

Overview of results

- Wafer shipment volume increased by 23% to 204MW (H1 2010: 165MW)
- Revenues up by 16% to €129.6 million (H1 2010: €111.7 million)
- EBIT up by 161% to €24.3 million (H1 2010: €9.3 million)
- Net cash position at 30 June 2011 of €41.3 million (31 December 2010: €54.8 million)

Progress against strategic objectives

- Increasingly diverse geographical customer base with major PV companies
- 10% reduction in average wafer production cost in H1 2011
- Bitterfeld to achieve nameplate production capability in H2 2011

Outlook

- Recent pricing pressures expected to persist
- Increased demand expected in a number of significant markets, particularly China, Japan and the US

Overview

IFC About PV Crystalox Solar PLC

01 Highlights

02 Chairman and Chief Executive's joint statement

Financial statements

05 Statement of directors' responsibilities

06 Condensed consolidated statement of comprehensive income

07 Condensed consolidated balance sheet

08 Condensed consolidated statement of changes in equity

09 Condensed consolidated cash flow statement

10 Notes to the condensed consolidated interim financial statements

IBC Officers

Revenues

€129.6m

H1 2010: €111.7m

Operating cash flow

€18.1m

H1 2010: €6.4m

Net Cash (cash less external loans)

€41.3m

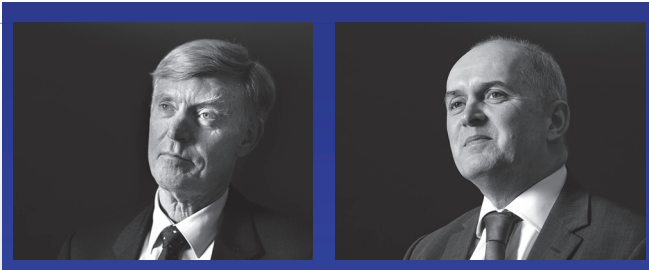
31 December 2010: €54.8m

EBIT (earnings before interest and taxation)

€24.3m

H1 2010: €9.3m

Chairman and Chief Executive's joint statement



Left: Maarten Henderson
Right: Dr Iain Dorrity

Summary:

- In H1 2011 we have increased shipments and delivered a strong improvement in profitability
- Achieved good progress against strategic objectives, including diversifying our customer base, reducing costs and expanding capacity
- Industry volumes are expected to pick up in H2 2011 but the pricing pressure seen recently is persisting

Overview and strategic update

The Group achieved a creditable operational performance in the first half of 2011, despite a deteriorating market environment in the latter months, with revenues up 16% on the previous year. Demand for our wafers continued to be strong during the first four months of the year and although demand weakened during May and June, shipment volumes for the first half of 2011 totalled 204MW, a 23% increase on the 165MW shipped in the same period in 2010. Our average sales price (ASP) during the first half year was approximately 6% below that reported for H1 2010 but the impact on margins was offset by the accelerated progress in our wafering and internal polysilicon production cost reduction programmes.

PV end-market demand during H1 2011 has been much weaker than initial industry forecasts particularly in the two key markets of Germany and Italy. A recent announcement from the German Environment ministry confirmed that PV installations in Germany, the largest global market, were only 1.1GW during the first five months of the year which is approximately half the level installed in the same period in 2010. Uncertainty due to delays in finalising revisions

to feed in tariffs (FIT) froze demand in Italy in the first half of the year although recovery of the market is expected following the announcement in May and subsequent clarifications in late July. As a result of sluggish growth in these two key markets, spot pricing of wafers and modules reduced from Q1 2011 levels by 45% and 25% respectively during May and June but has now stabilised.

The Group continues to make good progress in expanding its geographical reach and broadening its customer base. Shipments to customers in Asia reached 80% of total volumes and are broadly balanced between Japan, Taiwan and China, with each accounting for in excess of 25%.

Operational update

The expansion of the Group's ingot production capacity to 535MW was completed on schedule and within budget. The next phase of expansion which started in December 2010 is on track for completion by early 2012, with a capital expenditure of €10 million. With associated productivity improvements the capacity will reach 750MW at completion rather than the originally planned 670MW. Further capacity expansion to reach 1GW will depend on market conditions.

The Group continues to make good progress with its internal polysilicon production facility in Bitterfeld. Production has ramped up steadily since operation started in July 2009 and we have achieved an annualised output averaging 1,475MT during the first five months of 2011, prior to the scheduled maintenance shutdown in June. Following some improvements to the plant during the shutdown, the facility is expected to operate at its nameplate capacity of 1,800MT during the second half of 2011. At the same time production costs have been falling and since August 2010 the fully loaded production cost has been below the average price of our contracted polysilicon from external suppliers. Increasingly, our internal polysilicon will become a significant driver of our future profitability as further cost reduction is expected when we reach full capacity.

