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Jetion Solar Holdings Limited  
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For immediate release

29<sup>th</sup> September, 2009

## **Jetion Solar Holdings Limited**

("Jetion" or the "Company")

### **Interim Results**

Jetion Solar Holdings Limited (AIM:JHL), the manufacturer of high quality solar cells and modules, announces today its unaudited interim results for the six months ended 30<sup>th</sup> June, 2009.

#### **Financial Highlights**

- Turnover US\$55.9m (H1 2008: US\$100.6m)
- Gross Profit US\$ 10.1m (H1 2008: US\$17.8m)
- Post-tax profit US\$2.4m (H1 2008: US\$9.7m)
- 0.4% improvement in gross margin to 18.1% (H1 2008: 17.7%)
- Basic earnings per share decreased to US cents 3.28 (H1 2008: US cents 13.07)

#### **Operating Highlights**

- 45% increase in sales volume to 37.1MW (H1 2008: 25.6MW)
  - 41% decrease in export sales volume to 11.6MW (H1 2008: 19.8MW)
  - 340% increase in China sales volume to 25.5MW (H1 2008: 5.8MW)
- Change in production volume:
  - 59% increase in solar cells output to 41.7MW (H1 2008: 26.3MW)
  - 42% decrease in solar module output to 11.3MW (H1 2008: 19.4MW)
- Average efficiency rate of solar cell production lines exceeding 17.0% during the period (H1 2008: 16.8%)

#### **Gabriel Kow, Interim CEO & Chairman commenting on Outlook said:**

"Despite the adverse financial results in H1 2009 in the midst of the global economic crisis, the management is confident about the medium and long term operations of the Company.

The market continued its pessimistic sentiment during the first quarter of 2009. It however showed signs of recovery in the second quarter of 2009 with our production facilities reaching full operating capacity. Demand from both European and new markets picked up steadily and we secured a number of stable purchase orders from current and new customers. Also, incentive policies to encourage the installation of photovoltaic systems have been announced in a number of countries, particularly in the US and China. The Company has started trading in the US and we will continue to explore opportunities to expand our market share within the solar industry.

Sales orders in July and August 2009 have been very promising. The production capacity until the end October 2009 has been fully taken. Due to the rapid expansion of the business, the management has resolved to increase the cell production capacity from 100MW to 150MW and the module production capacity from 60MW to 150MW by the middle of 2010."

## **Board Changes**

Gabriel Kow has been appointed as the Interim Chief Executive Officer after the dismissal of the previous Chief Executive Officer Mr. Roger Gai. The Group has initiated the search for a new CEO.

Eric Chan has been appointed as an Executive Director and the Chief Financial Officer.

Raymond Wong has been appointed as an Executive Director, General Counsel and Company Secretary.

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## **Chairman's Statement**

I am pleased to report on Jetion Solar's operations for the six months ended 30<sup>th</sup> June, 2009.

Towards the end of 2008 the continuing global economic crisis, compounded by the severe and long winter in Europe and customer destocking, created very challenging trading conditions for the solar industry. Excess capacity chasing weakened demand meant both order volumes and sales prices decreased during this period. However, the first half of 2009 also saw an even greater fall in raw material prices which has enabled gross margins to be maintained or improved.

Our senior management team and staff have relentlessly continued to focus on improving efficiency, developing downstream technologies, reducing our material costs and enhancing the quality of our customer service. This has enabled the Company to successfully overcome some of the difficulties encountered and to remain profitable during H1 2009, in spite of these turbulent and fast changing market conditions.

The solar industry experienced price reductions in general of at least 50% compared to peak prices in 2008. As a result solar energy has become more affordable to the general public, directly increasing the demand for solar products and supporting the long term development of the solar industry. This is in line with our long term objective to make solar energy more accessible and affordable to the wider public, ultimately promoting green energy as a viable everyday energy source.

