or risks from violation of third parties' rights or laws that could materialise in 2014 or beyond are pending at the time of approval of these financial statements.

33. Other financial obligations
Lease agreements (operating leases)
The leases primarily relate to rented buildings and have terms of no more than ten years. Financial obligations resulting from operating leases become due as follows:

	As at 31 December	
	2013 €'000	2012 €'000
Less than one year	**1,428**	1,854
Two to five years	**2,105**	2,969
Longer than five years	**1,033**	1,578
	4,566	6,401

The land and buildings used by the Group are rented. The contracts have durations of up to ten years. In some cases there are options to extend the rental period.

There were no significant purchase commitments at the year end.

34. Related party disclosures
Related parties as defined by IAS24 comprise the senior executives of the Group and also companies that these persons could have a material influence on as related parties as well as other Group companies. During the reporting year, none of the shareholders had control over or a material influence in the parent company.

Transactions between the Company and its subsidiaries have been eliminated on consolidation.

The remuneration of the directors, who are the key management personnel of the Group, is set out in the audited part of the Directors' Remuneration Report on pages 29 to 41.

35. Dividends and return of cash
In December 2013 a return of cash was made to all shareholders of 7.25 pence per share by way of a B and C share scheme, which gave shareholders (other than certain overseas subsidiaries) a choice between receiving the cash in the form of income or capital. The return of cash was accompanied by a 5 for 13 share consolidation to maintain broad comparability of the share price and return per share of the ordinary shares before and after the creation of the B and C shares. The return of cash was approved by shareholders on 19 November 2013.

Shareholder Return	2013 €000	2012 €000
Income option (C share)	**11,189**	—
Capital option (B share)	**25,096**	—
Total shareholder return	**36,285**	—

No other dividends were paid in 2013 (2012: £nil).

36. Discontinued operations

Analysis of the result of discontinued operations and the result recognised on the remeasurement of assets is as follows:

	As at 31 December	
	2013 €'000	2012 €'000
Revenue	**316**	19
Expenses	**(2,169)**	(80,099)
Loss before tax of discontinued operations	**(1,853)**	(80,080)
Tax	**(2)**	—
Loss after tax of discontinued operations	**(1,855)**	(80,080)
Pre-tax loss recognised on the remeasurement of assets of disposal group	**(722)**	—
Tax	**—**	—
After tax loss recognised on the remeasurement of assets of disposal group	**(722)**	—
Loss for the year from discontinued operations	**(2,577)**	(80,080)

Cash flows relating to the discontinued operations were as follows:

	As at 31 December	
	2013 €'000	2012 €'000
Operating cash flows	**(3,488)**	(10,197)
Investing cash flows	**(12,261)**	(148)
	(15,749)	(10,345)

37. Post balance sheet events

There are no significant post balance sheet events.

Independent auditors' report
to the members of PV Crystalox Solar PLC

Report on the Company financial statements

Our opinion

In our opinion the Company financial statements, defined below:

> give a true and fair view of the state of the Company's affairs as at 31 December 2013;

> have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

> have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The Company financial statements, which are prepared by PV Crystalox Solar PLC, comprise:

> the Company Balance Sheet as at 31 December 2013; and

> the summary of accounting policies and notes to the Company financial statements, which includes other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK & Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

> whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;

> the reasonableness of significant accounting estimates made by the directors; and

> the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts (the "Annual Report") to identify material inconsistencies with the audited Company financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion:

> the information given in the Strategic Report and the Directors' Report for the financial year for which the Company financial statements are prepared is consistent with the Company financial statements; and

> the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

> we have not received all the information and explanations we require for our audit; or

> adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or

> the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Other information in the Annual Report

Under ISAs (UK & Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

> materially inconsistent with the information in the audited Company financial statements; or

> apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or

> is otherwise misleading.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 46, the directors are responsible for the preparation of the Company financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Company financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other matter

We have reported separately on the Group financial statements of PV Crystalox Solar PLC for the year ended 31 December 2013.

Sam Taylor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
19 March 2014

Accounting policies

Basis of accounting
The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. These policies have been applied consistently to all the years presented unless otherwise stated.

The Group accounts have complied with the statutory obligation to disclose non-audit remuneration.

Profit and losses of the parent company
The Company has taken advantage of Section 408 of the Companies Act 2006 excluding it from presenting a company only statement of profit and loss and related notes.

Cash flow statement
A consolidated cash flow statement is included in the PV Crystalox Solar PLC Group accounts.

Employment Benefit Trust ("EBT")
All assets and liabilities of the EBT have been included in these financial statements as the Company has de facto control over the trust's net assets as its sponsoring company.

