

PHOTON ENERGY N.V. CONSOLIDATED AND ENTITY FINANCIAL REPORTS

2015 Q4

for the period from 1 October to 31 December 2015

MATERIAL	200					X
THINFILM						X
INSPECTION	100					X
TOLERANCE NORM ISO 8015:		YES				X
PRECISION ISO...						X
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CONCEPT		NORM.REF.				
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CONSOLIDATED AND ENTITY FINANCIAL REPORTS

1. Selected financial results

1.1. Selected financial results for Photon Energy Group, for the period of 1 October to 31 December 2015

in Thousands	EUR		PLN	
	2014 Q4	2015 Q4	2014 Q4	2015 Q4
Total revenues	1,490	2,684	6,318	11,513
Gross profit	1,288	1,460	5,462	6,339
EBITDA	-1,568	110	-6,519	614
EBIT	-2,239	-777	-9,353	-3,207
Profit / loss before taxation	-2,355	-1,465	-9,873	-6,119
Profit / loss from continuing operations	-2,301	-1,840	-9,649	-7,695
Total comprehensive income	5,359	-1,480	22,388	-6,174
Non-current assets	83,643	78,232	357,220	333,473
Current assets	9,897	10,923	42,265	46,559
Cash and cash equivalents	4,631	5,297	19,778	22,581
Total assets	93,541	89,155	399,485	380,032
Total equity	28,185	27,406	120,374	116,820
Current liabilities	9,250	9,146	39,505	38,988
Non-current liabilities	56,106	52,602	239,610	224,224
Operating cash flow	-701	894	-2,914	3,312
Investment cash flow	0	0	0	0
Financial cash flow	-262	-1,143	-1,122	-4,875
Net change in cash	-962	-249	-4,036	-1,563
EUR exchange rate - low	-	-	4.160	4.219
EUR exchange rate - average	-	-	4.209	4.264
EUR exchange rate - end of period	-	-	4.271	4.263
EUR exchange rate - high	-	-	4.310	4.366

Note: Exchange rates provided by the European Central Bank

Financial highlights:

- ▶ In 2015 Q4, revenues increased 80% YOY to EUR 2.684 million; FY 2015 revenues increased 14.4% to EUR 13.452 million.
- ▶ In 2015 Q4, the company managed to grow its EBITDA from a EUR 1.568 million loss in 2014 to a EUR 0.110 million profit. FY 2015 EBITDA increased 70.2% to EUR 5.951 million.
- ▶ In 2015 Q4, the company saw its EBIT loss reduced from EUR 2.239 million to EUR 0.777 million, representing a 65.3% improvement YOY. FY 2015 EBIT swung from a EUR 0.924 million loss to a positive EUR 0.753 million.
- ▶ In 2015 Q4, the Company recorded a EUR 1.465 million loss before taxation, compared to a EUR 2.355 million loss in the prior year; for the FY 2015 the company significantly reduced its loss before taxation from EUR 5.034 million in 2014 to EUR 1.787 million in 2015 (representing an outstanding EUR 3.247 million improvement YOY).
- ▶ In 2015 Q4, the company recorded a EUR 1.480 million total comprehensive loss. As a reminder, the 2014 Q4 outstanding profit of EUR 5.359 million was incurred by a revaluation of the asset base; FY 2015 total comprehensive loss reached EUR 0.784 million after a positive EUR 1.466 million for FY 2014.
- ▶ Total equity decreased from EUR 28.185 million to EUR 27.406 million at year-end 2015;
- ▶ YOY the equity ratio increased from 34% to 35%¹.

¹Equity ratio is defined as total equity divided by total capital, being the sum of interest-bearing debt capital and equity capital.

Other highlights:

- ▶ In 2015 Q4 the proprietary portfolio of PV plants generated approximately 3.2 GWh of electricity; 21.4% above energy audits, up by 21.3% compared to 2014 Q4 (+6.3% YOY Year-to-date);
- ▶ The total portfolio of Photon Energy Operations grew to 157 MWp as of the end of 2015 Q4 compared to 122 MWp a year ago;
- ▶ Photon Energy Australia commissioned two roof mounted solar power plant in Canberra with a total capacity of 348 kWp;
- ▶ In December 2015, the Group concluded a financing facility amendment with Raiffeisen Leasing s.r.o., increasing the existing credit facility on nine Czech power plants by CZK 40 million (EUR 1.480 million, PLN 6.301 million).

1.2. Standalone financial results for Photon Energy N.V., for the period of 1 October to 31 December 2015

in Thousands	EUR		PLN	
	2014 Q4	2015 Q4	2014 Q4	2015 Q4
Revenues	1,921	591	8,036	2,505
Gross profit	498	90	2,096	380
EBITDA	498	-82	2,096	-346
EBIT	498	-85	2,096	-357
Profit / loss before taxation	-3,502	-310	-14,622	-1,291
Total comprehensive income	-3,502	-311	-14,622	-1,295
Non-current assets	37,581	32,351	160,495	137,900
Current assets	9,820	8,932	41,938	38,074
Cash and cash equivalents	67	55	286	234
Total assets	47,401	41,283	202,433	175,974
Total equity	28,037	28,527	119,739	121,602
Current liabilities	11,030	4,695	47,105	20,155
Non-current liabilities	8,333	8,060	35,587	34,217
EUR exchange rate – low			4.160	4.219
EUR exchange rate – high			4.310	4.366
EUR exchange rate – average			4.209	4.264
EUR exchange rate - end of period			4.271	4.263

Notes:

Exchange rates are provided by the European Central Bank.

All data quoted in this report refer to the current reporting period i.e. from 1 October until 31 December 2015, unless specified otherwise;

All references to growth rate percentages compare the results of the reporting period to those of the prior year comparable period;

Total Comprehensive Income (TCI) is the sum of the profit after taxes plus Other Comprehensive income (OCI). According to IAS 16, Other comprehensive income includes revaluation of PPE in a proprietary portfolio to their fair values, share on OCI of associates and joint ventures and foreign currency translation differences.

EPC stands for Engineering, Procurement and Construction and refers to services related to project design, engineering, procurement and construction of solar power plants.

Throughout this report Photon Energy Group is referred to as the "Group", the "Company", the "Issuer" and/or "Photon Energy".

2. Management discussion and analysis

2.1. A note from the Management Board

For 2015 Q4 we are glad to report not only increasing revenues and gross profit, but also improved EBITDA and EBIT margins. In short, we see the strategic measures adopted in the company during the two past years beginning to pay off in 2015. The combination of more diversified sources of revenues, along with strong execution, as well as targeted actions to streamline portions of our business as a part of aligning our cost structure with our revenue profile, enabled us to deliver another quarter of improved performance.

Turning to full-year results, we have achieved our financial objectives for the year, consisting in posting a positive EBIT margin in 2015, for the first time since the company was incorporated. The direction for 2016 is clear to all within the Group: building on our operating progress to date with more efficiency and pursuing our diversification into new markets both geographically and in terms of activities.

Looking at the highlights for the quarter, we have successfully executed our growth projects in Australia, we signed new O&M contracts and the production of our proprietary portfolio was well ahead of expectations during the quarter.

Proprietary portfolio strongly outperformed production expectations

During the quarter, Photon Energy benefited from outstanding production levels, well above energy audits. The average performance of all power plants in Photon Energy's portfolio came in approximately 21.4% above expectations and 5.5% for the whole year (+6.3% YoY).

Photon Energy Australia commissioned two projects in Australia totalling 348 kWp

With the recent commissioning of two rooftop solar power plants totalling 348 kW as part of a general building reconstruction in the ACT - taking the total installed base of Photon Energy in Australia beyond the 1 MWp mark - Photon Energy has demonstrated how integrating solar power into a commercial space can transform buildings and make them ready for the future. The power plants increase the overall value of the buildings. By integrating solar power into new commercial buildings, investors can achieve the highest possible NABERS ratings, making their projects attractive to a wider range of tenants. As with the 1THD building in Sydney last year, this project was installed during a general renovation of an older property. Photon Energy is also providing the long-term Operations & Maintenance for the PV plants.

New O&M services contracts

While pushing forward with new projects in Australia, Photon Energy also remained focused on further expanding its Operations and Maintenance business in Europe. During this quarter, our subsidiary Photon Energy Operations (PEO) expanded its market share on the Czech solar O&M market by signing contracts for 4 PV power plants with a total capacity of 4.9 MWp. As a result Photon Energy now offers more than 157 MWp O&M services across Europe and in Australia. As of the end of 2015 Q4, full O&M services contracts amounted to approximately 96.3 MWp, up by 35.1 MWp from the end of 2014 Q4, and can be broken down geographically into 61.1 MWp operated in the Czech Republic, 15.9 MWp in Slovakia, 11.0 MWp in Romania, 7.7 MWp in Germany and 0.7 MWp in Australia. The O&M portfolio divides into 25.6 MWp of PV capacities from the proprietary portfolio and 70.7 MWp serviced for external clients. After the reporting period, and in connection with the sale of its shares in Photon Energy Operations DE GmbH, the German O&M contracts will be transferred to a third party in February 2016.

Refinancing of nine Czech power plants

In 2015 Q4 we have proactively managed our balance sheet to support our business operations. In December, we signed a financing facility amendment with Raiffeisen Leasing s.r.o., increasing the existing credit facility on nine Czech power plants by CZK 40 million (EUR 1.480 million, PLN 6.301 million). The maturity of the facility remains unchanged. This agreement illustrates the strong support the Group continues to receive from its partner banks.

Financial results

The operational results show real momentum and reflect the growing stability and de-risking of our business. The key highlight this quarter is an improvement in all indicators: Consolidated revenues increased 80% to 2.684 million in 2015 Q4 compared to EUR 1.490 million in the same period last year, consolidated EBITDA amounts to EUR 0.110 million, compared to a EUR 1.568 million loss last year, and the Company managed to decrease its EBIT loss by 65.3% from EUR 2.238 million to EUR 0.777 million. The Company recorded a loss before taxation of EUR 1.465 million, compared to a EUR 2.355 million loss for the same period last year, and eventually, a net loss of EUR 1.840 million, up from a loss of EUR 2.301 million in the same period last year.

Reflecting changes in the financing structure, improved operating margins across business lines, the improvement in margins experienced during the first nine months of 2015 was therefore confirmed in 2015 Q4.