The markets showed signs of recovery towards the end of the second quarter of 2009 with our production facilities reaching full operating capacity. Demand from both European and new markets picked up steadily and we secured a number of sizable purchase orders from current and new customers.

Various incentive policies have been announced in a number of countries, particularly in the US and China, to encourage the installation of photovoltaic systems. The Company has started trading in the US and we will continue to explore opportunities to co-operate within the solar industry in order to expand our market share.

As a China-based company, with highly efficient technology, solid sales and marketing abilities and good working relationships with the PRC government authorities, the Company is in an excellent position to realise one of our principal objectives of extending our position down the solar value chain. Extending further down the solar value chain towards PV solutions and solar power plants is expected to enable the company to grow revenue and improve margins over the coming few years.

As the Company announced on 17<sup>th</sup> June, 2009, the former CEO, Roger Gai, and three other senior management members were dismissed by the Company and successors were immediately appointed. On 4<sup>th</sup> August, 2009, the Board announced that we had resolved the issue with a settlement agreement, and I was appointed as interim CEO of the Company to ensure a smooth transition and temporarily attend to day-to-day operations. I am delighted to confirm that this transition has been successfully managed and that the performance of both the Company and the new appointees in the subsequent period have been more than satisfactory. I am confident that the Company will continue to grow and develop the business successfully in H2 2009 and beyond.

The sales performance in the first half of 2009 had been recovering from the adverse situation in the fourth quarter of 2008. Our capacity utilisation rate has returned to the peak level and production has reached the design capacity. Our sales order book is full until the end of October 2009. Due to the rapid expansion of the business management has resolved to increase the cell production capacity from 100MW to 150MW and the module production capacity from 60MW to 150MW by the middle of 2010.

I would like to take this opportunity to thank our senior management and staff for their efforts and perseverance in the delivery of the Company's strategy, in the face of challenging market conditions and unsettling senior management transition. Their commitment is essential to the success of the Company. I would also like to thank the shareholders for their continued support to the Company.

**Gabriel Kow**

### **Chief Operation Officer's Review**

The entire photovoltaic industry suffered unprecedented challenges in the last 12 months. I am pleased that the operating team not only passed this challenging test but also achieved substantial progress during this difficult period. From our interim results in 2009, we are confident that our dedication and achievement can meet shareholders' expectations.

Following the onset of the global economic crisis in 2008, Jietion Solar has recovered well. We adopted a series of adequate stabilising measures to reduce risks and expand our market share during the first half of 2009. Our shipments in the first half of 2009 reached 37.1MW, representing a 45% increase from 25.6MW in the same period in 2008. We took the opportunity presented by new China Government policies assisting the solar industry to reinforce our presence in China to overcome shortfalls in Europe which was hit heavily by the 2008 global economic crisis.

Due to the general decline in international polycrystalline silicon prices, the average selling prices of our solar cell and module products were affected. Although the shipment quantity has improved substantially, the turnover of the Company dropped to US\$55.9m in the first half of 2009 from US\$100.6m in the same period of 2008. We had implemented a series of cost reduction measures, e.g., reduction in operating expenses, improvement in conversion rates, enhancement in capacity utilisation rates, etc., to maintain our gross profit margin at a satisfactory level. The profitability we achieved during this difficult period of time gives us confidence that our cost reduction measures have been effective.

From the third quarter of 2009, the production and sales have reached record levels. Many of our customers are also recovering from the worst of the financial crisis. Production has been running at full capacity to meet with the continuously growing demand. As sales prices fell sharply in Q3 2008, we delayed proposing increases in production capacity. However, we are now confident that demand does exist for additional production and the Board has therefore approved an expansion in capacity for both cells and modules to 150MW by mid 2010.

I would like to take this opportunity to thank our operating team for their excellent performance and outstanding achievement during this difficult period of time. I believe that, through good planning, hard work and dedication, we can strengthen our competitive advantages and achieve more stable development in the future.

