



PRESS- RELEASE

Monocrystal Announces Strong Financial Results for FY 2010

Revenue of US\$153.0 million, up 204%
Gross Profit of US\$89.6 million, up 452%
Net Income of US\$54.1 million, up 1,051%

Stavropol, Russia, February 22, 2011 – Monocrystal, a leading manufacturer of electronic materials for LED and solar industries, today announced preliminaryⁱ financial results for its fiscal year ended December 31, 2010.

Consolidated revenue for full year 2010 totaled US\$153.0 million, an increase of 204% compared to the revenue of US\$50.3 million in 2009. Gross profit grew 452% up to US\$89.6 million from US\$16.2 million a year ago. Net income skyrocketed to US\$54.1 million from US\$4.7 million, an increase of 1,051%. OIBDA was US\$81.8 million, 448% higher than OIBDA of US\$14.9 million in 2009.

Strong gross, net and OIBDA margins of 58.6%, 35.3% and 53.5%, respectively, represented a significant improvement over the margins of 32.3%, 9.3% and 29.7% in 2009.

Revenue of the sapphire segment grew 250% and revenue of the solar pastes segment grew 161%, from US\$25.4 million and US\$24.5 million, respectively, in 2009 to US\$89.0 million for the sapphire and US\$63.9 million for the pastes in 2010.

On a quarterly basis, Monocrystal recorded all-time high revenues in the fourth quarter 2010. Revenue from the sapphire segment was a record \$39.3 million, an increase of 50% sequentially and up 388% over comparable Q4-2009. Revenue from the pastes segment topped \$20.0 million, up 13% over Q3-2010 and 105% over Q4-2009. Overall, quarterly revenue from operations grew up to \$59.3 million in Q4-2010, which represents sequential growth of 38% and annual growth of 241%.

Oleg Kachalov, CEO of Monocrystal commented: "We are very excited about our results that far surpassed the targets we set for 2010. Both our core markets, LED and solar, have gone through significant expansion in the last year, and we were able to leverage our core competencies in technology and production to drive the new strategy, add capacity and introduce innovative products to capitalize on these market opportunities for our growth."

"Our sound financial performance in 2010 was driven by very strong demands for our products from the LED and solar cell manufacturers. Increased ASPs and a shift in our product mix towards selling more polished and larger diameter products for LED were accompanied by improvements on cost reduction, running our sapphire production capacities at full steam and fostering close relationships with our customer base," said Andrey Komkov, CFO of Monocrystal.

Although Q1-2011 has brought certain stability in pricing of sapphire products for LED, the demand remains strong. New innovative LED technologies that are coming to the market are expected to speed up developments in the entire LED chain and in the LED lighting in particular. Considering the looming possibility of more rapid and wide adoption of LED lighting products by commercial and industrial clients, and also that there is still an untapped opportunity and strong players in the

ⁱ based on management reporting

backlighting, the LED market may embark on the quest to surf the next wave of its growth sooner than it is expected.

“In addition to accelerating developments in the LED lighting space, we observe a rapid shift at the forefront of LED manufacturing towards using larger size sapphire wafers. By providing our competence in the sapphire-for-LED technology, we at Monocrystal are very pleased to support our customers in their transition to 6- and 8-inch wafers to help them increase productivity and cut costs,” added Oleg Kachalov.

About Monocrystal

Monocrystal is a leading supplier of sapphire products for LED and metallization pastes for solar industry. The company's product portfolio includes large diameter sapphire substrates for LED and RFIC applications and screen printing pastes for silicon wafer based solar cells, including lead-free pastes. The company exports more than 95% percent of its products to more than 25 countries worldwide. For more information, visit www.monocrystal.com

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