Fixed Asset Investments
Fixed asset investments are included at cost and reviewed annually for impairment. Consistent with their assessment for note 8 of the Notes to the Consolidated Financial Statements, the directors consider the Group to form one income generating unit. Therefore, the impairment assessment is performed for whole investment balance rather than individually.

Financial instruments – classification as equity or financial liability
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit or loss. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Deferred taxation
Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Share-based payment
The Company issues equity-settled share-based payments to certain employees of the Group. These are measured at their fair value at the date of the grant using an appropriate option pricing model and are expensed over the vesting year, based on the estimate of the number of shares that will eventually vest. During 2009 the Group granted share options to employees. The share options granted are subject to performance criteria required for the option to vest and are considered in the method of measuring fair value.

Charges made to the profit and loss account in respect of share-based payments are credited to the share-based payment reserve. Costs incurred by the issue of equity-settled share-based awards to the employees of subsidiaries are recharged to the relevant company.

Foreign currencies
Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies during the year are recorded at the foreign exchange rate ruling at the date appropriate for the transaction.

Company balance sheet
as at 31 December 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Investments	1	**61,559**	54,908
Current assets			
Debtors	2	**2,228**	952
Cash at bank and in hand		**1,118**	19,075
Creditors: amounts falling due within one year	4	**(267)**	(337)
Net current assets		**3,079**	19,690
Total assets less current liabilities		**64,638**	74,598
Capital and reserves			
Called up equity share capital	6	**8,335**	8,335
Share premium account		**30,353**	51,248
Other reserves		**20,896**	—
Investment in own shares		**(5,476)**	(6,350)
Share-based payment reserve		**1,055**	950
Profit and loss account	7	**9,475**	20,415
Shareholders' funds	8	**64,638**	74,598

The financial statements were approved and authorised for issue by the Board of directors and signed on its behalf by:

Dr Peter Finnegan
Chief Financial Officer
19 March 2014

Company number
06019466

Notes to the company financial statements
for the year ended 31 December 2013

1. Investments
Shares in subsidiary undertakings

	£'000
Cost and net book value	
At 1 January 2013	54,908
Additions	14,151
Disposals	(7,500)
At 31 December 2013	**61,559**

Additions in the year relate to the acquisition of the assets of Crystalox Solar Limited.

Disposals in the year relate to the liquidation of PV Crystalox Solar GmbH, resulting in an impairment of £1.255 million.

At 31 December 2013 the Company held 100% of the allotted ordinary share capital of the following undertakings:

Subsidiary	Country of incorporation	Activity	Proportion held %
Crystalox Solar Limited	UK	Holding company	100
Crystalox Limited	UK	Trading company	100*
PV Crystalox Solar KK	Japan	Trading company	100*
PV Crystalox Solar Silicon GmbH	Germany	Trading company	100

* Held indirectly through Crystalox Solar Ltd.

These subsidiaries are consolidated in the Group financial statements included in this document.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

2. Debtors

	2013 £'000	2012 £'000
Amounts owed by Group undertakings	**1,435**	926
Other debtors	**789**	18
Prepayments and accrued income	**4**	8
	2,228	952

Amounts owed by Group undertakings are unsecured at varying rates of interest and are repayable on demand.

3. Employee Benefit Trust
The Company established the EBT, a Jersey-based Employee Benefit Trust, on 18 January 2007, which has acquired, and may in the future acquire, the Company's ordinary shares for the benefit of the Group's employees. A number of share grants (including the grant of share options) were made to key employees. A share incentive plan has also been established that enabled the grant of 500 shares each to all employees in January 2008. Details of these arrangements are set out in note 29. Shares in respect of the PV Crystalox PLC Executive Directors Deferred Share Plan that had been granted in 2009 and 2010 vested in the year and transferred to the individuals for nil consideration.

Shares held by the EBT	**2013 Number**	2012 Number
Opening balance number of shares at 2.0 pence	**10,834,000**	10,834,000
Vesting of shares granted in 2009	**(61,145)**	—
Vesting of shares granted in 2010 (good leaver on retirement H.A. Aulich)	**(112,007)**	—
Subtotal	**10,660,848**	10,834,000
Share consolidation 5 new ordinary shares of 5.2 pence for 13 old ordinary shares of 2.0 pence	**(6,560,522)**	—
Closing balance number of shares at 5.2 pence (2012: 2.0 pence)	**4,100,326**	10,834,000

At 31 December 2013, 4,100,326 ordinary shares of 5.2 pence were held by the EBT (2012: 10,834,000 ordinary shares of 2 pence). The market value of these shares was £595k (2012: £1,246k). Additionally, the EBT received cash in December 2013 following its election for B shares in the return of cash to shareholders. The cash balance held by the EBT on 31 December 2013 was £790k.

4. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Accruals and deferred income	**267**	337

5. Related party transactions

The Company has taken advantage of the FRS 8 exemption to not disclose transactions with other wholly owned members of its Group.

Transactions with key management personnel are disclosed in the Group accounts.

6. Called up share capital

The return of cash to shareholders (see note 11) was accompanied by a 5 for 13 share consolidation to maintain broad comparability of the share price and return per share before and after the creation of the B and C shares.

Ordinary shares of 5.2 pence each (2012: 2.0 pence).

	2013 Shares	2013 £'000	2012 Shares	2012 £'000
Allotted, called up and fully paid				
At 1 January	**416,725,335**	**8,335**	416,725,335	8,335
Share consolidation (note 35)	**(256,446,360)**	**—**	—	—
At 31 December	**160,278,975**	**8,335**	416,725,335	8,335

7. Reconciliation of movements in shareholders' funds

	Share capital £'000	Share premium £'000	Other reserves £'000	Shares held by the EBT £'000	Share-based payment reserve £'000	Retained earnings £'000	Total equity £'000
As at 1 January 2012	8,335	51,248	—	(6,350)	624	21,083	74,940
Dividends paid in the year	—	—	—	—	—	—	—
Share-based payment charge	—	—	—	—	326	—	326
Transactions with owners	—	—	—	—	326	—	326
Loss for the year	—	—	—	—	—	(668)	(668)
Total comprehensive income	—	—	—	—	—	(668)	(668)
As at 31 December 2012	8,335	51,248	—	(6,350)	950	20,415	74,598
As at 1 January 2013	**8,335**	**51,248**	**—**	**(6,350)**	**950**	**20,415**	**74,598**
Shareholder return	—	—	—	—	—	(30,213)	(30,213)
Issue and redemption of B shares	—	(20,896)	20,896	—	—	—	—
Share-based payment charge	—	—	—	—	105	—	105
Award of shares	—	—	—	101	—	—	874
B share capital in shares for the EBT	—	—	—	773	—	—	773
Transactions with owners	**—**	**(20,896)**	**20,896**	**874**	**105**	**(30,213)**	**(29,234)**
Profit for the year	—	—	—	—	—	19,273	19,273
Total comprehensive income	**—**	**—**	**—**	**—**	**—**	**19,273**	**19,273**
As at 31 December 2013	**8,335**	**30,353**	**20,896**	**(5,476)**	**1,055**	**9,475**	**58,384**

Notes to the company financial statements continued
for the year ended 31 December 2013

8. Share-based payment plans

The Group established the PV Crystalox Solar PLC EBT on 18 January 2007, which has acquired, and may in the future acquire, the Company's ordinary shares for the benefit of the Group's employees.

The Group currently has three share incentive plans in operation which are satisfied by grants from the EBT.

PV Crystalox Solar PLC Performance Share Plan ("PSP")

This plan was approved by shareholders at the 2011 AGM under which awards are made to employees, including executive directors, consisting of a conditional right to receive shares in the Company. The awards will normally vest after the end of a three year performance period, to the extent that performance conditions are met as detailed in the Directors' Remuneration Report see page 39.

No awards were made during 2013 (2012: nil).

On 26 May 2011 awards over up to 3,038,454 ordinary shares were granted to key senior employees including the three executive directors. These awards are subject to achieving growth in both total shareholder return and earnings per share in the performance period ending on 31 December 2013.

PV Crystalox Solar PLC Executive Directors Deferred Share Plan ("EDDSP")

At the AGM on 28 May 2009 a bonus plan (with deferred share element) for executive directors was approved by the Company's shareholders in the context of bringing the arrangements more in line with market practice and aligning executive directors' pay more closely with the interests of the Company's shareholders. Half of each bonus was to be payable in cash and the other half deferred and payable in shares under the EDDSP which vests three years after the award date. Awards of deferred shares under the EDDSP are to be satisfied on vesting by the transfer of shares from the existing PV Crystalox Solar PLC Employee Benefit Trust.

No awards were made during 2013 (2012: nil). On 24 March 2011 awards over 358,423 shares were made to executive directors.

PV Crystalox Solar PLC Long-Term Incentive Plan ("LTIP")

This is a long-term incentive scheme under which awards are made to employees consisting of the right to acquire ordinary shares for a nominal price subject to the achievement of specified performance conditions at the end of the vesting period which is not less than three years from the date of grant. Under the LTIP it is possible for awards to be granted which are designated as a Performance Share Award, a Market Value Option or a Nil Cost Option. To date Performance Share Awards and Market Value Options have been granted.

