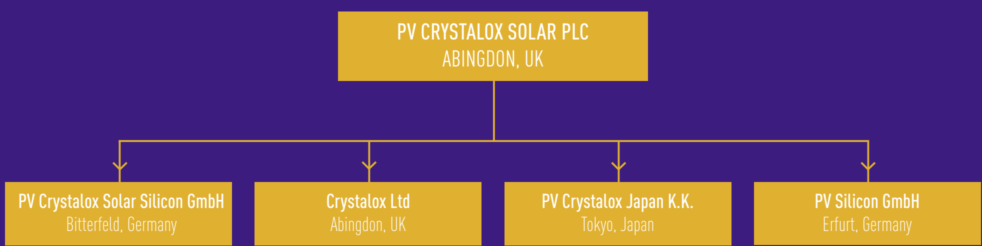
THE KEY TO SOLAR POWER

PV CRYSTALOX SOLAR PLC
Interim Report 2010

ABOUT PV CRYSTALOX SOLAR PLC

PV Crystalox Solar Group, initially established in 1982, is a highly specialised supplier to the world's leading solar cell manufacturers, producing multicrystalline silicon wafers for use in solar electricity generation systems. The Group was one of the first to develop multicrystalline silicon technology on an industrial scale, setting the industry standard for ingot production.

The Group manufactures silicon ingots in Oxfordshire, United Kingdom, and carries out wafer production primarily for European customers at its facilities in Erfurt, Germany. Wafers for customers in Asia are produced in Japan. The Group's own polysilicon plant commenced production in Bitterfeld, Germany in July 2009.



HIGHLIGHTS

Strong increase in wafer shipments with pricing now stabilised

KEY HIGHLIGHTS

- Strong market demand with wafer prices stabilising
- Wafer shipment volume of 155MW (H1 2009: 100MW)
- Revenues of €111.7 million (H1 2009: €121.6 million)
- EBIT (excluding currency impact) of €12.4 million (H1 2009: €35.2 million)
- Polysilicon production at Bitterfeld of 321MT
- Strong net cash position at 30 June 2010 of €77.1 million (31 December 2009: €70.2 million)
- Interim dividend of 1.0 Euro cent per share (2009: 2.0 Euro cents per share)

The sun's energy is effectively limitless and we believe it is set to play a dramatically increasing role in replacing our reliance upon harmful hydrocarbons. Solar cells made of crystalline silicon have a life expectancy far in excess of 25 years and recover the production energy required to manufacture them many times over in an environmentally friendly and effective way.

CHAIRMAN AND CHIEF EXECUTIVE'S JOINT STATEMENT

MAARTEN HENDERSON
CHAIRMAN

DR IAIN DORRITY
CHIEF EXECUTIVE OFFICER

"We continued to make good operational progress, increasing our polysilicon production at Bitterfeld and expanding our ingot production capacity."

OVERVIEW AND STRATEGIC UPDATE

The PV market has grown strongly in 2010 with the high levels of growth experienced in the second half of 2009 continuing in 2010. Installations in Germany, Italy, Japan and the Czech Republic are expected to be significantly higher than last year and industry analysts (EPIA and Solarbuzz) now expect global installations to reach 10–15GW, an increase of 40–115% on 2009.

Our operational performance has been strong with shipments of 155MW, an increase of 55% on the same period last year (H1 2009: 100MW) and an increase of 12% over H2 2009. The competitive industry environment led to significant price pressure in the second half of 2009. Pricing has stabilised during H1 2010 albeit at a 40% lower level than H1 2009. Therefore revenues for H1 2010 were down at €111.7 million (H1 2009: €121.6 million) despite the growth in volume.

While Germany remains the largest end market for PV module installations, China is the world's largest manufacturing centre and our shipments to China are growing rapidly as demand from our established customer base increases. China has now become our second largest geographic market and accounts for 29% of revenues. Japan remains the major market for the Group's wafers (39% of revenues) and Japanese installations are increasing following last year's reintroduction of subsidies together with the introduction of a feed in tariff (FIT).

The Group continues to make good progress on its cost reduction programmes which are targeted to reduce wafer production costs by 10–15% during the year. This progress has been achieved despite the strengthening of the Japanese Yen seen in recent months which has had an adverse effect on our material and wafering costs.

