

**18 March 2010**

**PURE WAFER PLC**  
**("Pure Wafer" or "the Company")**

**Interim Results for 6 months ended 31 December 2009**

Pure Wafer plc, the provider of high quality silicon wafer reclaim services for many of the world's leading semiconductor manufacturers as an integral part of their cost control programmes, today reports its interim results for the 6 months to 31 December 2009.

**HIGHLIGHTS**

*Financial Highlights*

- Revenue £7.2m (6 months to 31 December 2008: £10.2m)
- EBITDA loss £0.5m (2008: profit £0.3m)
- Pre-tax loss £3.1m (2008: £2.7m)
- Basic loss per share 2.42p (2008: loss per share 2.16p)
- Net cash outflow from operating activities £1.8m (2008: inflow £1.7m)

*Operational Highlights*

- Volume sales recovery, 28% up from prior period
- Successful and ongoing cost reductions, cost per unit 40% down
- Entry into solar photovoltaic market with launch of new products

**Stephen Boyd, Chairman, Pure Wafer, commented,**

"We are pleased to report the continued recovery of the semiconductor market together with the subsequent increasing volume sales of our wafer reclaim services. Whilst pricing pressure remains, our cost reduction actions have resulted in a lower cost of manufacture of our product."

**ENQUIRIES**

**Pure Wafer plc ([www.purewafer.com](http://www.purewafer.com))**  
Peter Harrington, Chief Executive

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## **PURE WAFER PLC**

**("Pure Wafer" or "the Company")**

### **Interim Results for 6 months ended 31 December 2009**

#### **Chairman's Statement**

##### **Introduction**

During the period to 31st December 2009 the semiconductor industry continued its upturn from the lows of early 2009 and we have seen a welcome recovery in volume trading from all the geographical regions in which we are active.

The pricing pressure that we experienced during the downturn is still with us, and although price erosion has slowed, prices did not show an upturn in the period under review.

The severe market conditions have taken its toll on some of our competitors with six wafer reclaim suppliers exiting the market, due to either insolvency or a change in strategy.

During the period the weakening of sterling against the US dollar has mitigated some of the effects of our falling selling prices and revenues, when converted to sterling as our reporting currency.

##### **Operational**

During the period we saw volume business continue its recovery, with volume sales when expressed as 300mm equivalents up 28% compared to the prior period, however this is still 11% down on the comparative period to 31st December 2008. This increased volume allowed both manufacturing sites to return to full time working during the period following seven months of short time working.

Our cost reduction activities have continued to be successful, with reductions across all areas, including consumable costs to some of our fixed costs. This has now reduced Pure Wafer's manufacturing costs by in excess of 40% to its lowest ever cost per wafer without affecting either our manufacturing output capability or the quality of our product. We continue to work on cost reduction programmes.

##### **Financial performance**

- Revenue £7.2m (6 months to 31 December 2008: £10.2m)
- EBITDA loss £0.5m (2008: profit £0.3m)
- Pre-tax loss £3.1m (2008: £2.7m)
- Basic loss per share 2.42p (2008: loss per share 2.16p)
- Net cash outflow from operating activities £1.8m (2008: inflow £1.7m)

The board are encouraged by the actions of the management team during the period to reduce the impact of the market conditions by reducing costs across all sectors of the business as well as maximising revenue during a difficult trading period.

##### **Group funding**

During the period we successfully negotiated with our bank and asset funders a financial restructuring package. The financial agreements comprised of rescheduling all the Company's existing debt over a six year period which includes up to two years of capital repayment holidays, with initial capital repayments due to commence as scheduled in July 2010, together with an additional overdraft facility of up to £1.4million. The Company continues to trade within its facilities.

As a condition of the financial restructuring, and to demonstrate their commitment and confidence in the business, certain directors and senior management invested £0.30million of cash into the business by way of a placement of shares. The open offer to shareholders which was made during August 2009 was well subscribed, raising £1.16million of funds. This together with the placing of excess shares which raised £0.53million resulted in a total of £1.99million, before costs, being raised.

The financial restructuring and take up of the open offer and placing demonstrates the commitment that the bank, asset funders, shareholders and management have to Pure Wafer and shows a confidence in the recovery of the business, and I would like to thank them for their support.

### **New products**

We have recently entered the solar photovoltaic market utilising the scrap material from our wafer reclaim services to create solar cells and panels. We are excited about the prospects of this move into the growth area of the renewable energy market, whilst utilising the fixed cost elements of our wafer reclaim business in manufacturing our new products.

