pv crystalox solar

PV Crystalox Solar PLC

Interim report 2014

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

Highlights

Market overview

- Intensively competitive PV industry environment continued in H1 2014
- Wafer prices have fallen back to mid-2013 levels
- Global PV installations lower than expected in H1 2014
- PV trade disputes resume in USA and China

Overview of results

- Cash conservation strategy continues
- Wafer shipments 99MW (H1 2013: 84MW)
- Revenues €30.1 million (2013: €28.3 million)
- Loss from continuing operations €6.9 million (H1 2013: profit €1.3 million)
- Net cash of €35.4 million on 30 June 2014 (31 December 2013: €39.2 million)
- €8.7 million to be received in customer settlement in September 2014

Highlights

Wafer shipments

99MW

H1 2013: 84MW

Revenues

€30.1m

H1 2013: €28.3m

Loss from continuing operations

€6.9m

H1 2013: €1.3m profit

Net cash

€35.4m

31 December 2013: €39.2m

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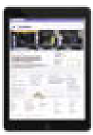

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Chairman and Chief Executive's joint statement

John Sleeman
Chairman

Dr Iain Dorrity
Chief Executive Officer

Summary

- Market pricing remains our major concern with the oversupply driving prices below industry production costs
- We are maintaining the cash conservation strategy and restricting production levels to around 30% of our 750MW operating capacity
- The Group's net cash position at the end of the period was €35.4 million
- €8.7 million to be received from customer settlement in September 2014

Overview and strategic update

Despite the continuing challenging PV market conditions, we are pleased to report that the Group has increased shipment volumes and strengthened customer relationships in Taiwan and Europe. Market pricing remains our major concern with the oversupply from weaker market demand in China during H1 2014 and a resumption of international trade disputes driving prices below industry production costs. The pressure on pricing seen in recent months has reversed the modest recovery in wafer and cell prices seen during the latter part of 2013 and the first quarter of 2014. In contrast, polysilicon, the key raw material, has maintained most of this year's increase and currently trades above its price at the end of 2013.

In the 2013 Annual Report the Group announced that it intended to increase production output during 2014 to consolidate links with its new customers. Group shipments reached 99MW during H1 2014, up 18% on the 84MW (restated on the basis of 17% cell efficiencies) achieved in the same period last year. In H1 2014 wafer shipments marginally exceeded production output. Wafer production has progressively increased during the period to enable wafer shipments to be maintained at 2013 levels when sales volumes were boosted by shipments from inventory. In the year ended 31 December 2013 this resulted in a significant reduction in inventory levels. Nevertheless, the Group remains cautious and, in view of the unfavourable market pricings, we are maintaining the cash conservation strategy and restricting production levels to around 30% of our 750MW operating capacity.

"Despite the continuing challenging PV market conditions, we are pleased to report that the Group has increased shipment volumes and strengthened customer relationships in Taiwan and Europe."

As in previous years the Group has continued to negotiate on a periodic basis with its two polysilicon suppliers to modify pricing and volumes under its long-term contracts and has been able to reach agreement during the period to date. Polysilicon purchase volumes still exceeded the Group's production requirements in the period but the Group has been successful in trading excess polysilicon at market price in order to manage inventory.

In the case of one polysilicon supply contract, the Group has recently formally concluded an amendment to reduce prices significantly and reschedule volumes.

During 2007–2008, Group companies entered into a number of long-term agreements with customers to supply wafers at prices which are now considerably above current market levels. Three wafer supply contracts remained at the start of 2014, although in two cases, customers have entered insolvency and shipments stopped in 2011 and 2012 respectively. Claims had been registered with the respective administrators and we have been working to conclude settlements.

As announced on 15 August 2014, a settlement was finally agreed with one of those customers and has received court approval. As a result, the Group expects to receive a cash payment of approximately €8.7 million during September 2014, which will be recognised as income during H2 2014.

A settlement with the other customer in insolvency is expected within the next six to twelve months, although the magnitude of any cash payment is anticipated to be significantly lower.