Financial review and position

Sales volumes were 23% higher in the first half than in the same period in 2010 although the impact was tempered by average selling prices being 6.2% lower. The net effect was that sales revenues were 16% higher than last year at €129.6 million (H1 2010: €111.7 million). Sales volumes and pricing had been in line

with expectations until May when there was a fall-off in demand and significant pricing pressure.

The Group generated EBIT at €24.3 million which was an increase of 161% above that for H1 2010 of €9.3 million. This was achieved in spite of an inventory write down of €4.4 million to equate inventory valuations with market price expectation for Q3 2011. This was ameliorated by an acceleration of our cost reduction programme in the first half of 2011. The Group's management is confident that further cost reductions of 5% to 10% will be achieved in the second half of the year.

The Group had a net positive cash balance of €41.3 million which was down on the €54.8 million at the end of 2010. The Group had invested €14.9 million (net of grants) in capital equipment in H1 2011. Working capital had increased by €7.6 million, mainly due to higher inventories at the end of the period following lower than expected sales volumes in June. In addition, the Group had paid the 2010 final dividend of €8.1 million in June. This cash position remains a competitive advantage of the Group and, despite the difficult trading

conditions anticipated in the second half, the Group expects to retain a healthy cash position through to the year end.

Dividend

In view of the currently challenging market conditions, the Board has decided not to declare a dividend. The Board continues to recognise the importance of dividends to shareholders and the directors will review the potential to re-instate dividends based on the future performance and prospects of the Group.

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 14 to 15 of the 2010 Annual Report, a copy of which is available on the Group's website www.pvcrytalox.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 2010 Annual Report although the impact of the overcapacity in the PV industry is more severe than had been anticipated.

Chairman and Chief Executive's joint statement continued

Market drivers

The European Photovoltaic Industries Association (EPIA) believes the mid-term market drivers for the PV industry continue to be positive and expects global PV installations to grow to 44GW in 2015. For the past decade, Europe has played a dominant role in the growth of the PV market and although there is now uncertainty over the path of European incentives, industry pricing and regulatory constraints, the EU maintains its commitment to meeting its 2020 climate change goals and boosting the share of renewables in the total energy mix to 20%.

Asia Pacific photovoltaic markets are set to grow rapidly and are projected to account for approximately one-quarter of global demand by 2015, up from 11% in 2010, according to the latest report from Solarbuzz. The top five markets in this region, China, Japan, India, Australia, and South Korea, are expected to account for 3.3GW of demand in 2011.

The Chinese government's new FIT scheme which was announced on 24 July 2011 has the potential to increase solar installations in the country by 1.5GW in the next 18 months. Furthermore there is increasing expectations that China will double its 2015 solar goal from 5GW to 10GW and also raise its 2020 goal from 20GW to 50GW.

A national FIT scheme introduced last year is also driving solar growth in Japan, with the impact of the Fukushima nuclear disaster adding further momentum. Japan was the fourth largest PV market in the world in 2010, doubling for a second year in a row and installing 960MW, thanks to the re-launch of the nationwide residential incentive programme and the net FIT. Following the Fukushima nuclear disaster, Japan set an ambitious new renewable energy target and the country will now aim to get 10% of its primary energy supply from renewables by 2020 with several prominent business figures and politicians backing a larger role for solar.

Outlook

End-market demand is expected to accelerate during the second half of the year fuelled by a recovery in the two biggest markets, Germany and Italy, and strong growth in the US and Asia. Industry analysts are forecasting that global PV installations will more than double in the second half of the year to reach a full year total of 19GW to 21GW, representing growth of 10% to 20%. In the longer term the EPIA policy driven forecast predicts installations of 44GW in 2015.

Nevertheless the current supply situation and pricing pressure will mean that trading conditions are expected to remain challenging in the coming period. As noted in our trading update on 28 June 2011, the increasing production capacity in the PV industry and high inventories

have resulted in severe price erosion across all parts of the value chain, so far with the exception of polysilicon. Given these dynamics, the Group is currently operating at below breakeven level and the Group is likely to incur an operating loss in the second half. Full year shipment volumes are expected to be in the range 400MW to 450MW.

The Group is taking action to address the difficult market environment by working to obtain more sustainable wafer ASPs and to realise reductions in supplier prices. Furthermore, the Group is accelerating its cost reduction programmes to decrease the cost of its internal polysilicon, enhance ingot crystal quality and introduce a lower cost wafer production technology. With these programmes reaching completion and the potential for substantial market growth the Group looks forward to a return to more favourable trading conditions.



Maarten Henderson
Chairman



Dr Iain Dorrity
Chief Executive Officer
17 August 2011

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 2010.

