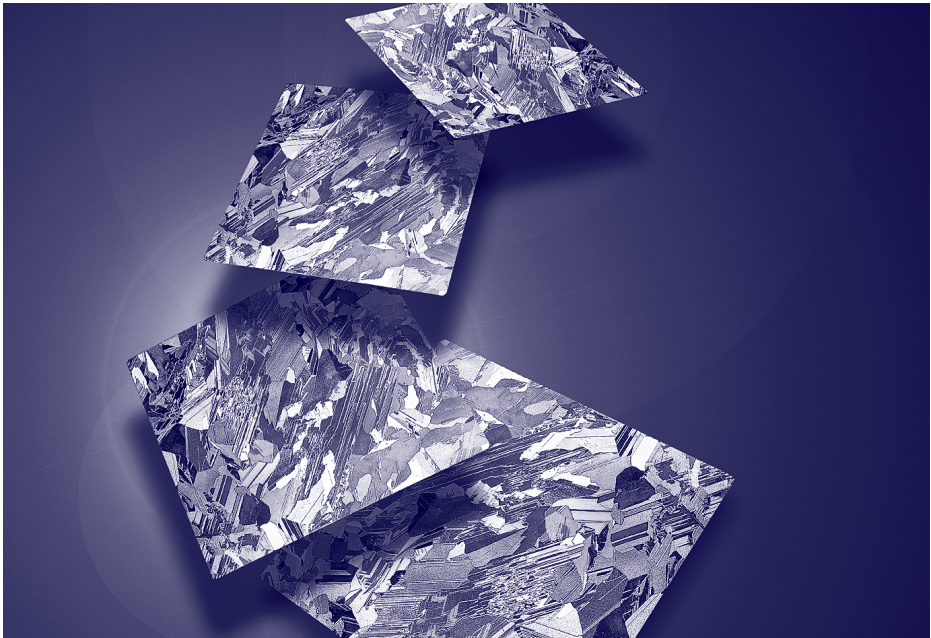


The key to solar power

PV Crystalox Solar PLC



**PV Crystalox Solar PLC** is a highly specialised supplier of multicrystalline silicon wafers to the world's leading solar cell manufacturers.

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## OUR HIGHLIGHTS

- **Sales revenues** in core silicon products business increased by 36% to €126.1 million (2007: €92.8 million)
- **Net income** increased by 172% to €36.9 million (2007: €13.6 million)
- **Wafer shipment volume** increased by 24% to 110MW in the period (2007: 89MW)
- **Total sales revenues growth** limited to 2% as the Group's low-margin trading activity has not resumed in 2008
- **Construction of the 1,800MT capacity solar grade silicon production facility** in Bitterfeld Germany is progressing satisfactorily with first output expected in early 2009
- **Good progress in wafer thickness reduction** with 40% of output in H1 supplied as 180µm wafers
- **Six new long-term wafer supply agreements** finalised with customers in H1
- **Interim dividend** to shareholders of 2.0 euro cents per share (2007: nil)

## SUMMARY GROUP INCOME STATEMENT

	<b>Six months ended 30 June 2008 €'000</b>	Six months ended 30 June 2007 €'000	Twelve months ended 31 December 2007 €'000
Sales of silicon products	<b>126,061</b>	92,796	212,939
Trading and equipment	<b>225</b>	30,762	50,505
<b>Total revenues</b>	<b>126,286</b>	123,558	263,444
Earnings before interest and tax	<b>50,506</b>	22,607	67,499
Earnings before tax	<b>52,832</b>	22,922	70,764
<b>NET INCOME</b>	<b>36,932</b>	13,576	46,971
Basic earnings per share (euro cents)	<b>9.0</b>	3.6	12.0
Diluted earnings per share (euro cents)	<b>9.0</b>	3.6	11.9

