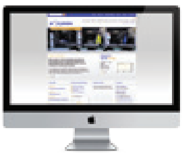
PV CRYSTALOX SOLAR PLC
INTERIM REPORT 2013

pv crystalox solar

About PV Crystalox Solar PLC

PV Crystalox Solar is a leading supplier to the world's major photovoltaic companies, producing multicrystalline silicon wafers for use in solar electricity generation systems.

Our customers, the world's leading solar cell producers, process these wafers into solar modules to harness the clean, silent and renewable power of 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.



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Highlights

Wafer shipments
79MW
2012: 61MW

Revenues
€28.6m
2012: €32.6m

EBT (loss before taxation)
€(0.9)m
2012: €(11.9)m

Net cash
€64.0m
2012: €89.4m

Market overview

- Industry oversupply continues to maintain pressure on pricing across the value chain
- Spot wafer prices remain significantly below industry production costs
- 2013 global PV module installations expected to increase 21% over 2012 as market transitions from a European dominated environment to a global market
- Previously announced EU anti-dumping duties on Chinese PV products now replaced by minimum import price and annual import quota

Operational activity

- Cash conservation strategy continues
- Radical restructuring completed while retaining core production capabilities
- Disposal of Group's polysilicon production facility at Bitterfeld to management team
- Recommending shareholder approval for change to listing category and a cash return of 7.25 pence per share during H2 2013

Overview of results

- Wafer shipments 79MW (H1 2012: 61MW)
- Revenues €28.6 million (H1 2012: €32.6 million)
- Loss before tax of €0.9 million (H1 2012: loss of €11.9 million)
- Net cash of €64.0 million at the period end (end 2012: €89.4 million) after contribution of €12.3 million to the buyer of the Bitterfeld production facility and other restructuring costs

Chairman and Chief Executive's joint statement

John Sleeman
Chairman

Dr Iain Dorrity
Chief Executive Officer

Summary

- Following a strategic review of the business, the Group has now completed a radical restructuring while retaining its core production capabilities.
- In view of the challenging environment the Group continues to operate in cash conservation mode with a focus on cost control and inventory management.
- At the end of June 2013 the Group had a net positive cash balance of €64.0 million.

Overview and strategic update

PV market conditions remain challenging as the industry oversupply continues to maintain pressure on pricing across the value chain. Spot wafer prices which started to fall in April 2011 and continued to decrease throughout 2012 have now stabilised albeit at a level which is 75% below that seen in April 2011 and significantly below industry production costs.

Following a strategic review of the business in the latter part of 2012 which took account of the adverse market conditions, the Group has now completed a radical restructuring while retaining its core production capabilities. This programme has seen production output reduced 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 trading under the name Silicon Products Research Engineering Production GmbH. The team has taken over the facility and staff 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 preferable to the shutdown scenario as it resulted in lower cash outflows for the Group and also enables some jobs to be retained under the new management.

In view of the challenging environment the Group continues to operate in cash conservation mode with a focus on cost control and inventory management, including trading of excess polysilicon as opportunities arise. Wafer shipments exceeded production output in H1 and reached 79MW which was significantly above the 61MW reported for the same period last year. We have successfully traded surplus polysilicon during H1 2013 and, as a result, inventory levels of both wafers and polysilicon have been reduced since the end of 2012. Production costs have been lowered as a result of the more favourable pricing that has been negotiated to date with our wafering subcontractor and polysilicon suppliers.

During 2007–2008, Group companies entered into a number of long-term agreements with customers to supply wafers at prices which are considerably above today's market levels. In view of the market conditions, our strategy has always been to reach accommodation where possible with these long-term contract customers and to secure sales with prices at a reasonable premium to spot prices. The Group has two such active contracts, one of which will expire this year. Shipments to these two customers accounted for 60% of wafer volumes during H1. In the case of two other contracts, where customers have entered insolvency and shipments stopped over a year ago, we have registered significant claims with the respective administrators.