**Alina Xu**

### **Chief Financial Officer's Review**

The major highlight in the first half of 2009 was maintained production volumes sold at much lower sales prices. Because raw material prices fell faster than sales prices, gross margins improved slightly, but not enough to prevent a drop in profit.

Turnover decreased to US\$55.9m from US\$100.6m in H1 2008, representing a decrease of 44%. Net profit after tax decreased to US\$2.4m from US\$9.7m in H1 2008, representing a decrease of 75%. On the other hand management is pleased that the gross profit margin continued to improve to a record high level of 18.1% from 17.7% in H1 2008. The increase in gross profit margin was primarily due to a number of factors including tight control over the material purchase costs, higher conversion efficiency of our products, higher production capacity utilisation rates and low scrap rates.

The Company's joint venture in Europe also contributed to the Company's interim results, with a net profit after tax contribution of US\$0.5m (H1 2008: US\$0.6m). The decrease in net profit contribution to the Company was partly due to the lower average selling prices and partly due to lower sales volume of 4.5MW in H1 2009 as compared with 6.5MW in H1 2008. The management believes that there is still substantial room for the joint venture to grow when the economy in Europe stabilises and recovers.

The operating results included a write off of a prepayment to suppliers and receivables amounting to US\$2.4m (H1 2008: US\$1.1m). The management believe that no further major provisions will be necessary for the balance sheet figures as at the 30<sup>th</sup> June, 2009.

The management was successful in keeping daily administrative expenses before exceptional items at the level of H1 2008 despite increases in head count and production volume.

Our cash position had been strong throughout the first half of 2009. No additional long term borrowing was required. The Directors believe that there will be enough cash to support the working capital and production capacity expansion requirements in the coming few months.

The days of sales outstanding had been prolonged during the first half of 2009 as more customers asked for open account payments during the period. The Company's Sales and Finance teams have been closely monitoring the credit worthiness of the customers with open account payment terms. No major provision for doubtful or bad debts was required for the sales transactions achieved during the period.

**Eric Chan**

Consolidated income statement

for the six months ended 30 June 2009 - unaudited

(Expressed in United States dollars)

	<i>Note</i>	<i>Six months ended 30 June</i>	
		<i>2009</i>	<i>2008</i>
		\$'000	\$'000
<b>Turnover</b>		55,943	100,652
Cost of sales		<u>(45,839)</u>	<u>(82,850)</u>
<b>Gross profit</b>		10,104	17,802
Other operating income		113	716
Distribution costs		(847)	(674)
Administrative expenses		(4,138)	(3,312)
Research and development expenses		(321)	(664)
Other operating expenses		<u>(2,710)</u>	<u>(1,258)</u>

<b>Results from operating activities</b>		2,201	12,610
		-----	-----
Finance income		1,018	242
Finance expenses		<u>(533)</u>	<u>(1,317)</u>
<b>Net finance income/(expenses)</b>		485	(1,075)
		-----	-----
Share of profits of jointly controlled entity		486	585
		-----	-----
<b>Profit before taxation</b>		3,172	12,120
Income tax expense	4	<u>(735)</u>	<u>(2,423)</u>
<b>Profit for the period attributable to equity shareholders of the Company</b>		2,437	9,697
		=====	=====
<b>Earnings per share</b>			
Basic and diluted earnings per share (US cents)	6	3.28	13.07
		=====	=====

The accompanying notes form part of this interim financial report.

Consolidated statement of comprehensive income  
for the six months ended 30 June 2009 - unaudited  
(Expressed in United States dollars)

	<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>
	<i>\$'000</i>	<i>\$'000</i>
<b>Profit for the period</b>	2,437	9,697
	-----	-----
<b>Other comprehensive income for the period, net of tax:</b>		
Exchange differences on translation of:		
- financial statements of a subsidiary	329	4,850
- financial statements of a joint controlled entity	<u>1</u>	<u>4</u>
	330	4,854
	-----	-----
<b>Total comprehensive income for the period</b>	2,767	14,551
	=====	=====

The accompanying notes form part of this interim financial report.