Performance Share Award ("PSA")

A PSA is a conditional award of a specified number of ordinary shares which may be acquired for nil consideration. The PSAs granted to date have all been initial awards where there is no specified performance condition. The vesting period of each award is three years from the date of grant.

No awards were issued in 2013 (2012: nil). No awards are outstanding under this scheme.

Market Value Option ("MVO")

An MVO is an option with an exercise price per share equal to the market value of a share on the date of grant. The vesting period of each award is three years from the date of grant and the award must be exercised no later than ten years following the date of grant.

On 24 November 2008 an MVO over 200,000 ordinary shares of 2 pence each was granted to a senior employee and this option is exercisable from 24 November 2011 at £1.00 per share subject to an agreed performance criteria. This option is now exercisable at any time until 23 November 2018.

On 26 March 2009 an MVO over 200,000 ordinary shares of 2 pence each was granted to a senior employee and this option is exercisable from 26 March 2012 at 76 pence per share subject to an agreed performance criteria; and on 25 September 2009 MVO awards over 1,200,000 ordinary shares of 2 pence each were granted to key senior employees and these options are exercisable from 25 September 2012 at 76.9 pence per share subject to agreed performance criteria.

No awards were issued in 2013 (2012: nil).

8. Share-based payment plans continued

PV Crystalox Solar PLC Share Incentive Plan ("SIP")

The SIP is an employee share scheme approved by HM Revenue and Customs in accordance with the provisions of Schedule 8 to the Finance Act 2000. On 26 February 2008 awards were granted to UK employees of 500 shares each over a total of 37,000 ordinary shares of 2 pence. These 37,000 ordinary shares of 2 pence each were transferred from the EBT into the SIP. During 2012 awards over 1,000 shares were forfeited by employees leaving the Group. During 2011 awards of 3,500 shares were forfeited by employees leaving the Group and awards over 8,500 shares vested due to employees leaving the Group as good leavers due to redundancy or retirement.

The Company recognised total expenses before tax of £104,919 (2012: £246,016) related to equity-settled share-based payment transactions during the year.

The number of share options and weighted average exercise price ("WAEP") for each of the schemes is set out as follows:

	PSP* Number	EDDSP* Number	MVO Number	MVO WAEP price Pence	SIP* Number
Share grants and options outstanding at 1 January 2012	3,038,454	419,568	1,600,000	79.7	25,000
Share grants and options granted during the year			—	—	—
Share grants and options forfeited during the year	—	—	—	—	(1,000)
Share grants vested during the year	—	—	—	—	—
Options exercised during the year	—	—	—	—	
Share grants and options outstanding at 31 December 2012	**3,038,454**	**419,568**	**1,600,000**	**79.7**	**24,000**
Exercisable at 31 December 2012	**—**	**—**	**200,000**	**100.0**	**—**
Share grants and options granted during the year	—	—	—	—	—
Share grants and options forfeited during the year	(852,723)	—	(200,000)	—	
Share grants vested during the year	—	(173,152)	—	—	—
Options exercised during the year	—	—	—	—	—
Share grants and options outstanding at 31 December 2013	**2,185,731**	**246,416**	**1,400,000**	**79.7**	**24,000**
Exercisable at 31 December 2013	**—**	**—**	**1,400,000**	**79.7**	**—**

* The weighted average exercise price for the PSP, PSA and SIP options is £nil.

No share options were exercised during the year and no options were exercised in 2012.

9. Auditors' remuneration

	2013 £'000	2012 £'000
Audit fee in respect of the separate financial statements of the Company	**12**	12

The disclosure of fees payable to the auditors and their associates for other (non-audit) services has not been made because the Company's consolidated accounts are required to disclose such fees on a consolidated basis.

10. Dividends paid/shareholder return

In December 2013 a return of cash was made to all shareholders of 7.25 pence per share by way of a B and C share scheme, which gave shareholders (other than certain overseas subsidiaries) a choice between receiving the cash in the form of income or capital. The return of cash was accompanied by a 5 for 13 share consolidation to maintain broad comparability of the share price and return per share of the ordinary shares before and after the creation of the B and C shares. The return of cash was approved by shareholders on 19 November 2013.

Shareholder return	**2013 £'million**	2012 £'million
Income option (C share)	**9,317**	—
Capital option (B Share)	**20,896**	—
Total shareholder return	**30,213**	—

No dividends were paid in 2013 (2012: £nil).

11. Dividends received

Dividends were received in 2013 of £21.2 million from PV Crystalox Solar GmbH (2012: £nil).

12. Capital commitments

There were no amounts contracted for but not provided in the financial statements.

13. Post balance sheet events

There were no post balance sheet events.

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