The Group also has long-term contractual commitments for purchase of polysilicon and has been successful during the year to date, as in previous years, in reaching agreement with its suppliers to adjust volumes and prices.

Operational update

Financial review and position

The Group recorded a loss before tax of €0.9 million, being the sum of the profit before tax on ongoing operations of €1.5 million and a loss before tax on discontinued operations of €2.4 million. The Group EBIT of €1.5 million, whilst an improvement from the loss of €12.2 million in the same period last year, was just marginally above breakeven. The Group EBIT was made up of the net position of a profit on ongoing operations of €3.9 million and a loss on discontinued operations of €2.4 million. It should be noted that the EBIT on ongoing operations of €3.9 million was largely made up of a currency gain of €3.8 million which was principally due to the change in currency conversion rates used to calculate the Onerous Contract Provision ("OCP") in respect of raw material purchase contracts. This gain on currency conversion was largely offset by the associated finance cost of €2.8 million which relates to the discount rates used in calculating the OCP being updated. The OCP was adequate to cover the effects of trading of material supplied under long-term contracts. In addition the Group sold a freehold factory that was surplus to requirements in H1 2013 and this disposal generated a profit of €1.1 million.

At the end of June 2013 the Group had a net positive cash balance of €64.0 million which was lower than the €89.4 million at the end of 2012. The majority of this cash outflow related to the restructuring of the Group including the cash used to facilitate the management buy-in of the Group's polysilicon plant at Bitterfeld, the cash cost of operating the plant prior to disposal and the cash cost of restructuring the Group's ongoing operations. The main components in the cash flow statement for H1 2013 are: an inflow in respect of adjusted cash earnings of €3.7 million; a cash inflow of €1.3 million from the sale of a freehold factory that was surplus to requirements; a cash repayment of income taxes of €1.2 million; and the cash paid to the management buy-in company of €12.3 million and cash outflows in respect of working capital of €18.4 million which is made up of an increase in debtors that was almost exactly offset by a reduction in inventories and mainly related to the movement in creditors and other assets and liabilities. The fall in the creditor balance related to the reduction in 2012 year end accrued costs that were either paid or otherwise settled in H1 2013 and to payment terms to key suppliers having been shortened in return for more attractive pricing.

This strong cash position remains a competitive advantage of the Group and despite the anticipated continuing difficult trading conditions and cash return to shareholders the Group expects to retain a healthy financial position through the year end.

Risk factors

The principal risks and uncertainties affecting the business activities of the Group were identified under the heading "Principal risks and uncertainties" in the Business Review on pages 14 to 15 of the 2012 Annual Report, a copy of which is available on the Group's website www.pvcrystalox.com. In the view of the Board the key risks and uncertainties for the remaining six months of the financial year continue to be those set out in the 2012 Annual Report.

> "While the Group continues to believe in the positive long-term outlook for PV, it is mindful that the current market pricing is incompatible with a sustainable business. The Group has a healthy net cash balance and maintains significant manufacturing operating capacity. The Board will continue to monitor closely market trends and developments and to position the Group for the eventual return of a more rational business environment."

Operational update continued

Cash return/standard listing

The Board intends to seek authority to transfer the Company's listing category on the Official List during H2 2013. Shareholders will be asked to vote on the proposed transfer of the ordinary shares out of the category of a ''premium listing (commercial company)'' on the Official List and into the category of a ''standard listing'' on the Official List. At the end of last year, the directors announced that the Group expects to return cash to shareholders (the "Return of Cash"). On 17 May 2013, the Company announced that the Board had reached a decision to return 7.25 pence per share to shareholders, subject to finalisation of the process of the Return of Cash.

The Board believes this transfer will facilitate the Return of Cash being undertaken in a more tax efficient manner for shareholders and reduce administrative costs generally. Furthermore, the Board wishes to align its regulatory responsibilities and the associated costs thereof with the Company's size.