2.2. Strategy and its execution

Over the past six years the Company's experience provided **several valuable lessons**:

- ▶ No more bets on government-driven support schemes for PV electricity
- ▶ PV plants are no longer merely financial assets but will be mostly built to cover on-site consumption
- ▶ Customers require sophisticated energy solutions with a PV system being ideally the main supply source
- ▶ Financing is by far the largest bottleneck for the global roll-out of PV – the solution are standardised financing solutions similar to mortgages or car leasing
- ▶ Operations & Maintenance including performance guarantees in combination with insurance solutions are the key to standardised financing
- ▶ Diversification along the value chain and by geography are crucial for risk mitigation
- ▶ Sustainable shareholder value is only created by activities generating recurring revenue streams

The goal of our strategy is to generate recurring revenue streams while maximising customer value. Photon Energy's focus is on:

- ▶ Customised Energy Solutions
- ▶ Decentralised Energy Production and Solar Storage Solutions
- ▶ Operations & Maintenance
- ▶ Asset Management
- ▶ Investment Protection

Our next steps are:

- ▶ Our current services & products are being realigned in order to best serve our business lines
- ▶ The NPV^{max} (Net Present Value) concept is being implemented into all our services & products
- ▶ The Photon Energy Operations offering will be expanded by advisory and other new services
- ▶ Photon Energy's power plant monitoring solutions will be offered as a standalone product
- ▶ The Australian market is our focus for the expansion of PV generation capacity
- ▶ Our Swiss subsidiary Global Investment Protection AG will continue offering structuring advisory services so that investors exposed to the threat of retroactive government measures against their assets qualify for Investor State Dispute Settlement (ISDS) and succeed in winning their case.

In order to reduce the dependence on government subsidies in the future, the Group's strategy mainly focuses on the expansion to markets which have already reached Grid Parity, i.e. where the cost of PV-generated electricity is competitive with grid-supplied electricity.

The Group also intends to focus on energy generation solutions providing hybrid-system and diesel-replacement solutions for energy-intensive industries. In this area Photon Energy's target industries include mining, retail, agriculture, telecommunications and others. In the case of remote off-grid locations, where usually irradiation levels are constantly high throughout the year, such energy solutions allow customers to reduce fuel consumption by over 50%. In on-grid locations, energy efficiency solutions can materially lower monthly electricity bills.

Photon Energy wants to position itself at the cutting edge of the industry, creating PV-based power solutions with the integration of energy storage and/or diesel generators. The Group has developed multiple suitable models for off-grid and on-grid systems with sufficient flexibility to adapt to a wide range of situations. In order to facilitate market penetration the Group will selectively cooperate with local partners, if necessary or value-adding.

2.3. Investment action plan and its implementation

The Company did not publish any investment action plan. As a result no plan was implemented.

2.4. Proprietary portfolio, generation results and O&M service

Proprietary portfolio

The table below presents the portfolio of power plants owned directly or indirectly by Photon Energy N.V. at the end of the reporting period i.e. as of 31 December 2015, consisted of 23 power plants in the Czech Republic, Slovakia, and Australia with a total installed capacity of 25.6 MWp.

More information on the Group structure and the restructuring processes can be found in chapter 10. Group structure.

Table 1. The proprietary portfolio of Photon Energy N.V. as of 31 December 2015

Nr	Proprietary portfolio	Country	Cap.(kWp)	Share	Cap. Pro-rata	Completed
1	Komorovice	CZ	2,354	100%	2,354	Dec.10
2	Zvíkov I	CZ	2,031	100%	2,031	Nov.10
3	Dolní Dvořiště	CZ	1,645	100%	1,645	Dec.10
4	Svatoslav	CZ	1,231	100%	1,231	Dec.10
5	Slavkov	CZ	1,159	100%	1,159	Dec.10
6	Mostkovice SPV 1	CZ	210	100%	210	Dec.10
7	Mostkovice SPV 3 ¹	CZ	926	100%	926	Dec.09
8	Zdice I	CZ	1,499	100%	1,499	Dec.10
9	Zdice II	CZ	1,499	100%	1,499	Dec.10
10	Radvanice	CZ	2,305	100%	2,305	Dec.10
11	Břeclav rooftop	CZ	137	100%	137	Dec.10
12	Babiná II	SK	999	100%	999	Dec.10
13	Babina III	SK	999	100%	999	Dec.10
14	Prša I.	SK	999	60%	599	Dec.10
15	Blatna	SK	700	70%	490	Dec.10
16	Mokra Luka 1	SK	963	100%	963	Jun.11
17	Mokra Luka 2	SK	963	100%	963	Jun.11
18	Jovice 1	SK	979	100%	979	Jun.11
19	Jovice 2	SK	979	100%	979	Jun.11
20	Brestovec	SK	850	50%	425	Jun.11
21	Polianka	SK	999	50%	500	Jun.11
22	Myjava	SK	999	50%	500	Jun.11
23	Symonston	AUS	144	100%	144	Feb.13
Total			25,569		23,535	

¹Mostkovice SPV 3 combines of two power plants: Mostkovice SPV 3 (795 kWp) and Mostkovice SPV3R (131 kWp)

There were no changes to the proprietary portfolio of Photon Energy N.V. in the reporting period.

Generation results

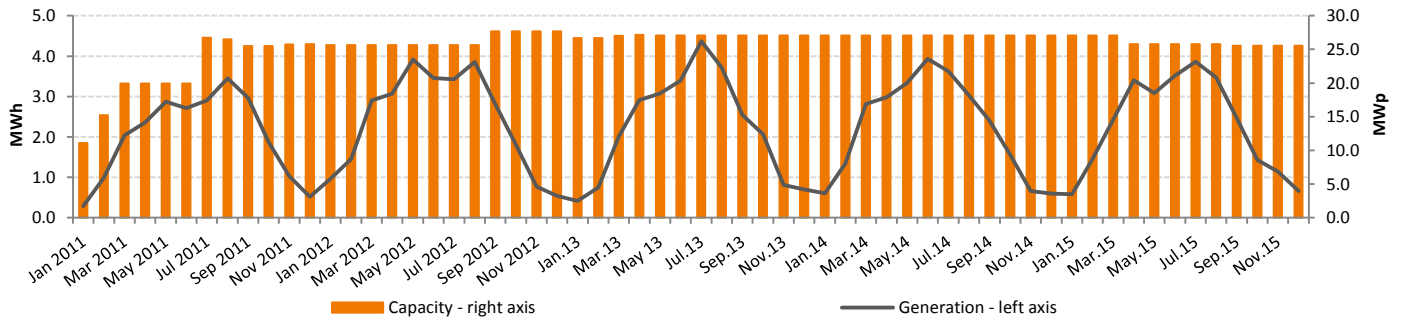
The accumulated average generation of the power plants in the portfolio connected and feeding electricity to the grid in 2015 Q4 amounted to 3.2 GWh, which was 21.4% above the energy forecasts and up by 21.3% YoY. Detailed generation results for each power plant are being published on a monthly basis in our monthly reports.

Table 2. Generation results versus projections between 1 October and 31 December 2015

Project name Unit	Capacity Feed-in-Tariff		Prod. 2015 Q4	Proj. 2015 Q4	Perf.	YoY	YTD Prod.	YTD Proj.	Perf.	YTD n-1	YoY
	kWp	per MWh	kWh	kWh	%	%	kWh	kWh	%	kWh	%
Komorovice	2,354	CZK 13,424	301,736	211,546	42.6%	53.8%	2,460,450	2,311,760	6.4%	2,286,996	7.6%
Zvíkov I	2,031	CZK 13,424	290,591	185,347	56.8%	41.1%	2,135,646	2,026,147	5.4%	2,041,608	4.6%
Dolní Dvořiště	1,645	CZK 13,424	239,922	154,247	55.5%	17.8%	1,677,199	1,685,587	-0.5%	1,635,111	2.6%
Svatoslav	1,231	CZK 13,424	133,975	114,560	16.9%	75.3%	1,166,660	1,251,885	-6.8%	1,071,271	8.9%
Slavkov	1,159	CZK 13,424	140,663	109,093	28.9%	8.0%	1,292,468	1,192,146	8.4%	1,234,822	4.7%
Mostkovice SPV 1	210	CZK 13,424	23,159	25,560	-9.4%	28.2%	218,789	193,431	13.1%	205,157	6.6%
Mostkovice SPV 3*	926	CZK 14,422	93,266	87,155	7.0%	26.6%	963,248	899,412	7.1%	906,411	6.3%
Zdice I	1,499	CZK 13,424	214,642	135,987	57.8%	49.6%	1,713,782	1,474,338	16.2%	1,560,827	9.8%
Zdice II	1,499	CZK 13,424	215,131	135,987	58.2%	52.8%	1,683,630	1,474,338	14.2%	1,544,068	9.0%
Radvanice	2,305	CZK 13,424	268,375	209,396	28.2%	9.3%	2,483,719	2,288,241	8.5%	2,366,663	4.9%
Břeclav rooftop	137	CZK 13,424	17,589	18,012	-2.3%	-2.9%	157,806	133,763	18.0%	149,127	5.8%
Total Czech PP	14,996		1,939,049	1,386,890	39.8%	33.5%	15,953,397	14,931,048	6.8%	15,002,061	6.3%
Babiná II	999	EUR 425.12	100,908	120,686	-16.4%	3.5%	956,811	987,468	-3.1%	885,843	8.0%
Babina III	999	EUR 425.12	102,477	120,686	-15.1%	5.2%	954,306	987,468	-3.4%	884,301	7.9%
Prša I.	999	EUR 425.12	107,850	111,292	-3.1%	-0.5%	1,069,644	982,278	8.9%	1,004,574	6.5%
Blatna	700	EUR 425.12	72,033	84,670	-14.9%	-5.0%	717,768	722,425	-0.6%	697,842	2.9%
Mokra Luka 1	963	EUR 382.61	154,418	139,486	10.7%	11.8%	1,173,550	1,029,187	14.0%	1,062,557	10.4%
Mokra Luka 2	963	EUR 382.61	160,206	139,486	14.9%	13.8%	1,186,672	1,029,187	15.3%	1,073,384	10.6%
Jovice 1	979	EUR 382.61	92,236	86,685	6.4%	12.7%	866,956	948,434	-8.6%	845,223	2.6%
Jovice 2	979	EUR 382.61	87,846	86,685	1.3%	12.7%	834,090	948,434	-12.1%	818,900	1.9%
Brestovec	850	EUR 382.61	120,276	109,366	10.0%	18.9%	1,011,942	863,684	17.2%	946,437	6.9%
Polianka	999	EUR 382.61	105,180	88,455	18.9%	4.5%	983,955	970,793	1.4%	941,718	4.5%
Myjava	999	EUR 382.61	125,718	123,295	2.0%	1.3%	1,115,850	1,030,008	8.3%	1,066,830	4.6%
Total Slovak PP	10,429		1,229,148	1,210,791	1.5%	7.5%	10,871,544	10,499,365	3.5%	10,227,610	6.3%
Symonston	144	AUD 301.60	66,100	66,452	-0.5%	-4.6%	189,810	186,900	1.6%	191,700	-1.0%
Total Australian PP	144		66,100	66,452	-0.5%	0.0%	189,810	186,900	1.6%	191,700	-1.0%
Total	25,569		3,234,297	2,664,133	21.4%	21.3%	27,014,751	25,617,313	5.5%	25,421,371	6.3%

*Total result for Mostkovice SPV 3 and Mostkovice SPV 3R, as the same company "SPV3" owns both SPVs.