CAPACITY EXPANSION

Our polysilicon manufacturing facility in Bitterfeld, Germany commenced production in July 2009. The facility has produced 321MT of feedstock during H1, a volume reflecting our requirements in H1 2010. The polysilicon from the Bitterfeld plant is of high quality and consistent with that bought in the market from external suppliers. We continue to increase polysilicon production this year in line with our planned wafer production volumes. In 2011 our production target remains at 1,800MT and the cost of internally produced polysilicon is expected to be less than that of bought-in polysilicon.

The programme to expand the Group's production capacity is progressing according to plan, with the construction of multicrystalline ingot production systems in Milton Park, United Kingdom and installation of wire saws for wafering in Erfurt, Germany, and should be completed at the end of Q1 2011. Following recent improvements in manufacturing efficiencies, our ingot production capacity in the United Kingdom will effectively increase by 25% to reach 500MW at that time rather than the 470MW originally estimated. The existing facility has space to accommodate additional capacity and the next phase of expansion to reach 630MW by the end of 2011 is currently under review by the Board.

FINANCIAL REVIEW

In the period, shipment volumes were 55% higher than for the same period in 2009. However, the competitive trading environment and the 40% reduction in prices compared to H1 2009 have meant that revenues for H1 2010 were 8% lower at €111.7 million (H1 2009: €121.6 million).

On an underlying basis (excluding the €3.1 million currency losses), the Group generated adjusted EBIT of €12.4 million (H1 2009: €35.2 million). This reduction in adjusted EBIT is mainly due to lower average selling prices in the period which has been offset to some extent by production cost efficiencies.

The Group continues to focus on cost reduction measures in all areas and therefore continued to achieve positive margins despite sales prices having fallen 40% in comparison with the same period in 2009. The Group's management and employees are focusing on two key elements of cost reduction: operating costs in particular lower production consumable costs; and yield improvements (a greater number of wafers from the same operating costs).

CURRENCY IMPACT

The Group operates in a number of currencies; mainly Euros, Yen and Sterling. Sales are made primarily in Yen and Euros. Purchases are made in Euros, Yen and Sterling. In addition, there are cash balances and other assets/liabilities in the Group's main currencies, a number of inter-group loans in various currencies and currency advance payments to suppliers of feedstock and currency advance payments from customers. The effect of these currency transactions means that the Group is subject to currency gains and losses; in H1 2010 the currency loss was €3.1 million (H1 2009: loss of €13.7 million).

BALANCE SHEET AND CASH POSITION

The Group's balance sheet remains robust, its financial position strong and we continued to generate positive operating cash flows. Net capital expenditure fell to €2.3 million in H1 following the completion of the Bitterfeld plant. Corporation tax payments decreased in line with the lower profitability. A dividend of €8.1 million was paid in June 2010. These movements resulted in net cash of €77.1 million at 30 June 2010, up from €70.2 million at the end of 2009. The Group's borrowings (exclusively in Yen) totalled approximately €55.5 million at the end of June 2010.

Our current net cash balance is earmarked to expand our existing operations.

DIVIDEND

Notwithstanding the difficult market conditions experienced in 2009 and H1 2010 the Board continues to recognise the importance of dividends to shareholders and has declared an interim dividend of €0.01 per share (2009: €0.02 per share). The directors will review the dividend for the full year based on the performance in the second half of 2010 and the prospects for the Group in 2011. The dividend is payable on 20 October 2010 to shareholders on the register on 1 October 2010. The dividend is payable in cash in Sterling and will be converted from Euros into Sterling at the forward exchange rate quoted by the Royal Bank of Scotland Group at 11.00 am on 13 October 2010.

CHAIRMAN AND CHIEF EXECUTIVE'S JOINT STATEMENT CONTINUED

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 Directors' Report on pages 17 to 19 of the 2009 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 2009 Annual Report.

OUTLOOK

As we look ahead to the rest of 2010, the positive PV market environment is expected to continue in the second half of the year, with demand remaining strong, ahead of anticipated FIT cuts in Germany and other European countries in 2011. Accordingly we expect wafer sales volumes to be higher than in H1 and total shipments for the year to be in the range of 320–340MW (2009: 239MW). With wafer pricing now stabilised and the Group's improved cost efficiencies, driven particularly by lower polysilicon costs as production ramps up at Bitterfeld, we expect an improved operational performance in the second half of the year.