The Board expects to be able to send a circular to shareholders before the end of Q3 2013 and complete both the transfer of listing and the Return of Cash before the year end subject to shareholder and UK Listing Authority approvals.

Market drivers

According to NPD Solarbuzz, global PV demand during the first half of 2013 reached 15GW, a 9% increase over the same period a year ago, and is expected to reach a record high of 35.1GW in 2013. China and Japan are forecast to account for 45% of installations as the market continues its transition from a European-dominated environment to a global market. New European installations are expected to be 11.2GW, down 33% on 2012.

However, NPD Solarbuzz warned that the scale of PV project pipelines cited for both China and Japan dominate growth expectations in the second half of the year to such a degree that there is a high risk that neither country will meet industry expectations as they struggle to absorb new capacity.

The Japan Photovoltaic Energy Association announced that Japan's domestic shipments of solar modules rose 73% in the first three months of the year compared to the previous quarter. The rise in shipments is due to the generous incentive programme that started in July 2012 whereby Japan's feed in tariff is ¥37.8 (US$0.38)/kWhr for 20 years, which is more than twice the tariffs on offer in China and Germany. As a result Bloomberg New Energy Finance expects Japan to become the largest market in 2013 and install around 9GW.

China has set a target of 35GW of installed capacity by 2015. The Chinese State Council backed up targets recently announced by the State Grid and said that 10GW would be added each year until 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 dramatic decline in PV industry pricing during the last two years has led to claims of unfair trade practices and to anti-dumping investigations in USA, China and Europe. In November 2012 the US 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.

Following investigations launched in September 2012, the European Commission 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 increase to an average 47% threatened in August, the EU has abruptly changed its stance 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.

Outlook

The Board expects that the intensely competitive market and difficult trading conditions will persist in the short to medium term. The restructuring carried out during the first half of the year has aligned operations with the planned lower production volumes. Cash conservation measures will continue and full year shipment volumes are expected to be in the range of 160–180MW as inventory levels are further reduced.

Nevertheless the Group expects to incur a small operating loss in the second half.

While the Group continues to believe in the positive long-term outlook for PV, it is mindful that the current market pricing is incompatible with a sustainable business. Accordingly the failure of the EU to impose anti-dumping duties on Chinese imports was profoundly disappointing to European wafer, cell and module manufacturers as it represents a lost opportunity to assist the PV industry to align pricing with production costs.

The Group has a healthy net cash balance and maintains significant manufacturing operating capacity. The Board will continue to monitor closely market trends and developments and to position the Group for the eventual return of a more rational business environment.

John Sleeman
Chairman

Dr Iain Dorrity
Chief Executive Officer
14 August 2013

Condensed consolidated statement of comprehensive income
for the six months ended 30 June 2013

Revenues
Other income
Cost of material
Cost of services
Personnel expenses
Wages and salaries
Social security costs
Pension costs
Employee share schemes
Depreciation and impairment of property, plant and equipment and amortisation of intangible assets
Other expenses
Currency gains and losses
Earnings/(loss) before interest and taxes ("EBIT")
Finance income
Finance cost
Earnings/(loss) before taxes ("EBT")
Income taxes
Profit/(loss) attributable to equity owners of the parent before disposal of assets
Loss recognised on assets disposed
Profit/(loss) attributable to equity owners of the parent
Other comprehensive income
Exchange differences on translating foreign operations
Total comprehensive income
Attributable to equity owners of the parent
Earnings per share on continuing activities
Basic and diluted in Euro cents

Costs of the Group's polysilicon operations in Bitterfeld have been included in the column headed "Discontinued operations" following the disposal on 28 June 2013.

All other activities of the Group are classed as continuing.