Negotiations with the final remaining long-term contract customer are progressing with the aim of reaching an 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.

Financial review

In the financial statements all activities of the period are classed as continuing. In the prior year, 2013, activities at the polysilicon facility at Bitterfeld and its disposal were classed as discontinued operations. The 2013 comparatives have been split between continuing operations and discontinued operations. Comments below, unless expressly stated, refer to the continuing operations.

In H1 2014 Group revenue increased by 6% to €30.1 million (H1 2013: €28.3 million) mainly due to higher wafer sales volumes offset by lower pricing.

During the period, the Group generated a loss before interest and taxes of €5.8 million (H1 2013: profit of €4.0 million). This decrease in profitability was driven by lower wafer pricing and its adverse impact on the onerous contract provision ("OCP"), and unfavourable currency movements. In H1 2014 there was an OCP charge to the income statement of €0.7 million, whereas there was a credit of €3.2 million in H1 2013. There was a currency loss of €1.7 million in H1 2014 compared to a gain of €3.8 million in H1 2013.

The OCP was created in respect of the onerous nature of the Group's long-term polysilicon purchase agreements. The OCP unwinds from period to period as the related contracts move towards expiry. Details of the OCP are discussed in the Financial Review on page 15 of the 2013 Annual Report, a copy of which is available on the Group's website, www.pvcrystalox.com, and details of the movement in the OCP are set out in note 10 of the financial statements.

Net interest expense of €1.2 million (H1 2013: €2.4 million) was almost wholly due to the unwinding of the discount rate used in the calculation of the Group's OCP. The income tax charge in the period was negligible (H1 2013: €0.2 million).

"The Group has a healthy net cash balance and maintains significant manufacturing operating capacity. The Board believes that its ongoing strategy will maximise shareholder value and position the Group to take advantage of an eventual return of a more rational business environment."

Financial review continued

The Group's loss from continuing operations was €6.9 million (H1 2013: profit of €1.3 million).

The Group's net cash position at the end of the period was €35.4 million, which was €3.8 million lower than the net position of €39.2 million at the start of the period. The main outflows in the period were due to the adjusted loss of €10.7 million offset by a release of €5.9 million from working capital and €1.0 million due to the favourable effects of foreign exchange rate changes on cash balances.

The Group expects to retain a healthy net cash position through to the year end, despite the anticipated continuing difficult trading conditions, in part due to the €8.7 million cash settlement from the administrators of one of the customers in liquidation, which is expected in September 2014.

Risk factors

The principal risks and uncertainties affecting the business activities of the Group were identified under the heading "Risk management and principal risks" in the Strategic Report on pages 10 to 11 of the 2013 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 2013 Annual Report.

Market drivers

While market analysts expect global PV installations to increase from 39GW in 2013 to 45–50GW in 2014, PV demand in the first half of the year has been somewhat subdued due to slow progress in China, which in 2013 was the world's largest market.

Although initial projections for Chinese PV installations in 2014 were in the range 10–14GW with the majority expected to come from distributed PV systems, only 3.3GW was installed by the end of H1 2014. Despite this weak uptake China's National Energy Administration ("NEA") recently confirmed the 2014 target as 13GW. The high rate of installations in the remainder of the year is expected to not only assist the Chinese domestic PV industry but also to counteract oversupply in export markets.

Japan's solar market is continuing to grow, with more projects coming online in 2014, according to new data and projections from Bloomberg New Energy Finance, which expects Japan to maintain its position as the second largest market and to commission between 10–12GW during 2014.

Recent months have seen the renewal of PV industry trade disputes in China and USA, which are expected to impact the market significantly in the short term, although it would be premature to assess the longer-term consequences or beneficiaries.

In May 2014 the anti-dumping enquiry into polysilicon imports into China was finally concluded. The Chinese Ministry of Commerce ("MOFCOM") announced that anti-dumping duties of 42% and 1.2% anti-subsidy duties will apply to German, Italian and Spanish companies for two years. Polysilicon imports from the German company Wacker Chemie AG have been spared duties because of the company's "price commitments" given to MOFCOM. An earlier enquiry had imposed tariffs of up to 57% on polysilicon imports from USA and South Korea.