Chart 1. Generation results and capacity growth between Jan 2011 and December 2015



O&M services

Photon Energy also remained focused on further expanding its Operations and Maintenance business in Europe. During this quarter, our subsidiary Photon Energy Operations (PEO) expanded its market share on the Czech solar O&M market by signing contracts for 4 PV power plants with a total capacity of 4.9 MWp. As a result Photon Energy now offers more than 157 MWp O&M services across Europe and in Australia. As of the end of 2015 Q4, full O&M services contracts amounted to approximately 96.3 MWp, up by 35.1 MWp from the end of 2014 Q4, and can be broken down geographically into 61.1 MWp operated in the Czech Republic, 15.9 MWp in Slovakia, 11.0 MWp in Romania, 7.7 MWp in Germany and 0.7 MWp in Australia. The O&M portfolio divides into 25.6 MWp of PV capacities from the proprietary portfolio and 70.7 MWp serviced for external clients. After the reporting period, and in connection with the sale of its shares in Photon Energy Operations DE GmbH, the German O&M contracts will be transferred to a third party in February 2016.

As far as the “Inverter Cardio” services are concerned, the Group is servicing 61.25 MWp of central inverters. In some countries like France or Germany the Group is holding a leading market position while in Belgium in particular, the Group is servicing all of the Satcon inverters ever installed.

In detail, at the end of 2015 Q4, the total cumulative capacity of central inverters amounted to 61.25 MWp, dividing regionally into France (21.3 MWp), Italy (15.0 MWp), Belgium (9.2 MWp), Czech Republic (7.5MWp), Slovakia (5.5 MWp), Germany (1.75 MWp) and Bulgaria (1.0MWp).

2.5. Enterprise value & Share price performance

On 4 June 2013 Photon Energy N.V. shares commenced trading on the NewConnect market at a price of PLN 2.00, after a share swap for the minority investors in the Czech predecessor company, originally listed on New Connect in 2008.

The quarter closed at a price of PLN 0.78 on 31 December 2015 (+10% QoQ & +30% vs. 31 December 2014), corresponding to a price to book ratio of 0.32x.

The Company also reports average monthly trading volume of 564,416 shares in 2015 Q4. The Company has experienced an average monthly volume of 636,488 shares in 2015 compared to a monthly volume of 98,018 traded shares in 2014.

In 2015, 7,637,856 shares were traded, i.e. 5.5 times more than the 1,176,210 shares traded in 2014.

Chart 2. Total monthly volumes vs. daily closing stock prices

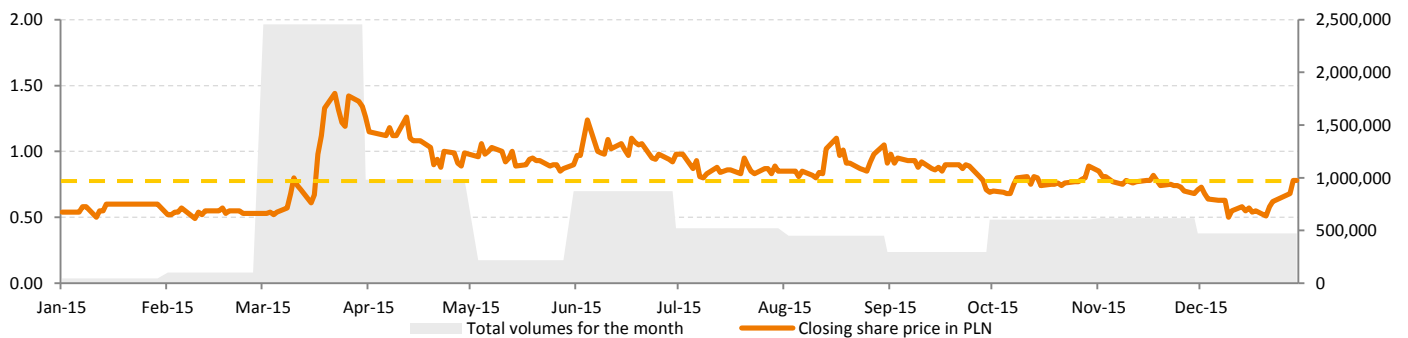


Chart 3. Enterprise value vs. trailing 12 months (TTM) EBITDA

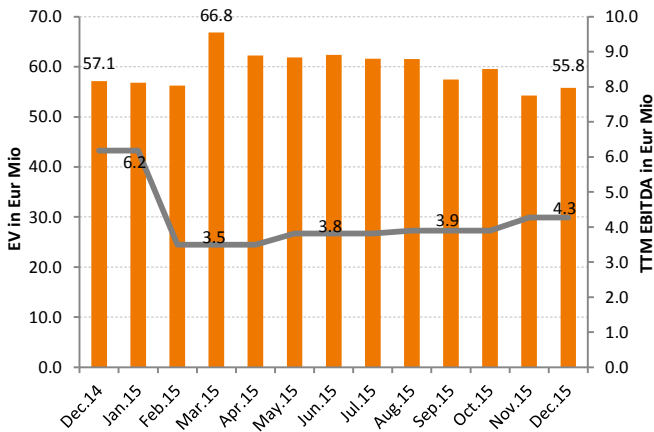
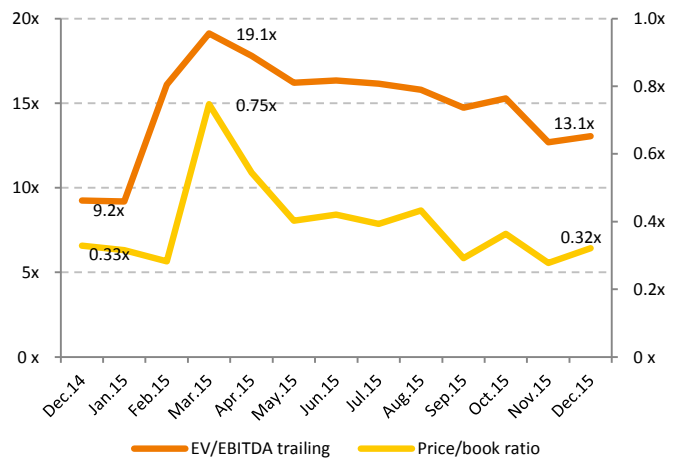


Chart 4. Enterprise value / trailing 12 months EBITDA & price to book ratio



Notes:

EV – Enterprise value is calculated as the market capitalisation as of the end of the reporting month, plus debt, plus minority interest, minus cash. All the balance sheet data are taken from the last quarterly report.

Price/book ratio – is calculated by dividing the closing price of the stock as of the end of the reporting period by the book value per share reported in the latest quarterly report.

Trailing 12 months EBITDA – defined as the sum of EBITDA reported in the last four quarterly reports; e.g. in 2015 Q4, the sum of EBITDA reported in 2014 Q4, 2015 Q1, Q2 and Q3.

2.6. Bond trading performance

In March 2013 Photon Energy Investments N.V., at that time a fully-owned subsidiary of Photon Energy N.V., placed a 5-year corporate bond with an 8% annual coupon and quarterly coupon payments in Germany, Austria, the Czech Republic, Slovakia and Poland. Upon completion of the merger of Photon Energy N.V. and Photon Energy Investments N.V., Photon Energy N.V. became the legal successor and assumed all obligations towards the bondholders of Photon Energy Investments N.V. The bond is listed on the stock exchanges in Frankfurt, Berlin, Hamburg, Hannover and Vienna. Since listing the bond has been trading between 95% and 100.75%.

Chart 5. The Company’s bond trading on the Frankfurt Stock Exchange in Germany between 1 January 2015 and 31 December 2015, on a daily basis