## CHAIRMAN AND CHIEF EXECUTIVE'S JOINT STATEMENT

**MAARTEN HENDERSON**  
NON-EXECUTIVE CHAIRMAN

**DR IAIN DORRITY**  
CHIEF EXECUTIVE OFFICER



### SALES OF SILICON PRODUCTS

**+36%**  
**€126.1 million**

### EBIT

**+123%**  
**€50.5 million**

**We have delivered a strong set of first half results which demonstrate that we have**

### OVERVIEW AND STRATEGIC UPDATE

We produced a strong operational performance during the first half of 2008 with improved silicon utilisation, an increase in contracted silicon deliveries and firmer wafer pricing enabling us to deliver considerable improvements in our financial results. Sales of our core silicon products increased to €126.1 million (H1 2007: €92.8 million) while earnings rose from €13.6 million to €36.9 million an increase of 172%. Wafer shipment volumes increased by 24% to 110MW in comparison with 89MW achieved in the same period last year reflecting the additional contracted polysilicon deliveries which started in H2 2007 together with improved silicon utilisation.

As expected and at the request of our partners, our trading activity stopped during Q4 last year and has not resumed during the year to date but since the business was carried out primarily to facilitate relationships and at low margins the impact on our overall profits has been minimal.

We continue to make progress in our medium and long-term aim of reducing further the cost of wafer production to enhance the Group's position as a low cost producer. It is the Board's intention for the Group to be the PV industry's cost leader enabling it to supply quality wafers at competitive prices without sacrificing margins.

Our effective silicon utilisation has been improved as our customers move to thinner wafers and 40% of wafers shipped in the first half of the year were supplied at industry leading 180µm thickness. This trend is expected to continue and all customers are expected to move to this thickness during the second half of the year. Our adoption of new technology for ingot cutting

has also enabled a very significant reduction in silicon losses during block production. The new ingot wire saws will effectively reduce silicon kerf losses during cutting by >90% in comparison with the sawing equipment used previously.

During the year to date we have made significant progress in consolidating our relationships with leading PV companies in Europe, Asia and the USA and have concluded six new wafer supply agreements with predetermined prices. Customers include Q Cells, Suntech, Schott Solar and the Intel spin off, SpectraWatt. The newly contracted wafer volume is equivalent to 640MW over the period 2009-2011 and complements wafer supply agreements signed last year.

The construction of our polysilicon manufacturing facility in Bitterfeld is proceeding on schedule and we remain on track to achieve mechanical completion and to start the commissioning phase at end of November this year. Production is expected to start in early 2009 with output of 900MT in the first year of operation and increasing to 1,800MT in 2011. We remain confident that the construction will be completed within the revised capital expenditure budget of €100 million.

### RESULTS

Sales of the Group's core silicon products increased by 36% to €126.1 million. However, as there was no resumption of our trading activity total sales revenue in the six month period under review increased by only 2% to €126.3 million against €123.6 million in the first half of last year. This trading activity business was conducted at very low margins and accordingly there is only a minimal effect on profits.

## NET INCOME

**+172%**  
**€36.9 million**

## EARNINGS PER SHARE

**+150%**  
**9 euro cents**

We aim to capitalise on this growth through our strategic move into the production of polysilicon in 2009, and strengthen our position as one of the PV industry's leading wafer producers.

**DR IAIN DORRITY**  
CHIEF EXECUTIVE

**continued to achieve the goals set out at the time of our IPO in 2007.**

EBIT was €50.5 million (2007: €22.6 million) an increase of 123% over the same period last year.

We have a net positive cash position on 30 June 2008 of approximately €95.2 million compared with €93.7 million at the end of June last year. The Group continues to generate cash from operations and has invested approximately €53 million in capital equipment in the period since June 2007. The main part of this capital equipment relates to the building of the polysilicon production facility in Bitterfeld, Germany. A dividend of €10.2 million was paid in June 2008. Our current net cash balance is to finance ongoing business development including ongoing capital equipment for both our existing operations and our solar grade polysilicon plant. The Group has a relatively small amount of borrowings (mainly in Japanese yen) which totalled approximately €13 million at the end of June 2008.