On 25 July 2014 the US Department of Commerce ("DoC") announced preliminary anti-dumping duties of 26% to 165% on modules partially manufactured in China. The anti-dumping duties followed an investigation into a complaint that Chinese manufacturers were avoiding duties previously imposed in 2012 by using cells manufactured overseas, particularly in Taiwan. Taiwanese cell manufacturers will face duties ranging from 28% to 44%. The final determination of the duties is scheduled for early 2015. The charges are in addition to preliminary anti-subsidy rates as high as 35% that were imposed in June 2014 to modules made by Chinese manufacturers. Previous trade duties announced in 2012 will continue to apply on modules manufactured entirely in China.

China responded to the recent US decision with an announcement on 15 August 2014 that it was halting temporary imports of polysilicon from 1 September 2014. Previously, PV companies were able to import the polysilicon under "processing trade" rules and avoid duties if the finished product, i.e. cells/modules, was exported. Polysilicon imports under processing trade rules had surged after China first imposed duties in 2013.

In contrast the EU response has been muted, and in April 2014 the EU actually reduced the minimum module price for Chinese imports to €0.53/W from the €0.56/W which had been agreed in the negotiated settlement following the EU anti-dumping enquiry concluded in 2013. However, the EU has received extensive complaints that Chinese companies are violating the agreement and selling products below the minimum price.

Outlook

Industry analysts forecast a sharp increase in PV demand during the remainder of the year with expectations of 15GW of installations in Q4 alone. This market recovery should at least halt the wafer price decline seen during the last four months and some market tightness may positively impact sales prices as supply and demand come closer into balance.

The Group has a healthy net cash balance and maintains significant manufacturing operating capacity. The Board believes that its ongoing strategy will maximise shareholder value and position the Group to take advantage of an eventual return of a more rational business environment.

John Sleeman
Chairman

Dr Iain Dorrity
Chief Executive Officer
20 August 2014

Consolidated statement of comprehensive income

for the six months ended 30 June 2014

	Notes	**Six months ended 30 June 2014 €'000**	Six months ended 30 June 2013 €'000	Year ended 31 December 2013 €'000
Revenues	4	**30,087**	28,305	71,442
Cost of material and services	5,10	**(31,337)**	(24,695)	(55,103)
Personnel expenses		**(4,046)**	(3,310)	(6,438)
Depreciation and impairment of property, plant and equipment and amortisation of intangible assets		**(157)**	(252)	(441)
Other income		**3,274**	2,443	2,696
Other expenses		**(1,924)**	(2,318)	(4,709)
Currency gains and losses		**(1,671)**	3,778	3,081
(Loss)/earnings before interest and taxes ("EBIT")		**(5,774)**	3,951	10,528
Finance income		**27**	363	796
Finance cost		**(1,187)**	(2,773)	(4,698)
(Loss)/earnings before taxes ("EBT")		**(6,934)**	1,541	6,626
Income taxes	7	**(3)**	(200)	(390)
(Loss)/profit from continuing operations		**(6,937)**	1,341	6,236
Discontinued operations				
Loss from discontinued operations	11	**—**	(3,360)	(2,577)
(Loss)/profit attributable to equity owners of the parent		**(6,937)**	(2,019)	3,659
Other comprehensive income				
Exchange differences on translating foreign operations		**1,960**	(4,389)	(4,974)
Total comprehensive loss				
Attributable to equity owners of the parent		**(4,977)**	(6,408)	(1,315)
Basic and diluted (loss)/earnings per share in Euro cents				
From continuing operations		**(4.4)**	0.3	1.7
From discontinued operations		**—**	(0.8)	(0.7)
Basic and diluted in Euro cents	8	**(4.4)**	(0.5)	1.0

