

Company Pure Wafer PLC
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Pure Wafer PLC
21 August 2009

PURE WAFER PLC
("Pure Wafer" or "the Company")
Interim Results for 6 months ended 31 December 2008

Pure Wafer, 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 2008.

HIGHLIGHTS

Financial Highlights

- Revenue £10.2m (6 months to 31 December 2007: £12.2m)
- EBITDA £0.3m (2007: £2.9m)
- Loss before tax £2.7m (2007: profit £1.0m)
- Basic loss per share of 10.3p (2007: earnings per share 2.5p)
- Net cash inflow from operating activities of £1.7m (2007: £2.0m)

Operational Highlights

- Restructuring of debt facilities providing working capital facilities of £2.0 million
- Equity funding by way of Placing and Open Offer to raise a minimum of £376,017 and a maximum of £2.3 million (before expenses)
- Resumption of trading on AIM
- Increase in capacity for 300mm product across UK and US operations
- New customer wins in Europe and Asia
- Thorough review of operations has led to significant cost reduction and process efficiencies
- Business and operations stabilised

Stephen Boyd, Chairman, Pure Wafer, commented,

"Since the end of this half year the recession has significantly accelerated the decline of the semiconductor market and for our services in reclaiming wafers."

ENQUIRIES

Pure Wafer plc (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 2008 Chairman's Statement

Background

The Board today announces its interim results of the six months to 31 December 2008. The Board has also today announced an agreement to restructure its existing debt facilities, provide new working capital facilities and raise up to £2.3 million (before expenses) by way of a Placing and Open Offer. The new facilities are conditional upon shareholder approval for the Placing, further details of which are set out in a document posted to shareholders today.

Introduction

The severe downturn in the semiconductor industry, coupled with the worldwide economic recession has severely affected Pure Wafer's trading during the interim period to 31 December 2008, continuing up to the end of the year ended 30 June 2009, evidenced by a particularly sharp decline in trade volume during the second and third quarters of that financial year. Since then the Board is pleased to announce that, during the recent months, the Company has experienced a greater stability in trading coupled with some signs of recovery.

Operational

During the six months ended 31 December 2008, and subsequent period of difficult trading conditions, the Company concentrated on reducing its cost base. The Board has undertaken significant operational restructuring processes which has significantly reduced the production costs per wafer and thus enhanced the competitiveness of the Group's products over the last year. Further successful, engineering led cost reduction activities have enabled the Group to reduce the consumable costs per wafer and certain fixed costs, all without affecting the quality of the Group's product offering.

Financial performance

- Revenue £10.2m (6 months to 31 December 2007: £12.2m)
- EBITDA £0.3m (2007: £2.9m)
- Basic loss per share of 10.3p (2007 EPS: 2.5p)
- Net cash inflow from operating activities of £1.7m (2007: £2m)

New products

The Company continues to actively look into new products and technologies that will be a synergistic fit to the current product portfolio, as part of its long-term strategy.

Management

Following the resignation of the Company's interim group financial officer, Stephen Young, the Board is pleased to announce the appointment of Timothy Lowe as Group Finance Director, and as a member of the Company's Board with immediate effect.

Tim qualified as a chartered accountant in 1988 with Touche Ross, and then joined their management consultancy division where he remained until 1991. After this Tim joined Resource Ltd as Finance Director before moving to become Group Finance Director of PKL Holdings plc (an AIM listed company) in 2003. In 2005, Tim was appointed Group Finance Director of Stradform Limited where in 2008 he led the negotiations which resulted in the sale of the business to one of the largest contractors in Europe, before agreeing to join Pure Wafer as Group Finance Director.

Stephen Boyd replaced Eurfyl ap Gwilym as Chairman of the group on 1 February 2009.

I would like to thank all of our staff for their hard work during the period.