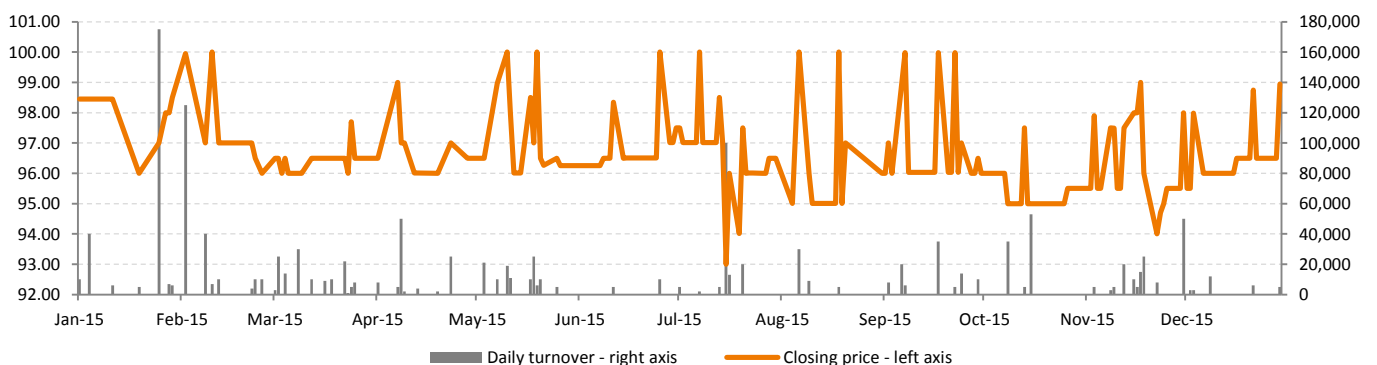


Chart 6. Cumulative turnover and average turnover

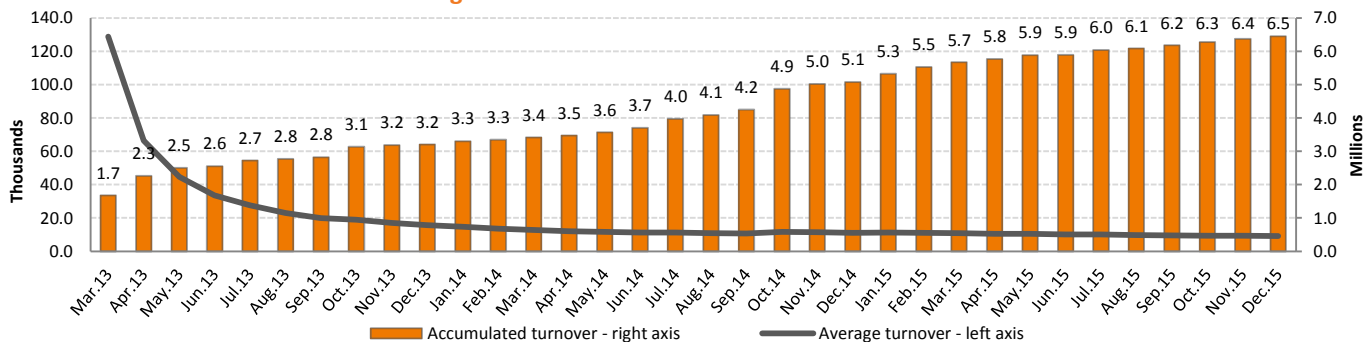
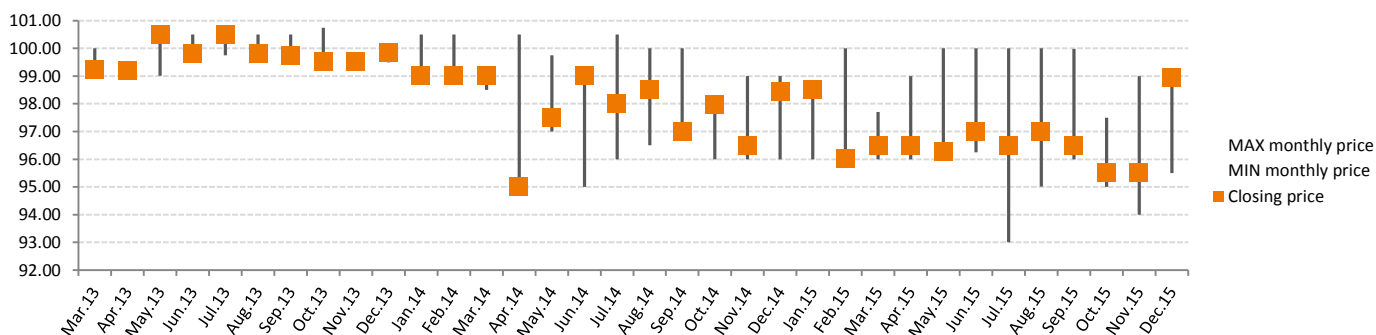


Chart 7. MIN, MAX and closing monthly prices



In the trading period from 12 March 2013 until 31 December 2015 the trading volume amounted to EUR 6.450 Mio (nominal value) with an opening price of 100.00 and a closing price of 98.95. During this period the average daily turnover amounted to EUR 9,097.

Bond trading performance in 2015 Q4

In 2015 Q4 the trading volume amounted to EUR 268,000 (287,000 in 2015 Q3) with an opening price of 96.50 and a closing price of 98.95. The average daily turnover amounted to EUR 4,254 (EUR 4,348 in 2015 Q3).

2.7. Financial statement analysis

Profit and Loss statement

In 2015 Q4, consolidated revenues increased 80.1% YOY from EUR 1.490 million to EUR 2.684 million. This increase in revenues is primarily connected with the finalisation of our projects based in Australia and to the sale of technology. Thanks to the above and also to beneficial cost saving initiatives, the consolidated EBITDA increased by 107 % from a EUR 1.568 million loss in 2014 Q4 to a EUR 0.110 million profit in the reporting period. The EBIT loss decreased by 65.29% from EUR 2.239 million to EUR 0.777 million. The lower loss in operating activities can be attributed to the higher revenues, lower administrative costs compensated by higher depreciation.

The Company recorded a loss before taxation of EUR 1.465 million, compared to a loss of EUR 2.355 million loss for the same period last year.

Total comprehensive income amounted to a loss of EUR 1.480 million in 2015 Q4 (vs. a profit of EUR 5.359 million a year ago caused by the revaluation of fixed assets).

Chart 8. Revenues, gross profit and gross margin

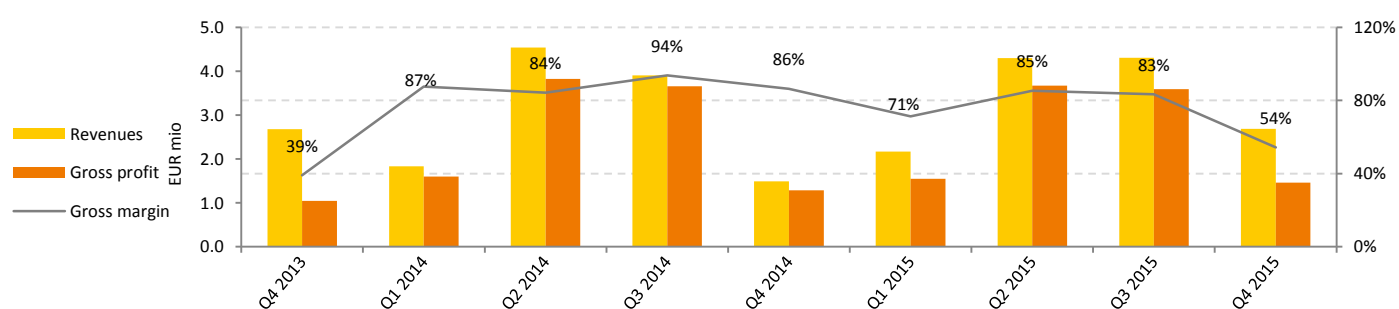
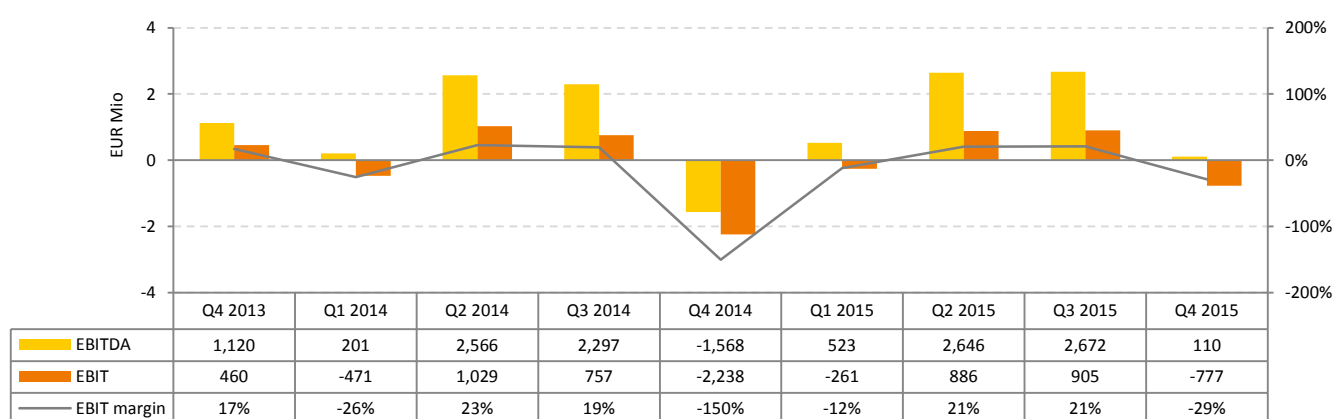


Chart 9. EBITDA, EBIT and EBIT margin development



Balance Sheet

Total assets amounted to EUR 89.155 million at the end of 2015 Q4, a decrease by EUR 4.386 million compared to 2014 Q4. The main reason for the decrease in assets is the annual depreciation of more than EUR 5 million and sale of the Italian and German plants.

Current assets increased from EUR 9.897 million as of 31 December 2014 to EUR 10.923 million as of 31 December 2015 mainly due to higher trade and other receivables, inventories and higher cash.

Total liabilities amounted to EUR 61.749 million as of the end of the reporting period compared to EUR 65.357 million as of the end of 2014 Q4. Short term liabilities decreased by EUR 0.104 million (down from EUR 9.250 million in 2014 Q4 to EUR 9.146 million in 2015 Q4) mainly due to a lower trade and other payables compensated by higher tax payables. Trade and other payables have decreased from EUR 5.119 million in 2014 Q4 to EUR 4.561 million in 2015 Q4. Tax payables amounted to EUR 0.747 million comparing to zero last year. Long term liabilities decreased by EUR 3.504 million from EUR 56.106 million in 2014 Q4 to EUR 52.602 million in 2015 Q4. The main drivers of the decrease in long term liabilities was the ongoing repayment of project-level bank loans and lower outstanding balances of other loans.

Chart 10. Net current assets

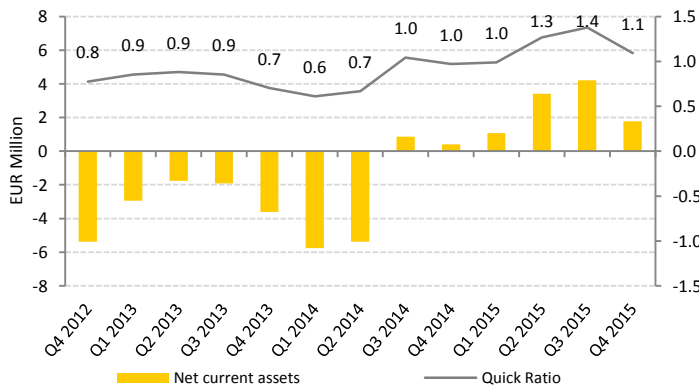
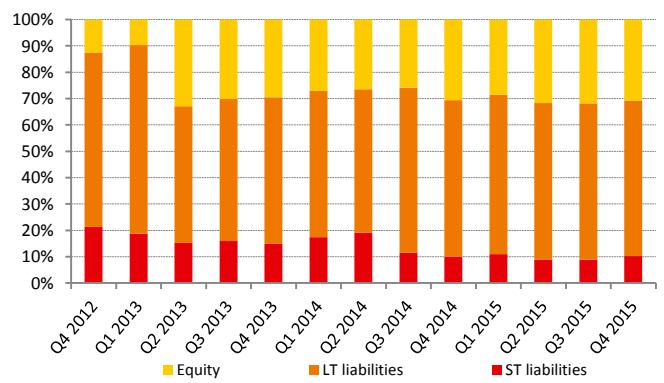


Chart 11. Break down of liabilities and equity



Changes in equity

Equity decreased to EUR 27.406 million in 2015 Q4 compared to EUR 28.185 million in 2014 Q4 mainly due to the total comprehensive loss for the period.