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

	Notes	Six months ended 30 June 2013			Six months ended 30 June 2012	Year ended 31 December 2012
	Notes	**Continuing operations €'000**	**Discontinued operations €'000**	**Total €'000**	Total €'000	Total €'000
	4	**28,305**	**316**	**28,621**	32,632	46,324
		2,443	**214**	**2,657**	100,774	109,479
	5,10	**(24,047)**	**(429)**	**(24,476)**	(78,733)	(126,199)
		(648)	**(169)**	**(817)**	(3,159)	(4,518)
		(2,506)	**(837)**	**(3,343)**	(6,155)	(16,743)
		(481)	**(229)**	**(710)**	(1,007)	(2,506)
		(137)	**(2)**	**(139)**	(188)	(597)
	6	**(186)**	**—**	**(186)**	(198)	(319)
	9	**(252)**	**(44)**	**(296)**	(51,804)	(99,438)
		(2,318)	**(1,238)**	**(3,556)**	(5,180)	(18,017)
		3,778	**(2)**	**3,776**	850	2,435
		3,951	**(2,420)**	**1,531**	(12,168)	(110,099)
		363	**—**	**363**	348	820
		(2,773)	**—**	**(2,773)**	(93)	(1,515)
		1,541	**(2,420)**	**(879)**	(11,913)	(110,794)
	7	**(200)**	**(2)**	**(202)**	(16,031)	(10,607)
		1,341	**(2,422)**	**(1,081)**	(27,944)	(121,401)
	11	**—**	**(938)**	**(938)**	—	—
		1,341	**(3,360)**	**(2,019)**	(27,944)	(121,401)
		(4,389)	**—**	**(4,389)**	2,578	(1,258)
		(3,048)	**(3,360)**	**(6,480)**	(25,366)	(122,659)
	8	**0.3**			(6.9)	(29.9)

Condensed consolidated balance sheet
as at 30 June 2013

	Notes	**As at 30 June 2013 €'000**	As at 30 June 2012 €'000	As at 31 December 2012 €'000
Intangible assets		**76**	420	116
Property, plant and equipment	9	**2,444**	58,238	10,806
Pension surplus		**—**	216	41
Other long-term assets		**20,315**	31,121	23,432
Deferred tax asset	7	**—**	580	190
Total non-current assets		**22,835**	90,575	34,585
Cash and cash equivalents		**69,411**	126,924	94,680
Accounts receivable		**13,664**	8,149	10,333
Inventories	5	**30,803**	46,563	38,426
Prepaid expenses and other assets		**9,806**	13,947	14,060
Current tax assets		**58**	10,210	1,365
Total current assets		**123,742**	205,793	158,864
Total assets		**146,577**	296,368	193,449
Loans payable short-term		**5,425**	4,498	5,284
Accounts payable		**2,832**	7,644	6,701
Deferred revenue		**3,249**	3,369	3,348
Accrued expenses		**3,482**	7,224	25,006
Provisions	10	**10,741**	12,681	23,559
Deferred grants and subsidies		**161**	2,839	210
Current tax liabilities		**—**	5,398	13
Other current liabilities		**190**	182	529
Total current liabilities		**26,080**	43,835	64,650
Accrued expenses		**167**	149	142
Pension obligation		**94**	—	—
Deferred grants and subsidies		**—**	21,007	—
Deferred tax liability		**—**	10	—
Provisions	10	**31,616**	39,267	33,763
Other long-term liabilities		**43**	43	43
Total non-current liabilities		**31,920**	60,476	33,948
Share capital		**12,332**	12,332	12,332
Share premium		**75,607**	75,607	75,607
Shares held by the EBT		**(8,640)**	(8,640)	(8,640)
Share-based payment reserve		**953**	732	819
Reverse acquisition reserve		**(3,601)**	(3,601)	(3,601)
Retained earnings		**34,674**	130,150	36,693
Currency translation adjustment		**(22,748)**	(14,523)	(18,359)
Total equity		**88,577**	192,057	94,851
Total liabilities and equity		**146,577**	296,368	193,449

Condensed consolidated statement of changes in equity
for the six months ended 30 June 2013