By order of the Board



Dr Peter Finnegan
Chief Financial Officer
17 August 2011

Condensed consolidated statement of comprehensive income

for the six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 €'000	Six months ended 30 June 2010 €'000	Year ended 31 December 2010 €'000
Revenues	4	129,593	111,653	252,559
Other income		2,582	1,715	3,459
Cost of material and services:				
Cost of material	5	(79,280)	(73,088)	(162,272)
Cost of services		(10,383)	(9,126)	(20,479)
Personnel expenses:				
Wages and salaries		(7,344)	(6,658)	(13,660)
Social security costs		(1,210)	(1,004)	(2,090)
Pension costs		(262)	(258)	(476)
Employee share schemes	6	(311)	(600)	(1,047)
Depreciation on property, plant and equipment and intangible assets		(7,580)	(6,323)	(13,096)
Other expenses		(5,181)	(3,916)	(8,373)
Currency gains and (losses)		3,719	(3,083)	(1,176)
Earnings before interest and taxes (EBIT)		24,343	9,312	33,349
Interest income		452	463	1,061
Interest expense		(190)	(320)	(684)
Earnings before taxes (EBT)		24,605	9,455	33,726
Income taxes	7	(6,200)	(2,803)	(10,462)
Profit attributable to equity holders of the parent		18,405	6,652	23,264
Other comprehensive income				
Exchange differences on translating foreign operations		(10,396)	21,347	12,551
Total comprehensive income				
Attributable to equity holders of the parent		8,009	27,999	35,815
Earnings per share on continuing activities:				
Basic in Euro cents	8	4.5	1.6	5.7
Diluted in Euro cents	8	4.5	1.6	5.7

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 2011

	Note	As at 30 June 2011 €'000	As at 30 June 2010 €'000	As at 31 December 2010 €'000
Cash and cash equivalents		83,856	132,645	101,300
Accounts receivable		46,679	58,460	55,807
Inventories		66,993	43,738	50,813
Prepaid expenses and other assets		17,757	17,965	24,929
Current tax assets		—	1,732	—
Total current assets		215,285	254,540	232,849
Intangible assets		593	716	668
Property, plant and equipment	9	138,481	120,387	129,509
Other long-term assets		42,322	16,428	36,757
Deferred tax asset		15,087	11,311	12,080
Total non-current assets		196,483	148,842	179,014
Total assets		411,768	403,382	411,863
Loans payable short-term		42,534	55,518	46,462
Accounts payable		25,512	11,132	23,129
Deferred revenue		20,006	10,036	10,084
Accrued expenses		5,613	3,737	4,837
Provisions		301	356	315
Deferred grants and subsidies		2,798	2,598	2,867
Income tax payable		9,070	5,507	6,764
Other current liabilities		1,037	1,474	900
Total current liabilities		106,871	90,358	95,358
Deferred revenue		—	11,919	10,562
Accrued expenses		108	62	98
Pension benefit obligation		—	124	62
Deferred grants and subsidies		23,169	23,692	24,156
Deferred tax liability		640	89	825
Other long-term liabilities		43	43	42
Total non-current liabilities		23,960	35,929	35,745
Total liabilities		130,831	126,287	131,103
Share capital		12,332	12,332	12,332
Share premium		75,607	75,607	75,607
Investment in own shares		(8,640)	(9,482)	(8,640)
Share-based payment reserve		550	2,890	262
Reverse acquisition reserve		(3,601)	(3,601)	(3,601)
Retained earnings		237,392	212,860	227,107
Currency translation adjustment		(32,703)	(13,511)	(22,307)
Total shareholders' equity		280,937	277,095	280,760
Total liabilities and shareholders' equity		411,768	403,382	411,863

Condensed consolidated statement of changes in equity

for the six months ended 30 June 2011

	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 2011	12,332	75,607	(8,640)	262	(3,601)	227,107	(22,307)	280,760
Dividends paid	—	—	—	—	—	(8,120)	—	(8,120)
Share-based payment charge	—	—	—	288	—	—	—	288
Transactions with owners	12,332	75,607	(8,640)	550	(3,601)	218,987	(22,307)	272,928
Profit for the period	—	—	—	—	—	18,405	—	18,405
Currency translation adjustment	—	—	—	—	—	—	(10,396)	(10,396)
Total comprehensive income	—	—	—	—	—	18,405	(10,396)	8,009
As at 30 June 2011	12,332	75,607	(8,640)	550	(3,601)	237,392	(32,703)	280,937
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