Cash Flow

The Group posted positive operating cash flows in 2015 Q4, which amounted to EUR 0.894 million. Financial cash flows were negative and amounted to EUR 1.143 million driven primarily by the repayment of borrowings and by the payment of the Photon Energy bond coupon. Overall, the cash position decreased by EUR 0.249 million over the quarter and ended at EUR 5.297 million at the end of the reporting period.

Chart 12. Operating, investment and financing cash flow

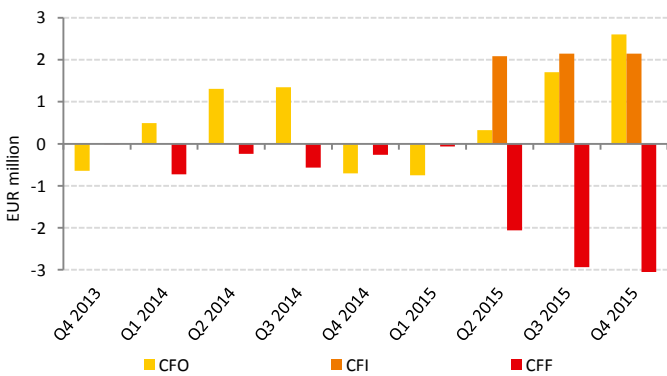
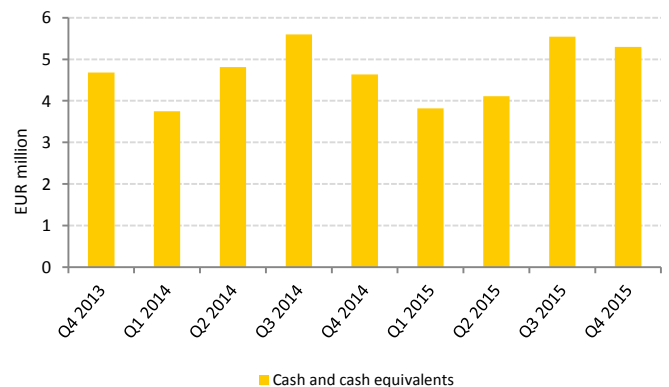


Chart 13. Cash position at the end of the period



2.8. Financial forecasts

The Company does not publish financial forecasts.

3. General information about the Issuer

The below table presents general information about Photon Energy N.V., hereinafter referred to as the “PENV”, “Issuer”, “the Group” and/or the “Company”.

Company name:	Photon Energy N.V.
Registered office:	Barbara Strozzilaan 201, 1083 HN, Amsterdam, the Netherlands
Registration:	Dutch Chamber of Commerce (<i>Kamer van Koophandel</i>)
Company number:	51447126
Tax-ID:	NL850020827B01
Ticker:	PEN
Web:	www.photonenergy.com

4. Share capital of the Issuer

The Company’s share capital is EUR 600,000 divided into 60,000,000 shares with a nominal value of EUR 0.01 each. The share capital is fully paid-up.

Share capital as of 31 December 2015

Series/ issue	Type of shares	Type of preference	Limitation of right to shares	Number of shares	Nominal value of series/issue (EUR)	Capital covered with
A	bearer	-	-	<u>60,000,000</u>	<u>600,000</u>	cash
Total number of shares				60,000,000		
Total share capital					600,000	
Nominal value per share = EUR 0.01						

In the reporting period there were no changes to the share capital.

5. Shareholder structure

As of the date of this report, to the knowledge of the Board of Directors of Photon Energy N.V., the shareholder structure is as follows:

Shareholdership as of 12.02.2016	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Age Investments B.V.	28,263,974	47.11%	28,263,974	55.66%
Solar Future Cooperatief U.A.	8,590,683	14.32%	8,590,683	16.92%
Solar Power to the People Cooperatief U.A.	8,051,919	13.42%	8,051,919	15.86%
Photon Energy N.V.	9,216,293	15.36%	0	0.00%
Free float	5,877,131	9.80%	5,877,131	11.57%
Total	60,000,000	100.00%	50,783,707	100.00%

In the reporting period, there were no changes to the shareholder structure.

6. Statutory bodies of the Issuer

Board of Directors as of 31 December 2015

The Board of Directors is responsible for the day-to-day operations of the Company. The Issuer's Board of Directors has the following members:

Name	Position	Date of birth	Term of office expiry date
Georg Hotar	Director (<i>Bestuurder</i>)	21.04.1975	No term of expiry
Michael Gartner	Director (<i>Bestuurder</i>)	29.06.1968	No term of expiry

Supervisory Board

Under Dutch law, a public company is required to establish a supervisory board if:

- ▶ The issued share capital of the company together with the reserves pursuant to the balance of sheet amounts to at least EUR 16 million,
- ▶ The company or a dependent company has established a work council pursuant to a statutory obligation and,
- ▶ The company together with its dependent companies employs at least one hundred employees in the Netherlands.

The company will only be under the obligation to establish a supervisory board if it meets such criteria on the balance sheet dates in three subsequent financial years. The Issuer does not meet the above described criteria and therefore is not required to create a supervisory board.

No Supervisory Board was established, however, the Issuer has the intention to appoint an independent Supervisory Board in the future.






7. Description of the Issuer's business

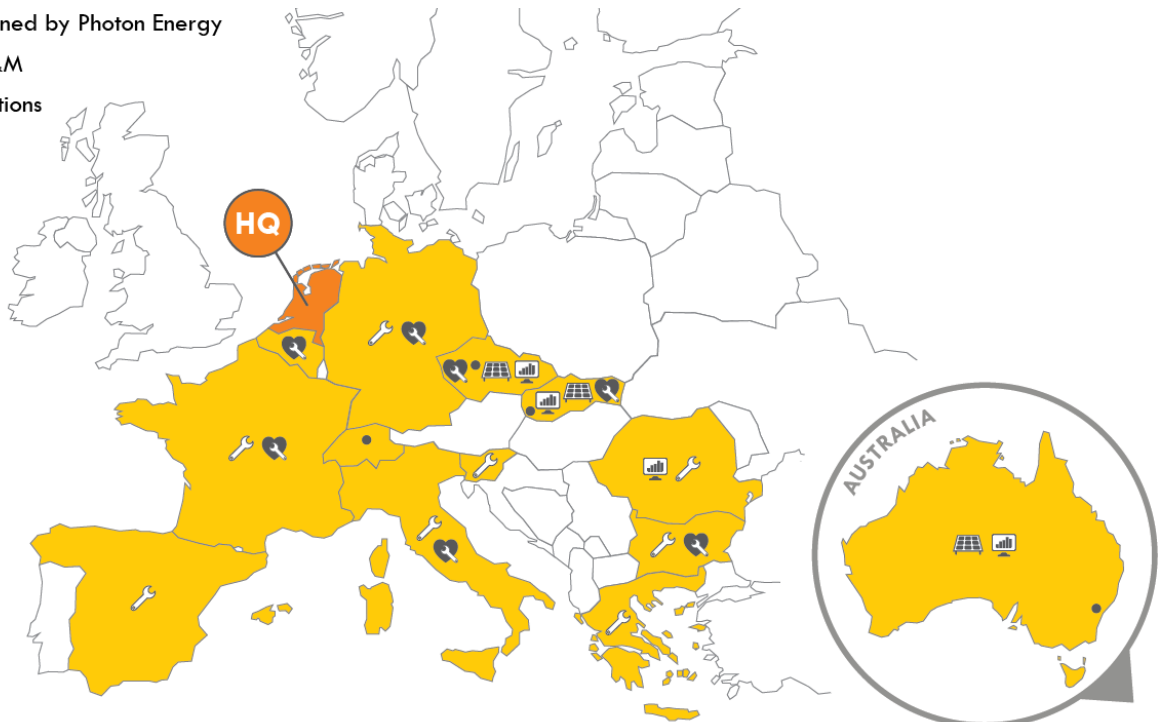
The company Photon Energy N.V. ("Photon Energy", "PENV", "Issuer" or "Company") is the holding company of the Photon Energy Group and was incorporated under the laws of the Netherlands on 9 December 2010. The Photon Energy Group ("Group" or "PE Group") offers comprehensive solutions and maintenance services for photovoltaic systems that cover their entire lifecycle globally.

The Group is vertically integrated in the downstream segment of the photovoltaic industry. The company focuses on life-cycle services and delivers:

- ▶ **Solar Solutions:** Project development, EPC services , Financing models
- ▶ **Solar Storage Solutions:** Battery Backup Systems for off-grid solutions
- ▶ **Solar O&M:** High-end Operations & Maintenance Solutions
- ▶ **Solar Technology:** High-quality components
- ▶ **Solar Investment:** Investor in solar assets and producer of electricity
- ▶ **Investment Protection:** Services for investors to safeguard from retroactive measures

Country-specific references

-  Power plants owned by Photon Energy
-  Power plants O&M
-  Service interventions
-  Inverter Cardio
-  Offices



Currently the Photon Energy Group is active with 59 professionals in 5 countries across 2 continents (headquartered in Amsterdam). With a track record of 50 MWp of grid-connected PV plants across 5 countries and some 157 MWp of PV power plants under O&M management across two continents.

8. Implementation of innovative activities in the Company

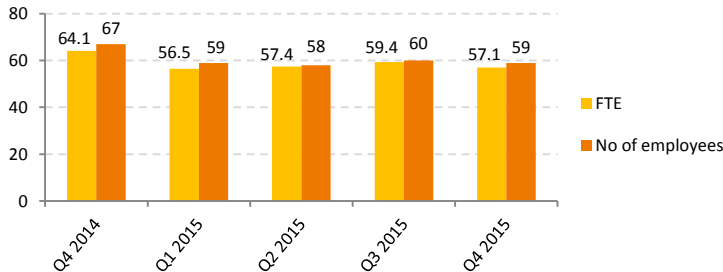
Using monitoring data to predict failures

Photon Energy has joined up with monitoring hardware manufacturer Domat and the Czech Technical University (CVUT) to develop an analytic software, which will be used to analyse historic production data of PV power plant components. Once implemented successfully the software will help predict and prevent downtime and optimise power plant production.