Stephen Boyd
Chairman
21 August 2009

PURE WAFER PLC
Interim Results for 6 months ended 31 December 2008
Consolidated Income Statement

Notes	6 months ended 31 December 2008 £'000	6 months ended 31 December 2007 £'000	Year ended 30 June 2008 £'000
Revenue	10,248	12,156	22,268
Cost of sales	(7,528)	(7,667)	(16,088)
Gross profit	2,720	4,489	6,180
Depreciation and Amortisation	(1,696)	(1,409)	(2,932)
Share-based payments credit/(charge)	-	234	426
Refinancing costs	(198)	-	-
Bad Debts	(464)	-	-
Other administrative expenses	(1,771)	(1,844)	(3,157)
Total administrative expenses	4,129	3,019	5,663
Restructuring costs	-	-	(355)
EBITDA	287	2,879	3,094
Depreciation and Amortisation	(1,696)	(1,409)	(2,932)
Operating (loss)/profit	(1,409)	1,470	162
Investment revenue	38	56	182
Finance costs	(443)	(290)	(777)
2 Other losses and gains	(912)	(277)	(366)
(Loss)/profit on ordinary activities before taxation	(2,726)	959	(799)
Tax on (loss)/profit on ordinary activity	-	(288)	(5,331)
(Loss)/profit for the period	(2,726)	671	(6,130)
3 (Loss)/earnings per share			
Basic	(10.3)p	2.5p	(23.1)p
Diluted	(10.3)p	2.5p	(23.1)p

The results stated above arose entirely from continuing activities.

PURE WAFER PLC
Interim Results for 6 months ended 31 December 2008
Consolidated Balance Sheet

Notes	31 December 2008 £'000	31 December 2007 £'000	30 June 2008 £'000
Non-current assets			
Property, plant and equipment	31,021	24,265	24,254
Intangible assets	161	163	146
Goodwill	4,420	3,340	3,348
	-	-	-
	35,602	27,768	27,748
	-	-	-
Current assets			
Inventory	3,635	3,829	3,311
Trade and other receivables	3,768	6,038	5,177
Derivative financial instruments	-	-	50
Deferred taxation asset	-	5,046	-
Assets held for sale	-	-	735
Cash and cash equivalents	473	2,373	962
	-	-	-
	7,876	17,286	10,235
	-	-	-
Total assets	43,478	45,054	37,983
	-	-	-
Current liabilities			
Trade and other payables	(4,222)	(5,161)	(3,541)
Derivative financial instruments	(821)	(148)	(150)
Deferred consideration	(1,290)	-	(943)
Short-term borrowings	(3,237)	(3,576)	(3,894)
	-	-	-
	(9,570)	(8,885)	(8,528)
	-	-	-
Non-current liabilities			
Long-term borrowings	(7,945)	(6,403)	(6,912)
Deferred income	(2,651)	(2,037)	(1,940)
	-	-	-
	(10,596)	(8,440)	(8,852)
	-	-	-
Total liabilities	(20,166)	(17,325)	(17,380)
	-	-	-
Net assets	23,312	27,729	20,603
	-	-	-

Equity			
Share capital	532	532	532
Share premium	12,783	12,783	12,783
Merger reserve	30,425	30,425	30,425
Retained earnings	(24,229)	(14,550)	(21,503)
Exchange translation reserve	3,801	(1,461)	(1,634)
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6 Total equity attributable to equity holders of the Company	23,312	27,729	20,603
	<hr/>	<hr/>	<hr/>

PURE WAFER PLC
Interim Results for 6 months ended 31 December 2008
Consolidated Cash Flow Statement

Notes	6 months ended 31 December 2008 £'000	6 months ended 31 December 2007 £'000	Year ended 30 June 2008 £'000
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4 Cash flows from operating activities	1,703	2,000	1,733
	<hr/>	<hr/>	<hr/>
Cash flows from investing activities			
Net interest received	38	56	182
Purchase of property, plant and equipment	(863)	(2,824)	(4,964)
Acquisition of subsidiaries - deferred consideration	-	-	(857)
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(825)	(2,768)	(5,639)
	<hr/>	<hr/>	<hr/>
Cash flows from financing activities			
Interest paid	(443)	(230)	(777)
Repayment of bank loans	(611)	-	(1,002)
Sale of Fixed Asset	749	-	-
Repayment of obligations under finance leases	(2,057)	-	(1,645)
Increase in borrowings	-	368	5,547
	<hr/>	<hr/>	<hr/>
Net cash generated from financing activities	(2,362)	138	2,123
	<hr/>	<hr/>	<hr/>
5 Decrease in cash and cash equivalents	(1,484)	(630)	(1,783)
	<hr/>	<hr/>	<hr/>

Consolidated Statement of Recognised Income and Expense

Notes	6 months ended 31 December 2008 £'000	6 months ended 31 December 2007 £'000	Year ended 30 June 2008 £'000
Exchange movements	5,435	313	140
Net income recognised directly in equity	5,435	313	140
(Loss)/profit for the period	(2,726)	671	(6,130)
Total recognised income and expense for the period attributable to equity holders of the Company	2,709	984	(5,990)

PURE WAFER PLC Interim Results for 6 months ended 31 December 2008 Notes

1. Basis of preparation

The information for the 6 months ended 31 December 2008 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for the year ended 30 June 2008 been delivered to the Registrar of Companies, upon which an unqualified audit report was given. The audit did draw attention to the going concern basis applied in the preparation of the financial statements and further detail on this is given below.