Consolidated balance sheet at 30 June 2009 - unaudited  
(Expressed in United States dollars)

		<i>At</i>	<i>At 31</i>
	<i>Note</i>	<i>30 June</i>	<i>December</i>
		<i>2009</i>	<i>2008</i>
		<i>\$'000</i>	<i>\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	7	43,345	43,247
Lease prepayments		2,747	2,768
Prepayments for acquisition of property, plant and equipment		239	855
Intangible assets		2,488	3,042

Interest in a jointly controlled entity		344	17
		49,163	49,929
		-----	-----
<b>Current assets</b>			
Inventories	8	11,585	9,803
Trade and other receivables	9	50,300	56,576
Pledged deposits		21,628	27,144
Cash and cash equivalents		22,125	21,180
		105,638	114,703
		-----	-----
<b>Current liabilities</b>			
Bank loans			
- unsecured		3,175	14,097
- secured		30,300	30,601
Trade and other payables		7,506	6,503
Amount due to a shareholder		979	979
Current tax payable		679	2,773
		42,639	54,953
		-----	-----
<b>Net current assets</b>		62,999	59,750
		-----	-----
<b>Total assets less current liabilities</b>		112,162	109,679
		-----	-----

Consolidated balance sheet at 30 June 2009 - unaudited

(continued)

(Expressed in United States dollars)

	<i>Note</i>	<i>At 30 June 2009 \$'000</i>	<i>At 31 December 2008 \$'000</i>
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,929	2,213
		-----	-----
<b>Net assets</b>		110,233	107,466
		=====	=====
<b>Capital and reserves</b>			
Share capital		-	-
Reserves		110,233	107,466
<b>Total equity</b>		110,233	107,466
		=====	=====

The accompanying notes form part of this interim financial report.

Consolidated statement of changes in equity

for the six months ended 30 June 2009 - unaudited

(Expressed in United States dollars)

	<i>Share premium \$'000</i>	<i>Capital reserve \$'000</i>	<i>General reserve fund \$'000</i>	<i>Treasury reserve \$'000</i>
<b>Balance at 1 January 2008</b>	64,428	958	1,557	(3,395)
<b>Changes in equity for the six months ended 30 June 2008</b>				
Equity-settled share-based transactions	(1,477)	-	-	3,395
Total comprehensive income for the period	-	-	-	-
<b>Balance at 30 June 2008 and</b>				

<b>1 July 2008</b>	62,951	958	1,557	-
<b>Changes in equity for the six months ended 31 December 2008</b>				
Appropriation	-	-	2,330	-
Total comprehensive income for the period	-	-	-	-
<b>Balance at 31 December 2008</b>	<u>62,951</u>	<u>958</u>	<u>3,887</u>	<u>-</u>
	=====	=====	=====	=====
<b>Balance at 1 January 2009</b>	62,951	958	3,887	-
<b>Changes in equity for the six months ended 30 June 2009</b>				
Total comprehensive income for the period	-	-	-	-
<b>Balance at 30 June 2009</b>	<u>62,951</u>	<u>958</u>	<u>3,887</u>	<u>-</u>
	=====	=====	=====	=====

The accompanying notes form part of this interim financial report.

#### Consolidated cash flow statement

for the six months ended 30 June 2009 - unaudited  
(Expressed in United States dollars)