9. Employees

As of the end of 2015 Q4 the Photon Energy Group had 59 employees (compared to 60 employees in 2015 Q3) which translates into 57.1 FTE¹ (compared to 59.4 FTE in 2015 Q3).

Chart 9. Total number of employees and full time equivalent employees per quarter



¹ **Full-time equivalent (FTE)** is a unit that indicates the workload of an person in a way that makes workloads comparable across various contexts. An FTE of 1.0 means that the person is equivalent to a full-time worker, while an FTE of 0.5 signals that the worker is only half-time.

Employee Share Purchase Programme

The management of the Company recognises the significant contribution of the team members to the future development of the Group. Therefore, it deploys an Employee Share Purchase Programme as a part of its motivation system. Under the terms of the programme, the Group periodically purchases shares for employees equal to 10% of their gross compensation. The disposition rights to these shares are limited and employees can dispose of these shares only under specific conditions.

10. Group structure

The following table presents the Group's structure (subsidiaries and joint-ventures) and the holding company's stake in the entities comprising the Group as of 31 December 2015.

	Name	% of share capital held by the holding company	% of votes held by the holding company	Country of registration	Consolid. method	Legal Owner
1	Photon Energy N.V.	Holding Company		NL	Full Cons.	
2	Photon Directors B.V.	100%	100%	NL	Full Cons.	Photon Energy
3	European Solar Holdings B.V.	100%	100%	NL	Full Cons.	Photon Energy
4	Photon Energy Engineering B.V.	100%	100%	NL	Full Cons.	Photon Energy
5	Photon Energy Operations N.V.	100%	100%	NL	Full Cons.	Photon Energy
6	Photon Energy Investments CZ N.V.	100%	100%	NL	Full Cons.	Photon Energy
7	Photon Energy Investments DE N.V.	100%	100%	NL	Full Cons.	Photon Energy
8	Photon Energy Australia Pty Ltd.	100%	100%	AUS	Full Cons.	Photon Energy
9	Photon Energy Generation Australia Pty. Ltd.	100%	100%	AUS	Full Cons.	Photon Energy
10	Photon Energy AUS SPV 1 Pty. Ltd.	100%	100%	AUS	Full Cons.	Photon Energy
11	Photon Energy AUS SPV 2 Pty. Ltd.	100%	100%	AUS	Full Cons.	Photon Energy
12	Photon Energy Operations Australia Pty.Ltd.	100%	100%	AUS	Full Cons.	PEO NV
13	Photon Energy Engineering Australia Pty Ltd	100%	100%	AUS	Full Cons.	PEE BV
14	Global Investment Protection AG	100%	100%	CH	Full Cons.	Photon Energy
15	Photon Energy Corporate Services CZ s.r.o.	100%	100%	CZ	Full Cons.	Photon Energy
16	Photon SPV 1 s.r.o.	100%	100%	CZ	Full Cons.	Photon Energy
17	Photon Energy Operations CZ s.r.o.	100%	100%	CZ	Full Cons.	PEO NV
18	Photon Energy Control s.r.o.	100%	100%	CZ	Full Cons.	PEO CZ
19	Photon Energy Technology CEE s.r.o.	100%	100%	CZ	Full Cons.	PEE BV
20	Photon Energy Finance Europe GmbH	100%	100%	DE	Full Cons.	Photon Energy
21	Photon Energy Corporate Services DE GmbH	100%	100%	DE	Full Cons.	Photon Energy
22	IPVIC GbR	15%	15%	DE	Not Cons	Photon Energy
23	Photon Energy Operations DE GmbH	100%	100%	DE	Full Cons.	PEO NV
24	Photon Energy Engineering Europe GmbH	100%	100%	DE	Full Cons.	PEE BV
25	EcoPlan 2 s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
26	EcoPlan 3 s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
27	Fotonika, s.r.o.	60%	50%	SK	Equity	Photon Energy
28	Photon SK SPV 1 s.r.o.	50%	50%	SK	Equity	Photon Energy
29	Photon SK SPV 2 s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
30	Photon SK SPV 3 s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
31	Solarpark Myjava s.r.o.	50%	50%	SK	Equity	Photon Energy
32	Solarpark Polianka s.r.o.	50%	50%	SK	Equity	Photon Energy
33	SUN4ENERGY ZVB, s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
34	SUN4ENERGY ZVC, s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
35	ATS Energy, s.r.o.	70%	70%	SK	Full Cons.	Photon Energy
36	Photon Energy Operations SK s.r.o.	100%	100%	SK	Full Cons.	PEO NV

Notes:

Country of registration

NL – the Netherlands

SK – Slovakia

CZ – the Czech Republic

AUS – Australia

Consolidation method:

Full Cons. – Full Consolidation

Not Cons. – Not Consolidated

Equity – Equity Method

Photon Energy Operations CZ s.r.o. has established a branch office in Romania.

In addition to the above subsidiaries, for the purposes of **IFRS reporting**, the Company consolidates the following entities:

	Name	% of Consolidated share	% of Ownership share	Country of registration	Consolidation method	Legal Owner
1	Photon SPV 3 s.r.o.	100%	0%	CZ	Full Cons.	RL
2	Photon SPV 8 s.r.o.	100%	0%	CZ	Full Cons.	RL
3	Exit 90 SPV s.r.o.	100%	0%	CZ	Full Cons.	RL
4	Photon SPV 4 s.r.o.	100%	0%	CZ	Full Cons.	RL
5	Photon SPV 6 s.r.o.	100%	0%	CZ	Full Cons.	RL
6	Onyx Energy s.r.o.	100%	0%	CZ	Full Cons.	RL
7	Onyx Energy projekt II s.r.o.	100%	0%	CZ	Full Cons.	RL
8	Photon SPV 10 s.r.o.	100%	0%	CZ	Full Cons.	RL
9	Photon SPV 11 s.r.o.	100%	0%	CZ	Full Cons.	RL

Notes:

RL - Raiffeisen - Leasing, s.r.o.

In the reporting period, there were the following changes to the Group structure:

Photon Energy Technology B.V. was dissolved on 1 December 2015.

After the reporting period the following events occurred:

Photon Energy Operations DE GmbH was sold on 7 January 2016.

11. Report on the key events material for the Group's operations

11.1. Summary of the key events from 1 October until 31 December 2015

Below is a summary of the key events which were important for the Issuer's business from 1 October until 31 December 2015 and which were reported in the EBI system:

- ▶ **EBI 29/2015** published on 9 October 2015: Q & A Chat to be held in collaboration with Polish retail investors association SII on Wednesday, the 18th of November 2015 at 11:00am.
- ▶ **EBI 30/2015** published on 13 October 2015: Monthly report for September 2015.
- ▶ **EBI 31/2015** published on 13 November 2015: Monthly report for October 2015.
- ▶ **EBI 32/2015** published on 16 November 2015: Quarterly report for 2015 Q3.
- ▶ **EBI 33/2015** published on 14 December 2015: Monthly report for October 2015.
- ▶ **EBI 34/2015** published on 17 December 2015: Publication dates of periodic reports in 2016.
- ▶ **EBI 35/2015** published on 22 December 2015: Photon Energy signs O&M contracts for 4.9 MWp in the Czech Republic.
- ▶ **EBI 36/2015** published on 30 December 2015: Amendments to financing facility agreements.

11.2. Summary of the key events after 31 December 2015

Below is a summary of the key events which were important for the Issuer's business after 31 December 2015 until the date of this report:

- ▶ **EBI 01/2016** published on 7 January 2016: Photon Energy sells its shares in Photon Energy Operations DE GmbH.
- ▶ **EBI 02/2016** published on 13 January 2016: Monthly report for December 2015.

12. Detailed consolidated financial results for 2015 Q4

The tables below present the **consolidated** and **un-audited** financial statements of Photon Energy N.V. for the period starting on 1 September 2015 and ending on 31 December 2015 and the corresponding period of the previous year. The reported data is presented in accordance with **International Financial and Reporting Standards (IFRS)**.

Statement of Comprehensive Income

in Thousands	EUR		PLN	
	2014 Q4	2015 Q4	2014 Q4	2015 Q4
Total revenues	1,490	2,684	6,318	11,513
Out of that: Revenues from electricity generation	1,026	1,211	4,367	5,316
Out of that: Other revenues	464	1,473	1,952	6,197
Cost of sales	-136	-1,139	-575	-4,798
Solar levy CZ	-66	-86	-281	-375
Gross profit	1,288	1,460	5,462	6,339
Salaries and compensation - administration expenses	-808	-570	-3,397	-2,436
Other administrative expenses	-1,013	-683	-4,254	-2,888
Other income	6	0	24	5
Other expenses	-1,041	-96	-4,354	-405
EBITDA	-1,568	110	-6,519	614
Depreciation	-671	-886	-2,839	-3,821
EBIT	-2,238	-777	-9,353	-3,207
Interest income	-22	17	-94	73
Interest cost	-337	-780	-1,430	-17,088
Financial income	14	4	61	13,799
Financial expense	43	-109	178	-455
Revaluation of derivatives	-866	209	-3,635	875
Net finance expenses	-1,168	-659	-4,920	-2,796
Disposal of investment	1,081	0	4,522	0
Share of profit from associates / J-Vs	-29	-29	-122	-116
Profit / loss before taxation	-2,355	-1,465	-9,873	-6,119
Income tax – current	-18	-510	-74	-2,132
Income tax – deferred	72	134	298	558
Profit/loss from continuing operations	-2,301	-1,840	-9,649	-7,695
Other comprehensive income for the period	7,661	360	32,036	1,521
Total comprehensive income for the period	5,359	-1,480	22,388	-6,174
Profit/loss from continuing operations	-2,301	-1,840	-9,649	-7,695
Attributable to the equity holders	-2,297	-1,836	-9,631	-7,676
Attributable to minority interest	-4	-4	-18	-18
Total comprehensive income for the period	5,359	-1,480	22,388	-6,174
Attributable to the equity holders	5,359	-1,476	22,388	-6,156
Attributable to minority interest	0	-4	0	-18
Average no. of shares outstanding in thousand	50,552	50,761	50,116	50,761
Earnings per share outstanding	-0.046	-0.036	-0.191	-0.152
Comprehensive income per share outstanding	0.106	-0.029	0.443	-0.122
EUR exchange rate – low	-	-	4.160	4.219
EUR exchange rate – average	-	-	4.209	4.264
EUR exchange rate – high	-	-	4.310	4.366