Condensed consolidated cash flow statement

for the six months ended 30 June 2011

	Six months ended 30 June 2011 €'000	Six months ended 30 June 2010 €'000	Year ended 31 December 2010 €'000
Earnings before taxes	24,605	9,455	33,726
Adjustments for:			
Interest	(262)	(143)	(377)
Depreciation and amortisation	7,580	6,323	13,096
Change in pension accruals	(62)	(67)	(129)
Change in other accruals	773	(245)	849
Profit/(loss) from the disposal of property, plant and equipment	3	(3)	60
Unrealised losses/(gain) in foreign currency exchange	1,170	381	(2,938)
Deferred income	(1,448)	(1,367)	(2,755)
	32,359	14,334	41,532
Changes in working capital			
Increase in inventories	(17,804)	(9,635)	(12,633)
Decrease in accounts receivables	6,833	5,477	6,349
Increase/(decrease) in accounts payables and advance payments	2,473	(5,212)	4,863
Decrease/(increase) in other assets	455	4,501	(21,846)
Increase/(decrease) in other liabilities	425	(876)	(260)
	24,741	8,589	18,005
Income taxes paid	(7,085)	(3,012)	(7,762)
Interest received	452	463	1,061
Net cash from operating activities	18,108	6,040	11,304
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment	58	4	24
Proceeds from investment grants and subsidies	1,543	2,127	3,304
Payments to acquire property, plant and equipment	(16,537)	(4,406)	(19,871)
Net cash flow used in investing activities	(14,936)	(2,275)	(16,543)
Cash flow from financing activities			
(Repayment)/receipt of bank and other borrowings	(1,910)	18,559	11,141
Dividends paid	(8,120)	(8,093)	(12,139)
Interest paid	(190)	(320)	(684)
Investment in own shares	—	(3,840)	(4,266)
Share-based payment reserve	—	869	—
Net cash flows from financing activities	(10,220)	7,175	(5,948)
Net change in cash and cash equivalents available	(7,048)	10,940	(11,184)
Effects of foreign exchange rate changes on cash and cash equivalents	(10,396)	21,301	12,083
Cash and equivalents at beginning of period	101,300	100,404	100,404
Cash and equivalents at end of period	83,856	132,645	101,300

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 2011

1. Basis of preparation

These condensed consolidated interim financial statements are for the six months ended 30 June 2011. 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 2010.

The statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the 2010 financial statements.

2. Basis of consolidation

The Group financial statements consolidate those of the Group and its subsidiary undertakings drawn up to 30 June 2011. 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 2011

	Japan €'000	China €'000	Taiwan €'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	36,959	—	—	—	31,787	60,847	—	—	129,593
- by country from which derived	36,940	33,467	33,416	398	18,154	64	81	7,073	129,593
Non-current assets*									
- by entity's country of domicile	568	—	—	—	118,049	62,779	—	—	181,396

* 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):

- 31,544 (China); and
- 28,072 (Japan).

4. Segment reporting *continued*

Segment information for the six months ended June 2010

	Japan €'000	China €'000	Taiwan €'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	2,827	18,743	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):

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

5. Cost of material

Cost of material includes an inventory write down of €4.4 million (H1 2010: nil).

The write down represents a reduction in value of inventories to the anticipated sales price in Q3 2011 (less future processing costs where applicable) of both finished goods and work in progress.

6. Employee benefit trust

The Employee Benefit Trust (EBT) currently holds 10,834,000 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 25.2% (H1 2010: 29.6%).

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 2011.

The anticipated long-term average tax rate is approximately 28%.

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2011

8. Earnings per share

The calculation of earnings per share is based on a profit after tax for the period of €18.4 million (H1 2010: €6.7 million) and the number of shares as set out below:

	Six months ended 30 June 2011	Six months ended 30 June 2010
Number of shares	416,725,335	416,725,335
Average number of shares held by the EBT in the period	(10,849,345)	(11,685,790)
Weighted average number of shares for basic earnings per share calculation	405,875,990	405,039,545
Shares granted but not vested	27,500	2,008,000
Weighted average number of shares for fully diluted earnings per share calculation	405,903,490	407,047,545

9. Property, plant and equipment

Additions to property, plant and equipment in the six months ended 30 June 2011 were €16.6 million (H1 2010: €4.4 million).

10. Dividends paid in the period

As agreed at the Annual General Meeting held on 26 May 2011, 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 EBT waiving dividend	(10,712,907)
Shares attracting dividend	406,012,428
Total dividend paid at 2.0 Euro cents per share	€8,120,249

11. Changes in contingent assets and liabilities

There were no changes in contingent assets and liabilities.

12. 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.

13. Material post balance sheet events

There were no material post balance sheet events.

14. Approval of interim financial statements

The unaudited interim financial statements were approved by the Board of Directors on 17 August 2011.

The financial information for the year ended 31 December 2010 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 2010 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.



About PV Crystalox Solar PLC

PV Crystalox Solar is a highly specialised supplier to the world's leading solar cell manufacturers, producing multicrystalline silicon wafers for use in solar electricity generation systems.

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

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



Visit our new website
www.pvcrystalox.com



Officers

Directors

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

Company Secretary

Matthew Wethey





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.pvcrytalox.com

PV Crystalox Solar PLC
Interim Report 2011
The key to solar power