	Six months ended 30 June	
	2009	2008
	\$'000	\$'000
<b>Operating activities</b>		
Profit before taxation	3,172	12,120
Adjustments for:		
- Depreciation and amortisation	3,425	1,600
- Loss on disposal of lease prepayments	-	67
- Share-based payment expenses (reversed)/charged	(54)	2,677
- Impairment losses on trade and other receivables	2,401	1,120
- Interest expense	533	750
- Interest income from bank deposits	(204)	(242)
- Net fair value losses of leveraged foreign exchange contracts	115	-
- Share of profits of a jointly controlled entity	(486)	(585)
- Unrealised profits from transactions with a jointly controlled entity	160	348
- Foreign exchange gain	(4)	(157)
<b>Operating profit before changes in working capital</b>	<u>9,058</u>	<u>17,698</u>
Increase in inventories	(1,752)	(5,512)
Decrease/(increase) in trade and other receivables	4,400	(7,588)
Increase in trade and other payables	<u>570</u>	<u>5,288</u>
<b>Net cash generated from operations</b>	<u>12,276</u>	<u>9,886</u>
Tax paid:		
- PRC Enterprise Income Tax paid	(2,826)	(59)
- Withholding tax paid	<u>(303)</u>	<u>-</u>
<b>Net cash generated from operating activities</b>	<u>9,147</u>	<u>9,827</u>
	-----	-----
<b>Investing activities</b>		
Payment for the acquisition of property, plant and equipment	(2,178)	(16,972)
Proceeds from disposal of lease prepayments	-	534
Interest received	<u>204</u>	<u>242</u>
<b>Net cash used in investing activities</b>	<u>(1,974)</u>	<u>(16,196)</u>
	-----	-----

Consolidated cash flow statement

for the six months ended 30 June 2009 - unaudited

(continued)

(Expressed in United States dollars)

	<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>
	\$'000	\$'000
<b>Financing activities</b>		
Placement of pledged deposits	37,257	977
Uplift of pledged deposits	(31,657)	(1,237)
Proceeds from bank loans	33,475	32,900
Repayment of bank loans	(44,835)	(24,788)
Interest paid	<u>(533)</u>	<u>(750)</u>
<b>Net cash (used in)/generated from financing activities</b>	(6,293)	7,102
	-----	-----
<b>Net increase in cash and cash equivalents</b>	880	733
<b>Cash and cash equivalents at 1 January</b>	21,180	21,047
<b>Effect of foreign exchange rate changes</b>	<u>65</u>	<u>333</u>
<b>Cash and cash equivalents at 30 June</b>	<u>22,125</u>	<u>22,113</u>
	=====	=====

The accompanying notes form part of this interim financial report.

Notes to the unaudited interim financial report

(Expressed in United States dollars)

## 1 Basis of preparation

This interim financial report has been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, promulgated by the International Accounting Standards Board ("IASB").

The interim financial report has been prepared in accordance with the same accounting policies as adopted in the 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2008 annual financial statements. The consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the International Auditing and Assurance Standards Board. KPMG's independent review report to the Board of Directors is included on page 16.

## 2 Change in accounting policies

The IASB has issued one new IFRS, a number of amendments to IFRSs and new interpretations that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 8, *Operating segments*

- IAS 1 (revised), *Presentation of financial statements*
- Amendments to IFRS 7, *Financial instruments: Disclosure - Improving disclosures about financial statements*
- Improvements to IFRSs (2008)
- IAS 23 (revised), *Borrowing costs*
- Amendments to IAS 27, *Consolidated and separated financial statements*

## 2 Change in accounting policies (continued)

The adoption of improvements to IFRSs (2008) and the amendments to IAS 23 (revised) and IAS 27 do not have a significant impact on the Group's results of operations and financial position. In addition, the amendments to IFRS 7 do not contain any additional disclosure requirements specifically applicable to the interim financial report. The impact of the remainder of these developments on the interim financial report is as follows:

- IFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. The adoption of IFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management (see note 3).
- As a result of the adoption of IAS 1 (revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statements of changes in equity has been adopted in this interim financial report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

## 3 Segment reporting

On first-time adoption of IFRS 8, *Operating segments* and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, there was one reportable segment identified for the Group.

The Group's operations are regarded as a single business segment, being an entity which engages in the manufacturing and trading of solar cells and modules and the provision of related processing services. In addition, the Group's turnover and operating profit are derived from its operations in the People's Republic of China ("PRC").