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

Consolidated balance sheet
as at 30 June 2014

	Notes	As at 30 June 2014 €'000	As at 30 June 2013 €'000	As at 31 December 2013 €'000
Intangible assets		**47**	76	44
Property, plant and equipment	9	**2,385**	2,444	2,351
Pension surplus		**108**	—	108
Other long-term assets		**11,246**	20,315	14,626
Total non-current assets		**13,786**	22,835	17,129
Cash and cash equivalents		**35,396**	69,411	39,900
Trade accounts receivable		**7,663**	13,664	13,473
Inventories	5	**16,966**	30,803	13,009
Prepaid expenses and other assets		**10,473**	9,806	11,504
Current tax assets		**12**	58	70
Total current assets		**70,510**	123,742	77,956
Total assets		**84,296**	146,577	95,085
Loans payable		**—**	5,425	690
Trade accounts payable		**1,099**	2,832	2,827
Deferred revenue		**3,316**	3,249	3,342
Accrued expenses		**2,226**	3,482	2,689
Provisions	10	**14,699**	10,741	12,594
Deferred grants and subsidies		**135**	161	152
Current tax liabilities		**199**	—	199
Other current liabilities		**44**	190	50
Total current liabilities		**21,718**	26,080	22,543
Accrued expenses		**109**	167	146
Pension obligation		**—**	94	—
Provisions	10	**8,732**	31,616	13,969
Other long-term liabilities		**43**	43	43
Total non-current liabilities		**8,884**	31,920	14,158
Share capital		**12,332**	12,332	12,332
Share premium		**50,511**	75,607	50,511
Other reserves		**25,096**	—	25,096
Shares held by the EBT		**(7,211)**	(8,640)	(7,610)
Share-based payment reserve		**810**	953	922
Reverse acquisition reserve		**(3,601)**	(3,601)	(3,601)
Retained earnings		**(2,870)**	34,674	4,067
Currency translation adjustment		**(21,373)**	(22,748)	(23,333)
Total equity		**53,694**	88,577	58,384
Total liabilities and equity		**84,296**	146,577	95,085

Consolidated statement of changes in equity

for the six months ended 30 June 2014

	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 2014	**12,332**	**50,511**	**25,096**	**(7,610)**	**922**	**(3,601)**	**4,067**	**(23,333)**	**58,384**
Share-based payment charge	**—**	**—**	**—**	**—**	**56**	**—**	**—**	**—**	**56**
Award of shares	**—**	**—**	**—**	**399**	**(168)**	**—**	**—**	**—**	**231**
Transactions with owners	**—**	**—**	**—**	**399**	**(112)**	**—**	**—**	**—**	**287**
Loss for the period	**—**	**—**	**—**	**—**	**—**	**—**	**(6,937)**	**—**	**(6,937)**
Currency translation adjustment	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,960**	**1,960**
Total comprehensive income	**—**	**—**	**—**	**—**	**—**	**—**	**(6,937)**	**1,960**	**(4,977)**
As at 30 June 2014	**12,332**	**50,511**	**25,096**	**(7,211)**	**810**	**(3,601)**	**(2,870)**	**(21,373)**	**53,694**
As at 1 January 2013	12,332	75,607	—	(8,640)	819	(3,601)	36,693	(18,359)	94,851
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