While we have good visibility for 2010, market conditions in 2011 are less clear. Demand in Germany is expected to weaken as the FIT reductions take effect and renewed pricing pressure is possible as more production capacity comes on stream. It is difficult to predict with accuracy the net impact of these different drivers on market growth but the Group's strong customer relationships, continuing production cost efficiencies and strong balance sheet afford us some protection from the market uncertainties.

The Group is pursuing its strategy of reducing operating costs, expanding relationships with existing customers and developing new ones with major PV companies in new growth markets such as Taiwan and Korea. The Board is confident that these steps will strengthen the Group's position as a leading pure-play solar wafer manufacturer.

MAARTEN HENDERSON
CHAIRMAN

DR IAIN DORRITY
CHIEF EXECUTIVE OFFICER
18 August 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 2009. Michael Parker was appointed on 1 January 2010.

By order of the Board

DR IAIN DORRITY
CHIEF EXECUTIVE OFFICER
18 August 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2010

	Notes	**Six months ended 30 June 2010 €'000**	Six months ended 30 June 2009 €'000
Revenues	4	**111,653**	121,594
Other income		**1,715**	894
Cost of material and services:			
Cost of material		**(73,088)**	(67,890)
Cost of services		**(9,126)**	(2,823)
Personnel expenses:			
Wages and salaries		**(6,658)**	(6,264)
Social security costs		**(1,004)**	(884)
Pension costs		**(258)**	(238)
Employee share schemes		**(600)**	(533)
Depreciation on fixed and intangible assets		**(6,323)**	(3,337)
Other expenses		**(3,916)**	(5,289)
Currency (losses) and gains		**(3,083)**	(13,694)
Earnings before interest and taxes (EBIT)		**9,312**	21,536
Interest income		**463**	950
Interest expense		**(320)**	(261)
Earnings before taxes (EBT)		**9,455**	22,225
Income taxes	6	**(2,803)**	(5,829)
Profit attributable to equity holders of the parent		**6,652**	16,396
Other comprehensive income			
Exchange differences on translating foreign operations		**21,347**	17,685
Total comprehensive income			
Attributable to equity holders of the parent		**27,999**	34,081
Earnings per share on continuing activities:			
Basic in Euro cents	7	**1.6**	4.0
Diluted in Euro cents	7	**1.6**	4.0

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

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

CONDENSED CONSOLIDATED BALANCE SHEET
as at 30 June 2010

	Note	As at 30 June 2010 €'000	As at 30 June 2009 €'000	As at 31 December 2009 €'000
Cash and cash equivalents		**132,645**	92,407	100,404
Accounts receivable		**58,460**	39,946	56,393
Inventories		**43,738**	37,347	34,103
Prepaid expenses and other assets		**17,965**	31,102	21,273
Current tax assets		**1,732**	1,421	3,945
Total current assets		**254,540**	202,223	216,118
Intangible assets		**716**	829	788
Property, plant and equipment	8	**120,387**	123,130	122,232
Other long-term assets		**16,428**	21,435	19,752
Deferred tax asset		**11,311**	8,019	8,763
Total non-current assets		**148,842**	153,413	151,535
Total assets		**403,382**	355,636	367,653
Loans payable short-term		**55,518**	14,899	30,254
Accounts payable trade		**11,132**	15,306	15,047
Advance payments received		**10,036**	7,507	7,889
Accrued expenses		**3,737**	3,883	3,929
Provisions		**356**	443	414
Deferred income current portion		**2,598**	2,878	2,695
Income tax payable		**5,507**	9,659	5,207
Other current liabilities		**1,474**	1,570	1,590
Total current liabilities		**90,358**	56,145	67,025
Advance payments received		**11,919**	13,379	14,142
Accrued expenses		**62**	48	58
Pension benefit obligation		**124**	273	191
Deferred income less current portion		**23,692**	21,765	24,964
Deferred tax liability		**89**	162	310
Other long-term liabilities		**43**	816	803
Total non-current liabilities		**35,929**	36,443	40,468
Total liabilities		**126,287**	92,588	107,493
Share capital		**12,332**	12,332	12,332
Share premium		**75,607**	75,606	75,607
Investment in own shares		**(9,482)**	(5,642)	(5,642)
Share-based payment reserve		**2,890**	1,668	2,021
Reverse acquisition reserve		**(3,601)**	(3,601)	(3,601)
Retained earnings		**212,860**	209,330	214,301
Currency translation adjustment		**(13,511)**	(26,646)	(34,858)
Total shareholders' equity		**277,095**	263,048	260,160
Total liabilities and shareholders' equity		**403,382**	355,636	367,653