### DIVIDEND

The directors have declared an interim dividend of 2 euro cents per share (2007: nil) payable on 22 October 2008 to shareholders on the Register on 3 October 2008. The dividend is payable in cash in sterling and will be converted from euros into sterling at the forward exchange quoted by the Royal Bank of Scotland Group at 11.00 a.m. on 13 October 2008.

### OUTLOOK

The market drivers for the PV industry remain positive and although there is diversity in the various forecasts for growth of PV installations, even the relatively conservative view of the European Photovoltaic Industries Association (EPIA) envisages doubling of the market by 2010, with Europe and the USA expected to be the major markets.

Wafer sales volumes and pricing for the second half of 2008 are expected to be broadly similar to H1 and thus total output for the year is expected to be in the range 220-225MW. Accordingly, we are confident about the outlook for the full year 2008.

Additional polysilicon from our new Bitterfeld production facility will become available in 2009 and enable corresponding increase in our wafer production. Installation of the first stage of associated ingot production systems and wire saws for blocking and wafering is underway and will be completed in Q1 2009. Currently we anticipate that 500-650MT of the total Bitterfeld output will be processed into wafers during 2009 and thus we expect total wafer shipments in 2009 to be in the range 280-300MW.

During the second half of 2008 we expect to strengthen further our position through the finalising of two additional wafer supply agreements such that sales of more than 95% of currently planned wafer output will be contracted until the end of 2010. Consequently, we believe that the Group is well placed to continue to play a significant role in the PV industry and look forward to the future with confidence.



**MAARTEN HENDERSON**  
NON-EXECUTIVE CHAIRMAN



**DR IAIN DORRITY**  
CHIEF EXECUTIVE OFFICER

20 August 2008

# CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Note	Six months ended 30 June 2008 €'000	Six months ended 30 June 2007 €'000
Revenues		<b>126,286</b>	123,558
Other income		<b>653</b>	1,045
Cost of material and services:			
Cost of material		<b>(64,449)</b>	(80,989)
Cost of services		<b>(2,259)</b>	(2,961)
Personnel expenses:			
Wages and salaries		<b>(5,437)</b>	(3,836)
Social security costs		<b>(552)</b>	(473)
Pension costs		<b>(202)</b>	(197)
Employee share schemes		<b>(622)</b>	(2,891)
Depreciation on fixed and intangible assets		<b>(2,378)</b>	(2,151)
Other expenses		<b>(4,280)</b>	(3,761)
Costs of initial public offering		<b>-</b>	(3,486)
Currency gains and losses		<b>3,746</b>	(1,251)
<b>EARNINGS BEFORE INTEREST AND TAXES (EBIT)</b>		<b>50,506</b>	22,607
Interest income		<b>2,713</b>	865
Interest expense		<b>(387)</b>	(550)
<b>EARNINGS BEFORE TAXES (EBT)</b>		<b>52,832</b>	22,922
Income taxes		<b>(15,900)</b>	(9,346)
<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		<b>36,932</b>	13,576
<b>EARNINGS PER SHARE ON CONTINUING ACTIVITIES:</b>			
Basic in euro cents	6	<b>9.0</b>	3.6
Diluted in euro cents	6	<b>9.0</b>	3.6

All of the activities of the Group are classed as continuing.

# CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2008

	Note	As at 30 June 2008 €'000	As at 30 June 2007 €'000	As at 31 December 2007 €'000
Cash and cash equivalents		108,522	148,048	147,892
Accounts receivable		63,410	76,380	61,748
Inventories		17,910	13,068	20,653
Prepaid expenses and other assets		11,604	7,272	13,564
Current tax assets		4,865	2,240	18
<b>TOTAL CURRENT ASSETS</b>		<b>206,311</b>	<b>247,007</b>	<b>243,875</b>
Intangible assets		443	170	378
Property, plant and equipment		62,402	14,580	35,115
Other long-term assets		14,350	7,669	4,597
Deferred tax asset		3,628	958	2,329
<b>TOTAL NON-CURRENT ASSETS</b>		<b>80,823</b>	<b>23,377</b>	<b>42,418</b>
<b>TOTAL ASSETS</b>		<b>287,134</b>	<b>270,384</b>	<b>286,294</b>
Loans payable short-term	8	13,348	54,284	39,619
Accounts payable trade		22,847	14,452	21,747
Advance payments received		442	-	-
Accrued expenses		3,586	7,014	3,632
Deferred income current portion		944	864	860
Income tax payable		15,492	9,458	10,855
Other current liabilities		1,001	1,406	930
<b>TOTAL CURRENT LIABILITIES</b>		<b>57,660</b>	<b>87,477</b>	<b>77,644</b>
Loans payable long-term	8	-	71	7
Advance payments received		14,558	10,000	10,000
Accrued expenses		28	145	128
Pension benefit obligation		417	540	476
Deferred income less current portion		4,608	2,411	5,196
Deferred tax liability		295	256	280
Other long-term liabilities		1,393	43	1,088
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>21,298</b>	<b>13,466</b>	<b>17,174</b>
<b>TOTAL LIABILITIES</b>		<b>78,958</b>	<b>100,943</b>	<b>94,819</b>
Share capital		12,332	12,332	12,332
Share premium		75,606	75,606	75,606
Investment in own shares		(5,642)	(5,508)	(5,642)
Reverse acquisition reserve		(3,601)	(3,601)	(3,601)
Retained earnings		151,251	91,164	124,560
Currency translation adjustment		(21,771)	(553)	(11,780)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>208,176</b>	<b>169,440</b>	<b>191,475</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>287,134</b>	<b>270,384</b>	<b>286,294</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Share capital €'000	Share premium €'000	Investment in own shares (EBT) €'000	Reverse acquisition reserve €'000	Retained profit €'000	Currency translation adjustment €'000	Total equity €'000
<b>AS OF 1 JANUARY 2008</b>	12,332	75,607	(5,642)	(3,601)	124,559	(11,780)	191,475
Currency translation adjustment						(9,991)	(9,991)
<b>NET INCOME RECOGNISED DIRECTLY IN EQUITY</b>	12,332	75,607	(5,642)	(3,601)	124,559	(21,771)	181,484
Net profit					36,932		36,932
Total recognised income and expense for the period	12,332	75,607	(5,642)	(3,601)	161,491	(21,771)	218,416
Investment in own shares							-
Reverse acquisition reserve							-
Dividends paid in period					(10,241)		(10,241)
<b>AS AT 30 JUNE 2008</b>	<b>12,332</b>	<b>75,607</b>	<b>(5,642)</b>	<b>(3,601)</b>	<b>151,250</b>	<b>(21,771)</b>	<b>208,175</b>
<b>AS OF 1 JANUARY 2007</b>	7,500				77,588	(975)	84,113
Currency translation adjustment						422	422
<b>NET INCOME RECOGNISED DIRECTLY IN EQUITY</b>	7,500	-	-	-	77,588	(553)	84,535
Net profit					13,576		13,576
Total recognised income and expense for the period	7,500	-	-	-	91,164	(553)	98,111
Investment in own shares			(5,508)				(5,508)
Reverse acquisition reserve				(3,601)			(3,601)
Share issue	4,832	75,607					80,439
<b>AS AT 30 JUNE 2007</b>	<b>12,332</b>	<b>75,607</b>	<b>(5,508)</b>	<b>(3,601)</b>	<b>91,164</b>	<b>(553)</b>	<b>169,440</b>