For the purposes of assessing the Group's performance, the Group's senior executive management monitors the results, assets and liabilities on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interest in a jointly controlled entity. Segment liabilities include trade and other payables, bank and other borrowings and current tax payable. Segment profit is determined based on profit after taxation, excluding share of profits of a jointly controlled entity, elimination of unrealised profits arising from transactions with a jointly controlled entity and deferred taxation.

## 3 Segment reporting (continued)

Reconciliations of reportable segment revenue, segment profit, segment assets and liabilities to consolidated turnover, profit after taxation, total assets and liabilities are disclosed as follows:

	<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>
	\$'000	\$'000
<i>Revenue</i>		
Reportable segment revenue	56,532	102,392
Elimination of unrealised profits arising from a jointly		

controlled entity	<u>(589)</u>	<u>(1,740)</u>
Consolidated turnover	<u>55,943</u>	<u>100,652</u>
	=====	=====
<i>Profit</i>		
Reportable segment profit	1,822	10,012
Elimination of unrealised profits arising from a jointly controlled entity	(160)	(348)
Share of profits of a jointly controlled entity	486	585
Deferred taxation	<u>289</u>	<u>(552)</u>
Consolidated profit after taxation	<u>2,437</u>	<u>9,697</u>
	=====	=====
	<i>At</i>	<i>At 31</i>
	<i>30 June</i>	<i>December</i>
	<i>2009</i>	<i>2008</i>
	<i>\$'000</i>	<i>\$'000</i>
<i>Total assets</i>		
Reportable segment assets	154,457	164,615
Interest in a jointly controlled entity	<u>344</u>	<u>17</u>
Consolidated total assets	<u>154,801</u>	<u>164,632</u>
	=====	=====
<i>Total liabilities</i>		
Reportable segment liabilities	42,639	54,953
Deferred tax liabilities	<u>1,929</u>	<u>2,213</u>
Consolidated total liabilities	<u>44,568</u>	<u>57,166</u>
	=====	=====

#### 4 Income tax

	<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>
	<i>\$'000</i>	<i>\$'000</i>
<b>Current tax</b>		
PRC taxation for the current period	1,024	1,871
	-----	-----
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(289)	552
	-----	-----
Total income tax expense	<u>735</u>	<u>2,423</u>
	=====	=====

(a) Pursuant to the approval document obtained from the relevant tax authorities in the PRC, the subsidiary in the PRC is entitled to a tax concession period whereby the subsidiary is fully exempted from PRC enterprise income tax for the two years starting from its first profit-making year, followed by a 50% reduction in the PRC enterprise income tax for the next three years. The standard income tax rate in the PRC is 25%.

The first profit-making year of the subsidiary was 2006 so that the subsidiary was fully exempted from PRC enterprise income tax from 1 January 2006 to 31 December 2007 and is subject to a preferential tax rate of 12.5% from 1 January 2008 to 31 December 2010.

(b) Under the Corporate Income Tax Law of the PRC, with effect from 1 January 2008 onwards, Hong Kong enterprises without an establishment or place of business in Mainland China or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in Mainland China, are subject to withholding tax at the rate of 5% on dividends received from sources in the PRC. Distribution of the pre-2008 earnings are exempted from the above-mentioned withholding tax.

#### 5 Dividend

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: \$Nil).

#### 6 Earnings per share

##### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$2,437,000 (six months ended 30 June 2008: \$9,697,000) and the weighted average of 74,209,676 ordinary shares (2008: 74,209,676 shares) in issue during the interim period.

## 6 Earnings per share (continued)

### (b) Diluted earnings per share

Diluted earnings per share for the six months ended 30 June 2009 and 2008 are not presented as the potential ordinary shares in respect of outstanding share warrants are anti-dilutive.

## 7 Property, plant and equipment

During the six months ended 30 June 2009, the Group acquired property, plant and equipment with an aggregate cost of \$2,228,000 (2008: \$20,932,000).