Note: Exchange rate provided by the European Central Bank

Statement of Financial Position

in Thousands	EUR		PLN	
	31.12.2014	31.12.2015	31.12.2014	31.12.2015
PPE – Lands	2,853	2,859	12,184	12,187
PPE – Photovoltaic power plants	77,987	73,027	333,054	311,288
PPE – Other equipment	706	140	3,014	597
PPE – Assets in progress	4	9	15	40
Intangible assets	0	0	0	0
Investments in associates	2,086	2,195	8,910	9,358
Other investments	10	1	42	3
Goodwill	0	0	0	0
Deferred tax assets	0	0	0	0
Assets held for sale	0	0	0	0
Long term loans and other receivables	0	0	0	0
Other assets	0	0	0	0
Non-current assets	83,643	78,232	357,220	333,473
Cash and cash equivalents	4,631	5,297	19,778	22,581
Trade and other receivables	3,502	3,974	14,957	16,938
Gross amount due from customers for contract work	262	0	1,119	0
Inventories – Goods	683	924	2,917	3,940
Assets held for sale	0	39	0	168
Prepaid expenses	818	688	3,495	2,932
Current assets	9,897	10,923	42,265	46,559
Total assets	93,541	89,155	399,485	380,032
Issued share capital	600	600	2,492	2,492
Share premium	23,760	23,760	98,685	98,685
Legal Reserve fund	10	10	43	44
Retained earnings	-16,641	-19,225	-68,208	-79,291
Fund for currency conversions	-1,778	-937	-7,593	-3,994
Other comprehensive income from previous periods	20,622	23,831	88,068	101,581
Other comprehensive income	6,500	1,003	27,759	4,275
Profit/loss-current year	-5,034	-1,787	-21,498	-7,618
Equity in associates, joint ventures	0	0	0	0
Equity attributable to equity holders	28,038	27,255	119,747	116,175
Minority interests	147	151	626	645
Total equity	28,185	27,406	120,374	116,820
Non-current liabilities	56,106	52,602	239,610	224,224
Bank loan	41,889	38,499	178,892	164,105
Other long-term liabilities	7,979	8,154	34,075	34,755
Other loans	1,178	538	5,031	2,295
Deferred tax liabilities	5,061	5,412	21,613	23,068
Current liabilities	9,250	9,146	39,505	38,988
Trade and other payables	5,119	4,561	21,862	19,441
Bank loan	3,385	3,569	14,455	15,215
Other Loans	649	269	2,773	1,148
Other short-term liabilities	97	0	416	0
Tax liabilities (CIT)	0	747	0	3,184
Total Liabilities	65,357	61,749	279,115	263,212
TOTAL Equity & Liabilities	93,542	89,155	399,489	380,032
No. of shares outstanding in thousand	50,565	50,755	50,565	50,755
Book value per share outstanding	0.557	0.540	2.381	2.302

Cash Flow Statement

in Thousands	EUR		PLN	
	2014 Q4	2015 Q4	2014 Q4	2015 Q4
Profit for the period	-2,267	-1,465	-9,508	-6,121
Adjustments for:				
Depreciation	671	886	2,839	3,821
Net finance costs	1,169	660	4,920	2,796
Share of profit of equity accounted investees	29	28	122	116
Profit /Loss on sale of property, plant and equipment	0	0	0	0
Receivables write-off	-54	0	-225	0
Income tax expense	0	375	0	1,574
Changes in:				
Trade and other receivables	926	839	3,878	3,472
Gross amount due from customers for contract work	-262	26	-1,095	114
Prepaid expenses	1,062	-1	4,432	-1
Inventories	-256	255	-1,069	1,050
Trade and other payables	544	839	2,279	3,493
Other assets	0	0	0	0
Other liabilities	-1,623	-1,238	-6,805	-5,679
Interests paid	-599	-293	-2,510	-1,250
Income tax paid	-41	-18	-171	-74
Operating cash flow	-701	894	-2,914	3,312
Acquisition of property, plant and equipment	0	0	0	0
Acquisition of subsidiary (net of cash acquired), associates, joint ventures	0	0	0	0
Acquisition of other investments	0	0	0	0
Proceeds from sale of investments	0	0	0	0
Sale of investment	0	0	0	0
Proceeds from sale of property, plant and equipment, other investments	0	0	0	0
Other investments	0	0	0	0
Interest received	0	0	0	0
Investment cash flow	0	0	0	0
Proceeds from borrowings	663	0	2,804	0
Proceeds from issuing bonds	247	0	1,025	0
Payment of bond coupons	-145	-162	-609	-687
Proceeds from issuing of ordinary shares	0	0	0	0
Repayment of borrowings	-1,027	-982	-4,341	-4,187
Financial cash flow	-262	-1,143	-1,122	-4,875
Net change in cash	-962	-249	-4,036	-1,563
Cash at the beginning of the period	5,593	5,546	23,369	23,540
Effect of exchange rate fluctuation	0	0	0	0
Cash at the end of the period	4,631	5,297	19,777	22,581
EUR exchange rate – low	-	-	4.160	4.219
EUR exchange rate – average	-	-	4.209	4.264
EUR exchange rate – high	-	-	4.310	4.366

Note: Exchange rate provided by the European Central bank

13 Detailed accumulated consolidated financial results for 2015 Q1-Q4

The tables below present the **consolidated** and **un-audited** financial statements of Photon Energy N.V. for the six-month period starting on 1 January 2015 and ending on 31 December 2015 and the corresponding period of the previous year. The reported data is presented in accordance with **International Financial and Reporting Standards (IFRS)**.

Statement of Comprehensive Income

in Thousands	EUR		PLN	
	2014 Q1-Q4	2015 Q1-Q4	2014 Q1-Q4	2015 Q1-Q4
Total revenues	11,760	13,452	49,195	56,267
Out of that: Revenues from electricity generation	10,159	10,600	42,498	44,339
Out of that: Other revenues	1,601	2,852	6,697	11,928
Cost of sales	-714	-2,444	-2,988	-10,223
Solar levy CZ	-682	-743	-2,852	-3,107
Gross profit	10,364	10,265	43,355	42,937
Salaries and compensation - administration expenses	-2,819	-2,501	-11,794	-10,462
Other administrative expenses	-2,942	-1,773	-12,309	-7,417
Other income	27	181	115	758
Other expenses	-1,134	-221	-4,743	-925
EBITDA	3,496	5,951	14,624	24,890
Depreciation	-4,420	-5,197	-18,492	-21,740
EBIT	-924	753	-3,863	3,150
Interest income	52	80	216	335
Financial income	-2,935	-3,192	-12,280	-13,352
Interest cost	166	903	693	3,775
Financial expense	-282	-132	-1,181	-553
Revaluation of derivatives	-2,227	240	-9,317	1,004
Net finance expenses	-5,228	-2,102	-21,869	-8,791
Disposal of investment	1,081	0	4,522	0
Share of profit from associates / J-Vs	70	91	292	380
Profit / loss before taxation	-5,000	-1,258	-20,918	-5,261
Income tax – current	-13	-542	-53	-2,266
Income tax – deferred	-21	12	-88	52
Profit/loss from continuing operations	-5,034	-1,787	-21,059	-7,475
Other comprehensive income for the period	6,500	1,003	27,191	4,195
Total comprehensive income for the period	1,466	-784	6,133	-3,280
Profit/loss from continuing operations	-5,034	-1,787	-21,059	-7,475
Attributable to the equity holders	-5,042	-1,792	-21,091	-7,495
Attributable to minority interest	8	5	32	20
Total comprehensive income for the period	1,466	-784	6,133	-3,280
Attributable to the equity holders	1,466	-789	6,133	-3,300
Attributable to minority interest	0	5	0	20
Average no. of shares outstanding in thousand	50,161	50,706	50,161	50,706
Earnings per share outstanding	-0.100	-0.035	-0.420	-0.147
Comprehensive income per share outstanding	0.029	-0.015	0.122	-0.065
EUR exchange rate - low	-	-	4.099	3.968
EUR exchange rate - average	-	-	4.183	4.183
EUR exchange rate - high	-	-	4.310	4.366

Note: Exchange rate provided by the European Central Bank

Cash Flow Statement

in Thousands	EUR		PLN	
	2014Q1-Q4	2015 Q1-Q4	2014Q1-Q4	2015 Q1-Q4
Profit for the year	-5,000	-1,258	-20,918	-5,261
Adjustments for:				
Depreciation	4,420	5,197	18,492	21,740
Net finance costs	5,228	2,102	21,869	8,791
Share of profit of equity accounted investees	-70	-91	-292	-380
Profit /Loss on sale of property, plant and equipment	0	0	0	0
Receivables write-off	0	0	0	0
Income tax expense	34	529	141	2,214
Changes in:				
Trade and other receivables	1,526	-471	6,383	-1,971
Gross amount due from customers for contract work	-262	262	-1,095	1,096
Prepaid expenses	138	130	576	546
Inventories	-294	-241	-1,230	-1,010
Trade and other payables	900	91	3,767	383
Other assets	0	0	0	0
Other liabilities	-3,679	-2,338	-15,390	-9,781
Interests paid	-1,023	-1,195	-4,281	-5,000
Income tax paid	-176	-118	-734	-492
Operating cash flow	1,742	2,600	7,287	10,875
Acquisition of property, plant and equipment	0	0	0	0
Acquisition of subsidiary (net of cash acquired), associates, joint ventures	0	0	0	0
Acquisition of other investments	0	0	0	0
Proceeds from sale of investments	0	2,141	0	8,956
Proceeds from sale of property, plant and equipment, other investments	0	0	0	0
Other investments	0	0	0	0
Interest received	0	0	0	0
Investment cash flow	0	2,141	0	8,956
Proceeds from borrowings	4,267	0	17,850	0
Proceeds from issuing bonds	1,025	535	4,288	2,238
Payment of bond coupons	-423	-634	-1,769	-2,650
Proceeds from issuing of ordinary shares	0	0	0	0
Repayment of borrowings	-6,662	-3,976	-27,869	-16,633
Financial cash flow	-1,793	-4,075	-7,501	-17,045
Net change in cash	-51	666	-214	2,786
Cash at the beginning of the period	4,682	4,631	19,586	19,370
Effect of exchange rate fluctuation	0	0	0	0
Cash at the end of the period	4,631	5,297	19,778	22,581
EUR exchange rate - low	-	-	4.099	3.968
EUR exchange rate - average	-	-	4.183	4.183
EUR exchange rate - high	-	-	4.310	4.366

Note: Exchange rate provided by the European Central Bank

Statement of Changes in Equity

in thousand EUR	Combined equity	Share capital	Share premium	Legal reserve Fund	Revaluation reserve	Currency translation reserve	Hedging reserve	Retained earnings	TOTAL	Non-controlling interests	TOTAL EQUITY
BALANCE at 31.12.2014	0	600	23,760	10	22,835	-2,390	-457	-21,675	28,038	147	28,185
Profit for the period 1.1.2015 – 31.12.2015								-1,787	-1,787	5	-1,782
Revaluation of PPE									0		0
Share on revaluation of PPE of associates, JV									0		0
Foreign currency translation differences						841			841		841
Derivatives							162		162		162
Share on derivatives JV											
Total comprehensive income for the year						841	162	-1,787	-784	5	-779
new shares									0		0
Move from revaluation reserve to retained earnings					-2,450			2,450	0		0
Legal reserve fund – move to RE on entity disposal									0		0
BALANCE at 31.12.2015	0	600	23,760	10	25,254	-937	-420	-21,012	27,254	151	27,406

13. Detailed entity financial results for 2015 Q4

The tables below present the **entity** and **un-audited** financial statements of Photon Energy N.V. for the three-month period starting on 1 October 2015 and ending on 31 December 2015 and the corresponding period of the previous year. The reported data is presented in accordance with **Dutch Accounting Standards**.