We will continue to explore further new opportunities outside our core business of wafer reclaim, to enhance our portfolio of products, looking at areas where we have certainty of the end market, where we will not incur significant research and development costs and which are compatible with our existing core skills and world-class manufacturing equipment and facilities.

### **Management**

During the period we strengthened our board with the appointment of Jerry Winters as executive director responsible for our US operations. This appointment reflects the growing importance of the US market to the Pure Wafer Group.

Giles Clarke stepped down from his position as non-executive director having served on the Pure Wafer board since November 2004. I would like to thank Giles for the important contributions he made to Pure Wafer, both in his role as former Chairman of the Company and as a Non-Executive Director.

### **Outlook**

Although it is too early to be confident about a sustained return to growth, recent trading since the period end, together with positive news of a long term industry recovery, are encouraging signs from which we draw confidence for continued volume recovery. In January I am pleased to report we were EBITDA positive and our entry into the solar market is an exciting move for Pure Wafer and we are confident that this will provide additional revenue streams. This, together with our additional funding, gives Pure Wafer a strong foundation on which to move forward.

Stephen Boyd  
Chairman  
18 March 2010

**PURE WAFER PLC**

**Interim Results for 6 months ended 31 December 2009**

**Consolidated Statement of Comprehensive Income**

|       | <b>6 months ended<br/>31 December 2009</b>             | 6 months ended<br>31 December 2008 | Year ended<br>30 June 2009 |
|-------|--|------------------------------------|----------------------------|
| Notes | £'000  | £'000                              | £'000                      |
|       | <b>Revenue</b>   | 10,248                             | 17,230                     |
|       | Cost of sales  | (7,992)                            | (13,200)                   |
|       | <b>Gross profit</b>                                    | 2,256                              | 4,030                      |
|       | Depreciation and amortisation                          | (1,696)                            | (4,369)                    |
|       | Other administrative expenses                          | (1,771)                            | (3,109)                    |
|       | Total administrative expenses                          | (3,467)                            | (7,478)                    |
|       | Restructuring costs                                    | (198)                              | (369)                      |
|       | <b>Operating loss</b>                                  | (1,409)                            | (3,817)                    |
|       | Investment revenue                                     | 38                                 | 40                         |
|       | Finance costs  | (443)                              | (989)                      |
| 2     | Other losses   | (912)                              | (526)                      |
|       | <b>Loss on ordinary activities before<br/>taxation</b> | (2,726)                            | (5,292)                    |
|       | Tax on loss on ordinary activities                     | -                                  | -                          |
|       | <b>Loss for the period</b>                             | (2,726)                            | (5,292)                    |
| 3     | <b>Loss per share</b>                                  |                                    |                            |
|       | Basic  | (2.16)p                            | (4.19)p                    |
|       | Diluted  | (1.62)p                            | (3.14)p                    |

The results stated above arose entirely from continuing activities.

PURE WAFER PLC

Interim Results for 6 months ended 31 December 2009

| Notes                             | <b>31 December<br/>2009<br/>£'000</b> | 31 December<br>2008<br>£'000 | 30 June 2009<br>£'000 |
|-----------------------------------|---------------------------------------|------------------------------|-----------------------|
| <b>Consolidated Balance Sheet</b> |                                       |                              |                       |
| <b>Non-current assets</b>         |                                       |                              |                       |
| Property, plant and equipment     | 25,222                                | 31,021                       | 27,872                |
| Intangible assets                 | 89                                    | 161                          | 117                   |
| Goodwill                          | 4,118                                 | 4,420                        | 4,043                 |
|                                   | <b>29,429</b>                         | 35,602                       | 32,032                |
| <b>Current assets</b>             |                                       |                              |                       |
| Inventory                         | 1,633                                 | 3,635                        | 1,903                 |
| Trade and other receivables       | 3,533                                 | 3,768                        | 3,110                 |
| Cash and cash equivalents         | 1,646                                 | 473                          | 1,622                 |
|                                   | <b>6,812</b>                          | 7,876                        | 6,635                 |
| <b>Total assets</b>               | <b>36,241</b>                         | 43,478                       | 38,667                |
| <b>Current liabilities</b>        |                                       |                              |                       |
| Trade and other payables          | (2,957)                               | (4,222)                      | (3,646)               |
| Derivative financial instruments  | (180)                                 | (821)                        | (324)                 |
| Deferred consideration            | -                                     | (1,290)                      | -                     |
| Short-term borrowings             | (2,850)                               | (3,237)                      | (13,474)              |
|                                   | <b>(5,987)</b>                        | (9,570)                      | (17,444)              |
| <b>Non-current liabilities</b>    |                                       |                              |                       |
| Long-term borrowings              | (11,077)                              | (7,945)                      | -                     |
| Deferred income                   | (1,769)                               | (2,651)                      | (1,982)               |
|                                   | <b>(12,846)</b>                       | (10,596)                     | (1,982)               |
| <b>Total liabilities</b>          | <b>(18,833)</b>                       | (20,166)                     | (19,426)              |
| <b>Net assets</b>                 | <b>17,408</b>                         | 23,312                       | 19,241                |
| <b>Equity</b>                     |                                       |                              |                       |
| Share capital                     | 2,526                                 | 532                          | 532                   |
| Share premium                     | 12,783                                | 12,783                       | 12,783                |