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2010

	Share capital €'000	Share premium €'000	Investment in own shares (EBT) €'000	Share-based payment reserve €'000	Reverse acquisition reserve €'000	Retained profit €'000	Currency translation adjustment €'000	Total equity €'000
As at 1 January 2010	**12,332**	**75,607**	**(5,642)**	**2,021**	**(3,601)**	**214,301**	**(34,858)**	**260,160**
Dividends paid	**—**	**—**	**—**	**—**	**—**	**(8,093)**	**—**	**(8,093)**
Investment in own shares	**—**	**—**	**(3,840)**	**—**	**—**	**—**	**—**	**(3,840)**
Share-based payment charge	**—**	**—**	**—**	**869**	**—**	**—**	**—**	**869**
Transactions with owners	**12,332**	**75,607**	**(9,482)**	**2,890**	**(3,601)**	**206,208**	**(34,858)**	**249,096**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**6,652**	**—**	**6,652**
Currency translation adjustment	**—**	**—**	**—**	**—**	**—**	**—**	**21,347**	**21,347**
Total comprehensive income	**—**	**—**	**—**	**—**	**—**	**6,652**	**21,347**	**27,999**
As at 30 June 2010	**12,332**	**75,607**	**(9,482)**	**2,890**	**(3,601)**	**212,860**	**(13,511)**	**277,095**
As at 1 January 2009	12,332	75,607	(5,642)	968	(3,601)	209,320	(44,331)	244,653
Dividends paid	—	—	—	—	—	(16,386)	—	(16,386)
Share-based payment charge	—	—	—	700	—	—	—	700
Transactions with owners	12,332	75,607	(5,642)	1,668	(3,601)	192,934	(44,331)	228,967
Profit for the period	—	—	—	—	—	16,396	—	16,396
Currency translation adjustment	—	—	—	—	—	—	17,685	17,685
Total comprehensive income	—	—	—	—	—	16,396	17,685	34,081
As at 30 June 2009	12,332	75,607	(5,642)	1,668	(3,601)	209,330	(26,646)	263,048

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2010

	Six months ended 30 June 2010 €'000	Six months ended 30 June 2009 €'000
Earnings before taxes	**9,455**	22,225
Adjustments for:		
Interest	**(143)**	(688)
Depreciation, appreciation and amortisation	**6,323**	3,337
Change in pension accruals	**(67)**	(62)
Change in other accruals	**(245)**	(4,871)
Profit from the disposal of assets	**(3)**	—
Unrealised gain in foreign currency exchange	**381**	292
Deferred income	**(1,367)**	(659)
	14,334	19,574
Changes in working capital		
Change in inventory	**(9,635)**	(13,330)
Increase in trade receivables	**5,477**	34,949
Increase in trade payables and advance payments	**(5,212)**	(14,962)
Other assets	**4,501**	6,314
Other liabilities	**(876)**	764
	8,589	33,309
Income taxes paid	**(3,012)**	(25,641)
Interest received	**463**	950
Net cash from operating activities	**6,040**	8,618
Cash flow from investing activities		
Proceeds from sale of property, plant and equipment	**4**	—
Proceeds from investment grants	**2,127**	1,051
Payments to acquire assets	**(4,406)**	(15,730)
Net cash flow used in investing activities	**(2,275)**	(14,679)
Cash flow from financing activities		
Short-term borrowings received	**18,559**	—
Repayment of bank and other borrowings	**—**	(7)
Dividends	**(8,093)**	(16,385)
Interest paid	**(320)**	(261)
Investment in own shares	**(3,840)**	—
Share-based payment reserve	**869**	701
Net cash flows from financing activities	**7,175**	(15,952)
Net change in cash and cash equivalents available	**10,940**	(22,013)
Effects of foreign exchange rate changes on cash and cash equivalents	**21,301**	17,600
Cash and equivalents at beginning of period	**100,404**	96,820
Cash and equivalents at end of period	**132,645**	92,407

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

1. BASIS OF PREPARATION

These condensed consolidated interim financial statements are for the six months ended 30 June 2010. 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 2009.

The statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the 2009 financial statements.

2. BASIS OF CONSOLIDATION

The Group financial statements consolidate those of the Group and its subsidiary undertakings drawn up to 30 June 2010. 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 Group's presentational currency.