Consolidated cash flow statement
for the six months ended 30 June 2014

	Notes	**Six months ended 30 June 2014 €'000**	Six months ended 30 June 2013 €'000	Year ended 31 December 2013 €'000
CONTINUING OPERATIONS				
Earnings before taxes		**(6,934)**	1,541	6,626
Adjustments for:				
Net interest expense		**1,160**	2,410	3,902
Depreciation and amortisation		**157**	223	441
Inventory writedown		**—**	934	681
Change in pension accruals		**287**	134	35
Decrease in provisions		**(5,345)**	(17,710)	(31,747)
Profit from the disposal of property, plant and equipment		**(2)**	(1,142)	(1,072)
Losses in foreign currency exchange		**—**	—	(500)
Change in deferred grants and subsidies		**(24)**	(31)	(37)
		(10,701)	(13,641)	(21,671)
Changes in working capital				
(Increase)/decrease in inventories		**(3,370)**	3,861	20,965
Decrease/(increase) in accounts receivables		**6,749**	(4,793)	(5,731)
Decrease in accounts payables and advance payments		**(2,804)**	(443)	(214)
Decrease in other assets		**5,342**	6,872	9,508
Decrease in other liabilities		**(9)**	(190)	(335)
		(4,793)	(8,334)	2,522
Income taxes received		**53**	1,160	1,118
Interest received		**27**	363	796
Net cash flows (used in)/from operating activities		**(4,713)**	(6,811)	4,436
Cash flow from investing activities				
Proceeds from sale of property, plant and equipment		**2**	1,282	1,190
Cash disposed of as part of sale of discontinued operations		**—**	(2,869)	(2,477)
Proceeds from investment grants and subsidies		**7**	—	—
Payments to acquire property, plant and equipment and intangibles		**(136)**	(51)	(122)
Net cash flows used in investing activities		**(127)**	(1,638)	(1,409)
Cash flow from financing activities				
(Repayment)/drawdown of bank and other borrowings		**(712)**	797	(3,356)
Dividends paid		**—**	—	(36,285)
Interest paid		**(1)**	(26)	(101)
Net cash flows (used in)/from financing activities		**(713)**	771	(39,742)
Net change in cash and cash equivalents available from continuing operations		**(5,553)**	(7,678)	(36,715)
Net change in cash and cash equivalents available from discontinued operations	12	**—**	(15,750)	(15,750)
Cash generated from continuing and discontinuing operations		**—**	(23,428)	(52,465)
Effects of foreign exchange rate changes on cash and cash equivalents		**1,049**	(1,841)	(2,315)
Cash and equivalents at beginning of period		**39,900**	94,680	94,680
Cash and equivalents at end of period		**35,396**	69,411	39,900

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

Notes to the consolidated interim financial statements

for the six months ended 30 June 2014

1. Basis of preparation

These condensed consolidated interim financial statements are for the six months ended 30 June 2014. 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 2013.

The statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the 2013 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 2014 there was a net cash balance of €35.4 million, comprising cash or cash equivalents of €35.4 million. All short-term loans were repaid in the period.

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 2014. 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.

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 2014

	Japan €'000	Taiwan €'000	Korea €'000	Germany €'000	United Kingdom €'000	Rest of Europe €'000	Rest of World €'000	Group €'000
Revenues								
– by entity's country of domicile	**124**	**—**	**—**	**2,139**	**27,824**	**—**	**—**	**30,087**
– by country from which derived	**149**	**18,881**	**4,299**	**62**	**—**	**6,108**	**588**	**30,087**
Non-current assets*								
– by entity's country of domicile	**218**	**—**	**—**	**1,064**	**12,396**	**—**	**—**	**13,678**

* 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):

> 8,590 (Taiwan);

> 5,421 (Taiwan);

> 4,244 (Korea); and

> 3,820 (Taiwan).

Segment information for the six months ended 30 June 2013

	Japan €'000	Taiwan €'000	Korea €'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	—	—	3,664	13,177	—	—	28,305
– by country from which derived	11,354	3,649	—	2,315	7	1,035	9,945	28,305
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).

Notes to the consolidated interim financial statements continued
for the six months ended 30 June 2014

5. Cost of material
Cost of material includes no inventory writedowns (H1 2013: €0.9 million).

The writedowns in H1 2013 represented a reduction in value of inventories to the anticipated sales price in H2 2014 (less future processing costs where applicable) of finished goods, work in progress and traded raw materials over and above that provided for in the onerous contract provision.

6. Employee Benefit Trust
The Employee Benefit Trust ("EBT") currently holds 3,853,910 shares (2.4%) 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 nil% (H1 2013: -11%).

The taxation rate in the current period is distorted due to the non-recognition of 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 20%.