## 8 Inventories

During six months ended 30 June 2009, \$258,000 (2008:\$Nil) has been recognised as a reduction in the amount of inventories recognised as an expense in profit or loss, being the amount of write-down of inventories to estimated net realisable value. This write-down arose due to a decrease in the market price for solar cells and solar modules as a result of the global economic downturn.

## 9 Trade and other receivables

At 30 June 2009, trade and other receivables of \$2,401,000 (31 December 2008: \$1,816,000) were individually determined to be impaired.

The individually impaired receivables related to amounts due from customers, suppliers and an ex-shareholder which management assessed could not be recovered. Consequently, specific allowances for doubtful debts of \$2,401,000 (31 December 2008: \$1,816,000) were recognised.

## 10 Capital commitments

	<i>At</i> <i>30 June</i> <i>2009</i> \$'000	<i>At 31</i> <i>December</i> <i>2008</i> \$'000
Authorised and contracted for	291	1,675
Authorised but not contracted for	-	-
	<u>291</u>	<u>1,675</u>
	=====	=====

## 11 Contingent liabilities

### *Financial guarantee issued*

As at the balance sheet date, a subsidiary of the Company in the PRC has issued a single guarantee to a bank in respect of a banking facility granted to a related party, Jiangyin Xingyuan Accessory Household Appliances Co., Ltd. ("Xingyuan").

The directors do not consider it probable that a claim will be made against the Group under the guarantee. The maximum liability of the Group at the balance sheet date under the single guarantee issued is the outstanding amount of the facility drawn down by the related party of \$2,342,000 (2008: \$2,335,000).

## 12 Material related party transactions

During six months ended 30 June 2008 and 2009, transactions with the following parties are considered to be related parties:

<i>Name of party</i>	<i>Relationship</i>
Jiangyin Tian Bang Dian Qi Zhi Zao Co., Ltd. ("Tian Bang")	Controlled by a sister of a director of the Company
Xingyuan	Controlled by a sister of a director of the Company

**(a) Key management personnel remuneration**

Remuneration for key management personnel of the Group for the six months ended 30 June 2009 is as follows:

	Six months ended 30 June	
	2009	2008
	\$'000	\$'000
Basic salaries, allowances and benefits in kind	498	1,047
Share-based payments	<u>(20)</u>	<u>476</u>
	<u>478</u>	<u>1,523</u>
	=====	=====

**12 Material related party transactions (continued)**

**(b) Transactions with related parties**

	Six months ended 30 June	
	2009	2008
	\$'000	\$'000
<i>Trade related:</i>		
Sales of goods to Jetion Europe Limited	7,171	21,157
<i>Non-trade related:</i>		
Advances from Tian Bang	-	20,458
Repayments to Tian Bang	-	18,947
	=====	=====

The directors of the Company are of the opinion that the trading transactions were conducted on normal commercial terms and were priced with reference to prevailing market prices and in the ordinary course of business.

As disclosed in note 11, a subsidiary in the PRC of the Company has issued a single guarantee to a bank in respect of a banking facility granted to Xingyuan as at the balance sheet date. The maximum liability of the Group at the balance sheet date under the single guarantee issued is the outstanding amount of the facility drawn down by the related party of \$2,342,000 (2008: \$2,335,000).

**(c) Amounts due from related parties**

	At	At 31
	30 June	December
	2009	2008
	\$'000	\$'000
<i>Trade related:</i>		
Jetion Europe Limited	6,297	10,156
	=====	=====

Amounts due from related parties are unsecured, interest free and expected to be recovered within one year.

**12 Material related party transactions (continued)**

**(d) Amount due to a related party**

	At	At 31
	30 June	December
	2009	2008
	\$'000	\$'000
<i>Non-trade related:</i>		
Yang Jiezhen	979	979
	=====	=====

Amount due to a related party is unsecured, interest free and repayable on demand.

**13 Comparative figures**

As a result of the application of IAS 1 (revised), *Presentation of financial statements*, certain comparative figures have been adjusted to conform to the current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 2

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