|   |   |                 |          |          |
|---|---|-----------------|----------|----------|
|   | Merger reserve  | <b>30,425</b>   | 30,425   | 30,425   |
|   | Retained earnings   | <b>(29,861)</b> | (24,229) | (26,795) |
|   | Exchange translation reserve                                      | <b>1,535</b>    | 3,801    | 2,296    |
| 5 | <b>Total equity attributable to equity holders of the Company</b> | <b>17,408</b>   | 23,312   | 19,241   |

PURE WAFER PLC

Interim Results for 6 months ended 31 December 2009

Consolidated Cash Flow Statement

| Notes | 6 months ended<br>31 December<br>2009<br>£'000          | 6 months ended<br>31 December 2008<br>£'000 | Year ended<br>30 June 2009<br>£'000 |
|-------|---|---|-------------------------------------|
| 4     | <b>Cash flows from operating activities</b>             | <b>(1,813)</b>                              | <b>2,770</b>                        |
|       | <b>Cash flows from investing activities</b>             |   |                                     |
|       | Net interest received                                   | -   | 40                                  |
|       | Purchase of property, plant and equipment               | (261)                                       | (2,003)                             |
|       | Proceeds from disposal of property, plant and equipment | -   | 735                                 |
|       | Acquisition of subsidiaries - deferred consideration    | -   | (943)                               |
|       | <b>Net cash used in investing activities</b>            | <b>(261)</b>                                | <b>(2,171)</b>                      |
|       | <b>Cash flows from financing activities</b>             |   |                                     |
|       | Issue of share capital                                  | 1,994                                       | -                                   |
|       | Interest paid   | (349)                                       | (829)                               |
|       | Repayment of bank loans                                 | -   | (1,682)                             |
|       | Sale of assets held for sale                            | -   | -                                   |
|       | Repayment of obligations under finance leases           | -   | -                                   |
|       | Increase in borrowings                                  | -   | 943                                 |
|       | <b>Net cash generated from financing activities</b>     | <b>1,645</b>                                | <b>(1,568)</b>                      |
|       | <b>Decrease in cash and cash equivalents</b>            | <b>(429)</b>                                | <b>(969)</b>                        |

Consolidated Statement of Recognised Income and Expense

|   | 6 months ended<br>31 December<br>2009<br>£'000 | 6 months ended<br>31 December 2008<br>£'000 | Year ended<br>30 June 2009<br>£'000 |
|---|--|---|-------------------------------------|
| Exchange movements  | (761)  | 5,435                                       | 3,930                               |
| <b>Net income recognised directly in equity</b>   | <b>(761)</b>                                   | <b>5,435</b>                                | <b>3,930</b>                        |
| (Loss)/profit for the period  | (3,066)  | (2,726)                                     | (5,292)                             |
| <b>Total recognised income and expense for the period attributable to equity holders of the Company</b> | <b>(3,827)</b>                                 | <b>2,709</b>                                | <b>(1,362)</b>                      |

## PURE WAFER PLC

### Interim Results for 6 months ended 31 December 2009

#### Notes to the Accounts

#### 1. Basis of preparation

The information for the year ended 30 June 2009 does not constitute statutory accounts as defined by the Companies Act 2006. A copy of the statutory accounts for the year ended 30 June 2009 has been delivered to the Registrar of Companies, upon which an unqualified audit report was given.

The annual financial statements of Pure Wafer Plc are prepared in accordance with IFRS as adopted by the European Union. These interim results are prepared on the basis of the accounting policies which the company will use in preparation of the financial statements for the year ended 30 June 2010. There are no changes from the policies disclosed in the 2009 financial statements.

#### Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Statement on page 2. The directors have assessed the balance sheet and likely future cash flows of the company and group at the date of signing the audit report and on this basis have concluded that it is appropriate to prepare the interim results on a going concern basis.