8. Earnings per share
The calculation of earnings per share is based on a loss before tax on continuing operations for the period of €6.9 million (H1 2013: profit of €1.5 million) and the number of shares as set out below:

	Six months ended 30 June 2014	Six months ended 30 June 2013
Number of shares	**160,725,335**	416,725,335
Average number of shares held by the EBT in the period	**(3,990,051)**	(10,811,704)
Weighted average number of shares for basic earnings per share calculation	**156,735,284**	405,913,631
Shares granted but not vested	**2,127,348**	—
Weighted average number of shares for fully diluted earnings per share calculation	**158,862,632**	405,913,631

9. Property, plant and equipment
Additions to property, plant and equipment in the six months ended 30 June 2014 were less than €0.1 million (H1 2013: less than €0.1 million).

10. Onerous contract provision
Included in provisions is an onerous contract provision of €23.4 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 2014 €'000	As at 30 June 2013 €'000	As at 31 December 2013 €'000
Onerous contract provision brought forward	**26,526**	52,047	52,047
FX movement	**1,373**	(5,919)	(5,736)
Discounting factor adjustment	**1,185**	2,730	4,597
Utilised	**(6,412)**	(3,312)	(12,730)
Charged/(credited) to the income statement	**726**	(3,224)	(11,652)
Onerous contract provision carried forward	**23,398**	42,322	26,526

11. Discontinued operations

Analysis of the result of discontinued operations and the result recognised on the re-measurement of assets is as follows:

	Six months ended 30 June 2014 €'000	Six months ended 30 June 2013 €'000	Year ended 31 December 2013 €'000
Revenue	—	316	316
Expenses	—	(2,736)	(2,169)
Loss before tax of discontinued operations	—	(2,420)	(1,853)
Tax	—	(2)	(2)
Loss after tax of discontinued operations	—	(2,422)	(1,855)
Pre-tax loss recognised on the re-measurement of assets of disposal group	—	(938)	(722)
Tax	—	—	—
After tax loss recognised on the re-measurement of assets of disposal group	—	(938)	(722)
Loss for the year from discontinued operations	—	(3,360)	(2,577)

12. Change in cash from discontinued operations

	Six months ended 30 June 2014 €'000	Six months ended 30 June 2013 €'000	Year ended 31 December 2013 €'000
DISCONTINUED OPERATIONS			
Earnings before taxes	—	(2,420)	(1,853)
Adjustments for:			
Depreciation and amortisation	—	38	38
Impairment charge	—	(938)	(720)
Derecognition of grants and subsidies	—	(18,452)	(18,452)
Loss from the disposal of property, plant and equipment and intangibles	—	20,250	20,250
	—	(1,522)	(737)
Changes in working capital			
Decrease in inventories	—	816	816
Decrease in accounts payables and deferred income	—	(3,011)	(3,796)
Decrease in other assets	—	366	366
Increase in other liabilities	—	(138)	(138)
Net cash from operating activities	—	(3,489)	(3,489)
Cash flow from investing activities			
Payments to dispose of property, plant and equipment and intangibles	—	(12,261)	(12,261)
Net cash used in investing activities	—	(12,261)	(12,261)
Net change in cash and cash equivalents available from discontinued operations	—	(15,750)	(15,750)

Notes to the consolidated interim financial statements continued

for the six months ended 30 June 2014

13. Changes in contingent assets and liabilities

There were no changes in contingent assets and liabilities.

14. 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 on the parent group. All future transactions with such related parties will be conducted under normal market conditions.

15. Material post balance sheet events

As announced on 15 August 2014 the Group had been looking to conclude settlements with the administrators of two long-term contract customers who had entered insolvency proceedings. A settlement has been concluded with one of those customers and has received court approval. As a result the Group expects to receive a cash payment of approximately €8.7 million during September 2014, which will be recognised as income during H2 2014. There were no other material post balance sheet events.

16. Approval of interim financial statements

The unaudited interim financial statements were approved by the Board of Directors on 20 August 2014.

The financial information for the year ended 31 December 2013 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 2013 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 Crystalox 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 2013.

By order of the Board

Matthew Wethey
Chief Financial Officer
20 August 2014

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