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 JUNE 2010

	Japan €'000	China €'000	The rest of Asia €'000	Germany €'000	United Kingdom €'000	The rest of Europe €'000	USA €'000	Group €'000
Revenues								
– by entity's country of domicile	**43,402**	**—**	**—**	**34,263**	**33,988**	**—**	**—**	**111,653**
– by country from which derived	**43,123**	**32,362**	**21,570**	**12,622**	**28**	**172**	**1,774**	**111,653**
Non-current assets*								
– by entity's country of domicile	**726**	**—**	**—**	**113,945**	**22,860**	**—**	**—**	**137,531**

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

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

- Sales 32,054 (China);
- Sales 24,554 (Japan);
- Sales 18,741 (Rest of Asia); and
- Sales 18,338 (Japan).

4. SEGMENT REPORTING CONTINUED

SEGMENT INFORMATION FOR THE SIX MONTHS ENDED JUNE 2009

	Japan €'000	China €'000	The rest of Asia €'000	Germany €'000	United Kingdom €'000	The rest of Europe €'000	USA €'000	Group €'000
Revenues								
– by entity's country of domicile	72,595	—	—	42,143	6,856	—	—	121,594
– by country from which derived	72,595	6,844	4,601	24,833	—	12,699	22	121,594
Non-current assets*								
– by entity's country of domicile	622	—	—	119,413	25,360	—	—	145,395

*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):

- Sales 46,195 (Japan); and
- Sales 26,158 (Japan).

5. EMPLOYEE BENEFIT TRUST

The Employee Benefit Trust currently holds 12,125,000 shares (2.9%) of the issued share capital in the Company. It holds these shares in trust for the benefit of employees.

6. INCOME TAX

The average taxation rate shown in the consolidated statement of comprehensive income is 29.6% (H1 2009: 26.2%). The anticipated long-term average tax rate is approximately 30%.

In accordance with IAS 12 the profit element of material held in stock at the period end must be eliminated at the tax rate applicable to the company holding the stock. This elimination had a disproportionate effect on the average tax rate in the period ended 30 June 2009.

7. EARNINGS PER SHARE

The calculation of earnings per share is based on a profit after tax for the period of €6.7 million (H1 2009: €16.4 million) and the number of shares as set out below:

	Six months ended 30 June 2010	Six months ended 30 June 2009
Number of shares	**416,725,335**	416,725,335
Average number of shares held by the Employee Benefit Trust in the period	**(11,685,790)**	(7,125,000)
Weighted average number of shares for basic earnings per share calculation	**405,039,545**	409,600,335
Shares granted but not vested	**2,008,000**	2,095,000
Weighted average number of shares for fully diluted earnings per share calculation	**407,047,545**	411,695,335

8. PROPERTY, PLANT AND EQUIPMENT
Additions to property, plant and equipment in the six months ended 30 June 2010 were €4.4 million (H1 2009: €15.7 million) of which €1.0 million related to the polysilicon facility in Bitterfeld (H1 2009: €11.7 million).

9. DIVIDENDS PAID IN THE PERIOD
As agreed at the Annual General Meeting held on 27 May 2010, the Group paid a dividend of 2.0 Euro cents per ordinary share as shown below:

Ordinary shares	416,725,335
Shares held by the Employee Benefit Trust waiving dividend	(12,087,000)
Shares attracting dividend	404,638,335
Total dividend paid at 2.0 Euro cents per share	€8,092,767

10. CHANGES IN CONTINGENT ASSETS AND LIABILITIES
There were no changes in contingent assets and liabilities.

11. 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.

12. MATERIAL POST BALANCE SHEET EVENTS
There were no material post balance sheet events.

13. APPROVAL OF INTERIM FINANCIAL STATEMENTS
The unaudited interim financial statements were approved by the Board of directors on 18 August 2010.

The financial information for the year ended 31 December 2009 set out in this Interim Report does not constitute statutory accounts as defined in Section 434 Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2009 have been filed with the Registrar of Companies. The auditor's 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.

OFFICERS

DIRECTORS
Maarten Henderson (Chairman)
Dr Hubert Aulich
Dr Iain Dorrity
Dr Peter Finnegan
Michael Parker
John Sleeman

COMPANY SECRETARY
Matthew Wethey

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

Brook House
174 Milton Park
Abingdon
Oxfordshire OX14 4SE

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

www.pvcrystalox.com