The directors have considered the company's performance to date and reviewed the cashflow forecasts for the forthcoming period. The challenging conditions in the semiconductor market make the timing of the recovery difficult to predict. Although cash will need to be tightly controlled, the directors believe the new facilities will be sufficient for the business to continue trading for the foreseeable future. In forming the conclusion about the going concern basis, the directors have considered all the forgoing information.

#### 2. Reconciliation of other gains and losses

|                               | 6 months ended<br>31 December 2009 | 6 months ended<br>31 December<br>2008 | Year ended<br>30 June 2009 |
|-------------------------------|------------------------------------|---------------------------------------|----------------------------|
|                               | £'000                              | £'000                                 | £'000                      |
| Foreign exchange gain/(loss)  | 301                                | (351)                                 | (320)                      |
| Loss on derivatives           | (315)                              | (561)                                 | (206)                      |
| <b>Other losses and gains</b> | <b>(14)</b>                        | <b>(912)</b>                          | <b>(526)</b>               |

#### 3. Earnings per share

The basic earnings per share is calculated by dividing profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. In the period the company issued additional shares of 99,711,511 and granted warrants over 42,293,889 shares. These numbers have been used to restate the comparatives.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

Earnings per share have been calculated as follows:

|   | <b>6 months ended<br/>31 December<br/>2009<br/>'000</b> | 6 months ended<br>31 December 2008<br><br>'000 | Year ended<br>30 June 2009<br><br>'000 |
|---|---|--|--|
| Weighted average number of ordinary shares: |   |  |  |
| - In issue during the period                | <b>126,303</b>  | 126,303  | 126,303                                |
| - Fully diluted                             | <b>168,597</b>  | 168,597  | 168,597                                |
| Unadjusted earnings                         | <b>£(3,066)</b>   | £(2,726)                                       | £(5,292)                               |
| <b>Earnings per share</b>                   | <b>6 months ended<br/>31 December<br/>2009</b>          | 6 months ended<br>31 December 2008             | Year ended<br>30 June 2009             |
| Basic                                       | <b>(2.43)p</b>  | (2.16)p  | (4.19)p                                |
| Basic diluted                               | <b>(1.82)p</b>  | (1.62)p  | (3.14)p                                |

#### 4. Cash flows from operating activities

|   | <b>6 months ended<br/>31 December<br/>2009<br/>£'000</b> | 6 months ended<br>31 December 2008<br><br>£'000 | Year ended<br>30 June 2009<br><br>£'000 |
|---|--|---|---|
| Loss for the period   | <b>(3,066)</b>   | (2,726)   | (5,292)                                 |
| Taxation  | -  | -   | -                                       |
| Finance expense   | <b>349</b>   | 443   | 989                                     |
| Finance income  | -  | (38)  | (40)                                    |
| Other non-cash gains and losses                                 | <b>(75)</b>  | 561   | 103                                     |
| Depreciation and amortisation                                   | <b>2,178</b>   | 1,696   | 4,369                                   |
| <b>Operating cash flows before movements in working capital</b> | <b>(614)</b>   | (64)  | 129                                     |
| Decrease/ (Increase) in inventories                             | <b>270</b>   | (324)   | 306                                     |
| (Increase)/Decrease in trade and other receivables              | <b>(636)</b>   | 1,409   | 1,365                                   |
| (Decrease)/increase in trade and other payables                 | <b>(833)</b>   | 682   | 970                                     |
| <b>Movement in working capital</b>                              | <b>(1,199)</b>   | 1,767   | 2,641                                   |
| <b>Cash flows from operating activities</b>                     | <b>(1,813)</b>   | 1,703   | 2,770                                   |

**5. Changes in equity**

|                               | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Merger<br>reserve<br>£'000 | Exchange<br>translation<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>£'000 |
|-------------------------------|---------------------------|---------------------------|----------------------------|----------------------------------|-------------------------------|----------------|
| As at 1 July 2009             | 532                       | 12,783                    | 30,425                     | 2,296                            | (26,795)                      | 19,241         |
| Exchange movements            | -                         | -                         | -                          | (761)                            | -                             | (761)          |
| Issue of Share Capital        | 1,994                     | -                         | -                          | -                                | -                             | 1,994          |
| Profit for the period         | -                         | -                         | -                          | -                                | (3,066)                       | (3,066)        |
| <b>As at 31 December 2009</b> | <b>2,526</b>              | <b>12,783</b>             | <b>30,425</b>              | <b>1,535</b>                     | <b>(29,861)</b>               | <b>17,408</b>  |

**6. Circulation**

A copy of this announcement is available from the Company Secretary, Pure Wafer plc, Central Business Park, Swansea Vale, Swansea, SA7 0AB. A copy is also available on the Company's website: [www.purewafer.com](http://www.purewafer.com).