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 2009. There are no changes from the policies disclosed in the 2008 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 at the start of the interim report. 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.

As described in the Chairman's Statement, the current environment is challenging. The Company has recorded a pre-tax loss and has relied on waivers of loan covenant tests at 31 December 2008 and subsequently in order to stay in line with banking facility arrangements. A short term overdraft facility has also been agreed.

The Company is currently in the final stages of a process to raise additional funds announced today which is expected to generate a minimum of £2.37 million of working capital facilities through a combination of bank loans

and new equity. The overall restructuring is dependent on Shareholder approval to be obtained via a General Meeting on 14 September and full details of this are explained in the Document to be distributed to Shareholders on 21 August 2009.

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.

The Directors have concluded that the combination of circumstances represents a material uncertainty that casts doubt upon the Group's and Company's ability to continue as a going concern. Nevertheless, after making enquiries, and considering the uncertainties described above, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Comparatives

The comparatives for the 6 months ended 31 December 2007 have been reclassified to be consistent with the presentation of the June 2008 accounts. The following changes have been made:

- £625,000 gross up of sales and cost of sales to reflect the sale of wafers, which had previously been recorded as a net figure; and
- Share based payment credit of £234,000 has been moved from other losses and gains to administration expenses.

2. Reconciliation of other gains and losses

	6 months ended 31 December 2008	6 months ended 31 December 2007	Year ended 30 June 2008
	£'000	£'000	£'000
Foreign exchange loss	(351)	(127)	(171)
Loss on derivatives	(561)	(150)	(195)
Other losses and gains	(912)	(277)	(366)

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.

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:

	6 months ended 31 December 2008	6 months ended 31 December	Year ended 30 June 2008
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	'000	2007 '000	'000
Weighted average number of ordinary shares:			
- In issue during the period	26,591	26,591	26,591
- Fully diluted	26,591	27,171	26,591
Unadjusted earnings	£(2,726)	£671	£(6,130)

	6 months ended 31 December 2008	6 months ended 31 December 2007	Year ended 30 June 2008
Earnings per share			
Basic	(10.3)p	2.52p	(23.1)p
Basic diluted	(10.3)p	2.47p	(23.1)p

4. Cash flows from operating activities

	6 months ended 31 December 2008 £'000	6 months ended 31 December 2007 £'000	Year ended 30 June 2008 £'000
Profit/(Loss) for the period	(2,726)	671	(6,130)
Taxation	-	288	5,331
Finance expense	443	290	777
Finance income	(38)	(56)	(182)
Other non-cash gains and losses	561	43	(386)
Non-monetary foreign exchange translation	-	-	(322)
Depreciation and amortisation	1,696	1,295	2,932
Operating cash flows before movements in working capital	(64)	2,531	2,020
Increase in inventories	(324)	(1,017)	(499)
Decrease/(increase) in trade and other receivables	(1,409)	778	2,261
Increase/(decrease) in trade and other payables	682	(292)	(2,049)
Movement in working capital	1,767	(531)	(287)
Cash flows from operating activities	1,703	2,000	1,733

5. Reconciliation and analysis of net debt and cash flows

	Cash £'000	Deferred consideration £'000	Other borrowings £'000	Total net debt £'000
As at 1 July 2008	962	(943)	(10,806)	(10,787)
Cash flow	(1,484)	-	2,668	1,184
Non-cash flow and foreign exchange	995	(347)	(3,044)	(2,396)

As at 31 December 2008	473	(1,290)	(11,182)	(11,999)
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6. Changes in equity

	Share capital £'000	Share premium £'000	Merger reserve £'000	Exchange translation £'000	Retained earnings £'000	Total £'000
As at 1 July 2008	532	12,783	30,425	(1,634)	(21,503)	20,603
Exchange movements	-	-	-	5,435	-	5,435
Profit for the period	-	-	-	-	(2,726)	(2,726)
As at 31 December 2008	532	12,783	30,425	3,801	(24,229)	23,312

7. 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.

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