	Share capital €'000	Share premium €'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 2013	**12,332**	**75,607**	**(8,640)**	**819**	**(3,601)**	**36,693**	**(18,359)**	**94,851**
Dividends paid	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Share-based payment charge	**—**	**—**	**—**	**134**	**—**	**—**	**—**	**134**
Transactions with owners	**—**	**—**	**—**	**134**	**—**	**—**	**—**	**134**
Loss for the period	**—**	**—**	**—**	**—**	**—**	**(2,019)**	**—**	**(2,019)**
Currency translation adjustment	**—**	**—**	**—**	**—**	**—**	**—**	**(4,389)**	**(4,389)**
Total comprehensive income	**—**	**—**	**—**	**—**	**—**	**(2,019)**	**(4,389)**	**(6,408)**
As at 30 June 2013	**12,332**	**75,607**	**(8,640)**	**953**	**(3,601)**	**34,674**	**(22,748)**	**88,577**
As at 1 January 2012	12,332	75,607	(8,640)	500	(3,601)	158,094	(17,101)	217,191
Dividends paid	—	—	—	—	—	—	—	—
Share-based payment charge	—	—	—	232	—	—	—	232
Transactions with owners	—	—	—	232	—	—	—	232
Loss for the period	—	—	—	—	—	(27,944)	—	(27,944)
Currency translation adjustment	—	—	—	—	—	—	2,578	2,578
Total comprehensive income	—	—	—	—	—	(27,944)	2,578	(25,366)
As at 30 June 2012	12,332	75,607	(8,640)	732	(3,601)	130,150	(14,523)	192,057

Condensed consolidated cash flow statement
for the six months ended 30 June 2013

	Notes	**Six months ended 30 June 2013 €'000**	Six months ended 30 June 2012 €'000	Year ended 31 December 2012 €'000
Earnings before taxes		**(1,817)**	(11,913)	(110,794)
Adjustments for:				
Net interest (income)/expense		**(336)**	(255)	695
Depreciation and amortisation		**260**	7,104	16,834
Impairment charge (including upon sale of discontinued operations)		**20,688**	44,700	82,604
Inventory writedown		**934**	17,777	41,507
Change in pension accruals		**134**	173	435
(Decrease)/increase in provisions		**(14,964)**	30,883	35,581
Derecognition of grants and subsidies		**—**	—	5,812
(Profit)/loss from the disposal of property, plant and equipment		**(1,142)**	2	114
Losses in foreign currency exchange		**—**	293	500
Change in deferred grants and subsidies		**(31)**	(1,428)	(9,026)
		3,726	87,336	64,262
Changes in working capital				
Decrease/(increase) in inventories		**4,677**	(15,039)	(33,176)
(Increase)/decrease in accounts receivables		**(4,793)**	25,963	21,946
Decrease in accounts payables and advance payments		**(25,192)**	(17,362)	(21,087)
Decrease in other assets		**7,239**	18,758	25,278
Decrease in other liabilities		**(329)**	(1,165)	(222)
		(14,671)	98,491	57,001
Income taxes received/(paid)		**1,159**	(65)	9,248
Interest received		**363**	348	820
Net cash flows (used in)/from operating activities		**(13,149)**	98,774	67,069
Cash flow from investing activities				
Proceeds from sale of property, plant and equipment		**1,282**	—	25
Cash disposed of as part of sale of discontinued operations	11	**(12,261)**	—	—
(Repayments for)/proceeds from investment grants and subsidies		**(19)**	17	4
Payments to acquire property, plant and equipment and intangibles		**(51)**	(964)	(1,286)
Net cash flows used in investing activities		**(11,049)**	(947)	(1,257)
Cash flow from financing activities				
Repayment of bank and other borrowings		**797**	(44,707)	(43,350)
Dividends paid		**—**	—	—
Interest paid		**(27)**	(93)	(190)
Losses in foreign currency exchange		**—**	(291)	—
Net cash flows from/(used in) financing activities		**770**	(45,091)	(43,540)
Net change in cash and cash equivalents available		**(23,428)**	52,736	22,272
Effects of foreign exchange rate changes on cash and cash equivalents		**(1,841)**	2,524	744
Cash and equivalents at beginning of period		**94,680**	71,664	71,664
Cash and equivalents at end of period		**69,411**	126,924	94,680

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

Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2013

1. Basis of preparation

These condensed consolidated interim financial statements are for the six months ended 30 June 2013. They have been prepared in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting'. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2012.

The statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the 2012 financial statements.

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.

On 30 June 2013 there was a net cash balance of €64.0 million, comprising cash or cash equivalents of €69.4 million and short term loans of €5.4 million. The Group's plans are based upon remaining within its net cash balance and are not dependent upon these short-term borrowings.

The Group will be able to operate within its net cash reserves for the foreseeable future.

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 financial statements.

Were the Group not to adopt the going concern basis at any point, all assets and liabilities would be reclassified as short term and valued on a break up basis.

2. Basis of consolidation

The Group financial statements consolidate those of the Group and its subsidiary undertakings drawn up to 30 June 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. Consolidation is conducted by eliminating the investment in the subsidiary with the parent's share of the net equity of the subsidiary.

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.

3. Functional and presentational currency

The financial information has been presented in Euros, which is the Group's presentational currency.

Notes to the condensed consolidated interim financial statements continued
for the six months ended 30 June 2013

4. Segment reporting
The segments are defined on the basis of the internal organisational and management structure and on the internal reporting to the Board. IFRS 8 requires entity-wide disclosures to be made about the countries in which the Group earns its revenues and holds its assets, which are shown below:

Segment information for the six months ended 30 June 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	**11,464**	**—**	**—**	**3,980**	**13,177**	**—**	**—**	**28,621**
– by country from which derived	**11,354**	**145**	**4,973**	**2,315**	**261**	**1,097**	**8,476**	**28,621**
Non-current assets*								
– by entity's country of domicile	**360**	**—**	**—**	**1,242**	**21,233**	**—**	**—**	**22,835**

* Excludes financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

Two customers accounted for more than 10% of Group revenue each and sales to these customers are as follows (figures in €'000):

- 11,105 (Japan); and
- 8,476 (Rest of World).

Segment information for the six months ended 30 June 2012

	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	7,027	—	—	4,860	20,745	—	—	32,632
– by country from which derived	7,027	13,080	7,263	725	8	4,529	—	32,632
Non-current assets*								
– by entity's country of domicile	600	—	—	37,285	51,894	—	—	89,779

* Excludes financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

Three customers accounted for more than 10% of Group revenue each and sales to these customers are as follows (figures in €'000):

- 12,990 (China);
- 6,984 (Japan); and
- 3,976 (Rest of Asia).

5. Cost of material
Cost of material includes €0.9 million inventory writedowns (H1 2012: €14.2 million).

The writedown represents a reduction in value of inventories to the anticipated sales price in H2 2013 (less future processing costs where applicable) of finished goods, work in progress and traded raw materials.

6. Employee Benefit Trust

The Employee Benefit Trust ("EBT") currently holds 10,660,848 shares (2.6%) of the issued share capital in the Company. It holds these shares in trust for the benefit of employees.

7. Income tax

The average taxation rate shown in the Consolidated Statement of Comprehensive Income is -11% (H1 2012: -135%).

The taxation rate in the current period is distorted due to the previous writing-off and non-recognition of certain deferred tax assets.

The anticipated long-term average tax rate for the Group, normalised on the basis that the Group returns to profitability, is approximately 22%.

8. Earnings per share

The calculation of earnings per share is based on a profit before tax on continuing operations for the period of €1.3 million (H1 2012: loss of €27.9 million) and the number of shares as set out below:

	Six months ended 30 June 2013	Six months ended 30 June 2012
Number of shares	**416,725,335**	416,725,335
Average number of shares held by the EBT in the period	**(10,809,848)**	(10,834,000)
Weighted average number of shares for basic earnings per share calculation	**405,915,487**	405,891,335
Shares granted but not vested	**—**	—
Weighted average number of shares for fully diluted earnings per share calculation	**405,915,487**	405,891,335

9. Property, plant and equipment

Additions to property, plant and equipment in the six months ended 30 June 2013 were less than €0.1 million (H1 2012: €1.0 million).