CONSOLIDATED INTERIM CASH FLOW STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Six months ended 30 June 2008 €'000	Six months ended 30 June 2007 €'000
<b>EARNINGS BEFORE TAXES</b>	<b>52,832</b>	22,922
<b>ADJUSTMENTS FOR:</b>		
Interest	<b>(2,326)</b>	(315)
Depreciation and amortisation	<b>2,378</b>	2,151
Change in pension accruals	<b>(59)</b>	(91)
Change in other provisions	<b>(146)</b>	3,679
Profit/(loss) from the disposal of property, plant and equipment	<b>(1)</b>	–
Unrealised gain/(losses) in foreign currency exchange	<b>107</b>	849
Deferred income	<b>(402)</b>	(464)
	<b>52,384</b>	28,731
<b>CHANGES IN WORKING CAPITAL:</b>		
Change in inventories	<b>2,743</b>	765
Increase in trade receivables	<b>(2,329)</b>	(5,222)
Increase in trade payables and advance payments	<b>6,238</b>	7,984
Increase in other assets	<b>(7,792)</b>	(8,397)
Decrease in other liabilities	<b>376</b>	290
	<b>51,618</b>	24,151
Income taxes paid	<b>(17,438)</b>	(9,142)
Interest received	<b>2,713</b>	865
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>36,893</b>	15,874
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of property, plant and equipment	<b>3</b>	–
Proceeds from investment grants and subsidies	<b>(103)</b>	60
Payments to acquire property, plant and equipment	<b>(29,732)</b>	(2,758)
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(29,832)</b>	(2,698)
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Short-term borrowings received	<b>–</b>	2,271
Repayment of bank and other borrowings	<b>(25,856)</b>	(125)
Dividends	<b>(10,241)</b>	–
Proceeds from IPO	<b>–</b>	76,838
Interest paid	<b>(387)</b>	(550)
Investment in own shares	<b>–</b>	(5,508)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(36,485)</b>	72,925
Net change in cash and cash equivalents available	<b>(29,424)</b>	86,101
Effects of foreign exchange rate changes on cash and cash equivalents	<b>(9,946)</b>	420
<b>CASH AND EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>147,892</b>	61,527
<b>CASH AND EQUIVALENTS AT END OF PERIOD</b>	<b>108,522</b>	148,048

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

# NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2008

## 1. BASIS OF PREPARATION

This interim financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting. The financial information has also been prepared applying the accounting policies and presentation that were applied in the preparation of the 2007 financial statements.

## 2. BASIS OF CONSOLIDATION

The Group financial statements consolidate those of the Group and its subsidiary undertakings drawn up to 30 June 2008. 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.

## 3. FUNCTIONAL AND PRESENTATIONAL CURRENCY

The financial information has been presented in euros, which is the functional currency. All financial information presented has been rounded to the nearest thousand.

## 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. The primary reporting format has defined two business segments since 1 January 2004. A distinction is made between Silicon Products and Trading and Equipment (for crystallisation), however in the six months to June 2008 there is minimal Trading and Equipment revenue (see Chairman and Chief Executive's statement).

The secondary reporting format is geared towards geographical aspects. These reflect country specific risks and opportunities.

**4. SEGMENT REPORTING CONTINUED****SEGMENT INFORMATION SIX MONTHS TO JUNE 2008**

	Silicon products €'000	Trading and equipment €'000	Consolidation €'000	Group €'000
Revenue				
External revenues	126,061	225	-	126,286
Intercompany revenues	-	996	(996)	-
Segment results				
Operating result	46,680	80	-	46,760
Net finance cost	6,061	11	-	6,072
	<b>52,741</b>	<b>91</b>	<b>-</b>	<b>52,832</b>
Other information				
Assets	286,790	344	-	287,134
Liabilities	78,881	78	-	78,959
Property, plant and equipment additions	29,730	-	-	29,730
Depreciation charged	2,378	-	-	2,378

	Japan €'000	The rest of Asia €'000	Germany €'000	The rest of Europe €'000	USA €'000	Group €'000
External revenues	67,476	8,858	39,822	2,923	7,207	126,286
Assets	58,220	-	93,801	135,113	-	287,134
Liabilities	26,247	-	35,145	17,242	-	78,634
Other information						
Property, plant and equipment additions	186	-	28,373	1,171	-	29,730
Depreciation charged	18	-	1,120	1,240	-	2,378

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

1. Sales 44,584 (Japan 44,584) (Silicon products 44,561; Trading, parts and equipment 23);
2. Sales 22,693 (Japan 22,693) (Silicon products 22,693); and
3. Sales 16,402 (Germany 16,402) (Silicon products 16,402).

# NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2008

## 4. SEGMENT REPORTING CONTINUED

### SEGMENT INFORMATION SIX MONTHS TO JUNE 2007

	Silicon products €'000	Trading and equipment €'000	Consolidation €'000	Group €'000
Revenue				
External revenues	92,796	30,762	–	123,558
Intercompany revenues	–	651	(651)	–
Segment results				
Operating result	27,484	1,499	–	28,983
Net finance cost	299	17	–	316
	27,783	1,515	–	29,299
Other information				
Assets	244,757	25,225	–	269,982
Liabilities	78,202	22,339	–	100,541
Property, plant and equipment additions	2,764	–	–	2,764
Depreciation charged	2,151	–	–	2,151

	Japan €'000	The rest of Asia €'000	Germany €'000	The rest of Europe €'000	USA €'000	Group €'000
External revenues	80,074	14,149	26,012	1,060	2,263	123,558
Assets	74,517	–	58,095	137,371	–	269,982
Liabilities	64,812	–	24,284	11,445	–	100,541
Other information						
Property, plant and equipment additions	3	–	2,514	247	–	2,764
Depreciation charged	8	–	1,181	962	–	2,151

The geographical segments are reflecting the presence of the Group in the most relevant markets of the PV industry.

## 5. EMPLOYEE BENEFIT TRUST

The Employee Benefit Trust currently holds 7,125,000 shares (1.7% of the issued share capital) in the Company that it holds in trust for the benefit of the employees.

## 6. EARNINGS PER SHARE

The calculation of earnings per share is based on a profit after tax for the period of €36.9 million (2007 half year €13.6 million) and the number of shares as set out below:

	<b>Six months ended 30 June 2008</b>	Six months ended 30 June 2007
Number of shares	<b>375,000,100</b>	375,000,100
New shares (41,725,235) issued on 6 June 2007	<b>41,725,235</b>	2,857,893
Average number of shares held by the Employee Benefit Trust in the period	<b>(7,099,385)</b>	(3,181,849)
Weighted average number of shares for basic earnings per share calculation	<b>409,625,950</b>	374,676,144
Shares granted but not vested	<b>2,223,462</b>	–
Weighted average number of shares for fully diluted earnings per share calculation	<b>411,849,412</b>	374,676,144

## 7. DIVIDENDS PAID IN THE PERIOD

As agreed at the AGM held on 23 May 2008, the Group paid a dividend of 2.5 euro cents per ordinary share as shown below:

Ordinary shares	416,725,335
Shares held by the Employee Benefit Trust waiving dividend	(7,088,000)
Shares attracting dividend	409,637,335
Total dividend paid at 2.5 euro cents per share	€10,240,933

## NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2008

### **8. ISSUE, REPURCHASE AND REPAYMENT OF DEBT AND EQUITY**

The Group's cash reserves were used to reduce group loans by approx €26 million in the six months to June 2008.

### **9. CHANGES IN CONTINGENT ASSETS AND LIABILITIES**

There were no changes in either contingent assets or liabilities.

### **10. MATERIAL POST BALANCE SHEET EVENTS**

There were no material post balance sheet events.

### **11. APPROVAL OF INTERIM FINANCIAL STATEMENTS**

The unaudited interim financial statements were approved by the Board of directors on 20 August 2008.

# OFFICERS

## **DIRECTORS**

Maarten Henderson (Chairman)

Dr Hubert Aulich

Dr Iain Dorrity

Dr Peter Finnegan

John Sleeman

## **COMPANY SECRETARY**

Dr Peter Finnegan



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