10. Onerous contract provision

Included in provisions is an onerous contract provision of €42.3 million. Following a review of all the latest market information and a review of the inputs to the onerous contract provision, the following movements are reflected in the financial statements.

	As at 30 June 2013 €'000	As at 31 December 2012 €'000
Onerous contract provision brought forward	**52,047**	17,859
FX movement	**(5,919)**	(2,088)
Discounting factor adjustment	**2,730**	1,325
Utilised	**(3,312)**	(7,012)
(Credited)/charged to the income statement	**(3,224)**	41,963
Onerous contract provision carried forward	**42,322**	52,047

Notes to the condensed consolidated interim financial statements continued
for the six months ended 30 June 2013

11. Loss from discontinued operations/recognised on assets disposed

	Six months ended 30 June 2013 €'000	Six months ended 30 June 2012 €'000
Reversal of accrued costs	**19,714**	—
Cash contribution to new company	**(12,261)**	—
Property, plant and equipment transferred to new company	**(8,391)**	—
Loss recognised on assets disposed	**(938)**	—

12. Changes in contingent assets and liabilities
There were no changes in contingent assets and liabilities.

13. Related party disclosures
The Group defines related parties as the senior executives of the Group and also companies that these persons could have a material influence on as related parties. During the reporting period, none of the shareholders had control over or a material influence in the parent group. All future transactions with such related parties will be conducted under normal market conditions.

14. Material post balance sheet events
There were no material post balance sheet events.

15. Approval of interim financial statements
The unaudited interim financial statements were approved by the Board of Directors on 14 August 2013.

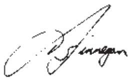
The financial information for the year ended 31 December 2012 set out in this Interim Report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2012 have been filed with the Registrar of Companies. The Auditors' Report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

Statement of directors' responsibilities
to the members of PV Cystalox Solar PLC

The directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union and that this Interim Report includes a fair review of the information required by the Disclosure and Transparency Rules of the Financial Services Authority, paragraphs DTR 4.2.7 and DTR 4.2.8.

The directors of PV Crystalox Solar PLC are listed at the end of this Interim Report and their biographies are included in the PV Crystalox Solar Annual Report for the year ended 31 December 2012.

By order of the Board



Dr Peter Finnegan
Chief Financial Officer
14 August 2013

Advisors

Company number
06019466

Registered office
Brook House
174 Milton Park
Abingdon
Oxfordshire OX14 4SE

Directors
John Sleeman (Chairman)
Dr Iain Dorrity
Dr Peter Finnegan
Michael Parker

Company Secretary
Matthew Wethey

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
9 Greyfriars Road
Reading
Berkshire RG1 1JG

Bankers
National Westminster Bank PLC
Thames Valley Corporate Office
Abbey Gardens
4 Abbey Street
Reading RG1 3BA

Corporate advisors
Westhouse Securities Limited
Heron Tower
110 Bishopsgate
London EC2N 4AY

Lawyers
Norton Rose LLP
3 More London Riverside
London SE1 2AQ

Registrars
Equiniti Registrars
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Tel: 0871 384 2030*
Tel: +44 (0) 121 415 7047 (outside the UK)

* Calls are charged at 8 pence per minute plus network extras. Lines are open 8.30am to 5.30pm Monday to Friday excluding UK Bank Holidays.

PV Crystalox Solar PLC
Brook House
174 Milton Park
Abingdon
Oxfordshire OX14 4SE

Tel: +44(0) 1235 437 160
Fax: +44(0) 1235 437 199

www.pvcrystalox.com

designed and produced by
the design portfolio
marketing services.
www.design-portfolio.co.uk