Income Statement

in Thousands (except EPS)

	EUR		PLN	
	2014 Q4	2015 Q4	2014 Q4	2015 Q4
Revenues from the sale of products, goods and services	1,921	591	8,036	2,505
Cost of sales	-1,423	-501	-5,940	-2,125
Other administrative expenses	0	0	0	-5
Other income	0	0	0	0
Other expenses	0	-172	0	-721
EBITDA	498	-82	2,096	-346
Amortization&depreciation	0	-3	0	-11
EBIT	498	-85	2,096	-357
Financial income	592	28	2,473	150
Financial costs	-2,456	-254	-10,256	-1,085
Result from participations	-2,136	0	-8,935	0
Profit / loss before taxation	-3,502	-310	-14,622	-1,291
Income tax	0	0	0	0
Profit/loss for the period (net income)	-3,502	-311	-14,622	-1,295

Balance Sheet

in Thousands	EUR		PLN	
	31.12.2014	31.12.2015	31.12.2014	31.12.2015
PPE – Lands	0	0	0	0
PPE – Photovoltaic power plants	0	0	0	0
PPE – Other equipment	0	0	0	0
PPE – Assets in progress	0	0	0	0
Intangible assets	33	23	142	97
Investments in associates	37,548	32,328	160,354	137,803
Other investments	0	0	0	0
Goodwill	0	0	0	0
Deferred tax assets	0	0	0	0
Assets held for sale	0	0	0	0
Long term loans and other receivables	0	0	0	0
Other assets	0	0	0	0
Non-current assets	37,581	32,351	160,495	137,900
Cash and cash equivalents	67	55	286	234
Trade and other receivables	9,753	8,435	41,652	35,956
Gross amount due from customers for contract work	0	0	0	0
Inventories – Goods	0	0	0	0
Assets held for sale	0	0	0	0
Prepaid expenses	0	442	0	1,884
Current assets	9,820	8,932	41,938	38,074
Total assets	47,401	41,283	202,433	175,974
Issued share capital	600	600	2,562	2,558
Share premium	36,871	36,871	157,463	157,167
Legal Reserve fund	0	0	0	0
Retained earnings	-19,198	-7,024	-81,988	-29,940
Reserves	14,807	-1,778	63,235	-7,579
Profit/loss-current year	-5,042	-142	-21,534	-604
Total equity	28,037	28,527	119,739	121,602
Non-current liabilities	8,333	8,060	35,587	34,217
Bank loan	0	0	0	0
Other long-term liabilities	8,333	8,060	35,587	34,217
Current liabilities	11,030	4,695	47,105	20,155
Trade and other payables	11,030	4,695	47,105	20,155
Bank loan	0	0	0	0
Other Loans	0	0	0	0
TOTAL Equity & Liabilities	47,401	41,283	202,433	175,974
No. of shares outstanding in thousand	50,565	50,755	50,565	50,755
Book value per share outstanding	0.554	0.562	2.364	2.396

15 Detailed accumulated entity financial results for 2015 Q1-Q4

The tables below present the **entity** and **un-audited** financial statements of Photon Energy N.V. for the six-month period starting on 1 October 2015 and ending on 31 December 2015 and the corresponding period of the previous year. The reported data is presented in accordance with Dutch Accounting Standards (DAS).

Income Statement

in Thousands (except EPS)	EUR		PLN	
	2014 Q1-Q4	2015 Q1-Q4	2014 Q1-Q4	2015 Q1-Q4
Revenues from the sale of products, goods and services	1,921	1,918	8,036	8,021
Cost of sales	-2,167	-1,680	-9,066	-7,027
Other administrative expenses	0	-148	0	-619
Other income	0		0	0
Other expenses	0	-218	0	-912
EBITDA	-246	-128	-1,029	-537
Amortization&depreciation	0	-11	0	-44
EBIT	-246	-139	-1,029	-581
Financial income	748	1,170	3,128	4,895
Financial costs	-3,407	-1,173	-14,252	-4,906
Result from participations	-2,136	0	-8,935	0
Profit / loss before taxation	-5,041	-142	-21,089	-592
Income tax	0	0	0	0
Profit/loss for the period (net income)	-5,042	-142	-21,093	-592

14. Financial results per operating segments

The tables below present the **consolidated** and **un-audited** financial results per operating segment of Photon Energy N.V. for the period starting on 1 January 2015 and ending on 31 December 2015 and the corresponding period of the previous year. The reported data is presented in accordance with **International Financial and Reporting Standards (IFRS)**.

Results of the operating segments for the period from 1 January 2015 to 31 December 2015

EUR thousand	Energy solutions	Production of electricity	Operations, maintenance and PVPP supervision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information
External revenues from the sale of products, goods and services	1,793	10,600	913	0	147	13,452	0	13,452
Revenues within segments from the sale of products, goods, services	481	48	1,167	0	3,357	5,052	-5,052	0
Cost of sale	-1,507	-578	-790	0	-274	-3,150	705	-2,444
Energy tax	0	-743	0	0	0	-743	0	-743
Gross profit	767	9,326	1,290	0	3,229	14,612	-4,347	10,265
Other external income	0	0	0	0	181	181	0	181
Administrative and other expenses	-1,296	-500	-1,796	0	-5,228	-8,821	4,325	-4,496
Depreciation	0	-5,141	-22	0	-35	-5,197	0	-5,197
Operating income	-530	3,686	-529	0	-1,852	775	0	753
Interest income	19	134	36	0	288	478	-397	80
Interest expenses	-31	-2,388	-56	0	-1,114	-3,590	397	-3,192
Other financial revenues	0	0	0	0	903	903	0	903
Other financial expenses	-16	-13	-12	0	-91	-132	0	-132
Revaluation of derivatives	0	220	0	0	0	220	20	240
Profit/loss share in entities in equivalency	0	0	0	91	0	91	0	91
Income tax	0	-529	0	0	0	-529	0	-529
Profit/loss after taxation	-559	1,109	-561	91	-1,866	-1,786	20	-1,787
Revaluation of property, plant and equipment	0	0	0	0	0	0	0	0
Foreign currency translation diff. - foreign operations	0	0	0	0	841	841	0	841
Share of revaluation of PPE of associates /joint venture	0	0	0	0	0	0	0	0
Share of currency translation diff. Of associates / JV	0	0	0	0	0	0	0	0
Derivatives (hedging)	0	162	0	0	0	162	0	162
Total comprehensive income	-559	1,271	-561	91	-1,025	-783	20	-784
Assets, of which	1,524	86,949	1,860	2,195	11,020	103,548	-14,394	89,155
PPE – Lands	0	2,859	0	0	0	2,859	0	2,859
PPE – Photovoltaic power plants	0	73,027	0	0	0	73,027	0	73,027
PPE – Equipment	1	0	51	0	88	140	0	140
PPE – Assets in progress	0	7	3	0	0	9	0	9
Intangibles	0	0	0	0	0	0	0	0
Trade and other receivables	1,328	5,165	1,527	0	10,334	18,355	14,381	3,974
Loans	0	0	0	0	0	0	0	0
Gross amount due from customers for contract work	0	0	0	0	0	0	0	0
Inventories – Goods	172	532	189	0	31	924	0	924
Investments in associates, JV, other	0	0	1	2,195	0	2,196	0	2,196
Deferred tax receivables	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0
Prepaid expenses	8	160	29	0	504	701	13	688
Assets held for sale	0	0	39	0	0	39	0	39
Cash and cash equivalents	15	5,199	21	0	63	5,297	0	5,297
Liabilities, of which	-2,827	-51,487	-4,737	0	-17,089	-76,141	14,392	-61,749
Trade and other payables	-2,815	-3,424	-4,565	0	-8,148	-18,953	14,392	-4,561
Bank Loans and other loans	0	-42,068	0	0	-808	-42,876	0	-42,876
Other long term liabilities	0	0	-94	0	-8,060	-8,154	0	-8,154
Other short term liabilities	0	0	0	0	0	0	0	0
Current tax liabilities (income tax)	-13	-583	-78	0	-73	-747	0	-747
Provisions	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	-5,412	0	0	0	-5,412	0	-5,412

Results of the operating segments for the period from 1 January 2014 to 31 December 2014

EUR thousand	Energy solutions	Production of electricity	Operations, maintenance and PVPP supervision	PV Invest.	Other	Total forsegments	Elimination	Consolidated financial information
External revenues from the sale of products, goods and services	470	10,159	898	0	233	11,760	0	11,760
Revenues within segments from the sale of products, goods and services	164	0	909	0	4,366	5,440	-5,440	0
Cost of sale	-360	-159	-220	0	-283	-1,023	308	-714
Energy tax	0	-682	0	0	0	-682	0	-682
Gross profit	275	9,318	1,587	0	4,316	15,496	-5,132	10,364
Other external income	0	0	8	0	20	27	0	27
Administrative and other expenses	-530	-1,784	-2,620	0	-7,763	-11,796	5,803	-6,895
Depreciation	-2	-4,375	-9	0	-34	-4,420	0	-4,420
Operating income	-257	3,159	-1,035	0	-2,560	-693	671	-923
Interest income	20	68	30	0	709	827	-775	52
Interest expenses	-32	-2,640	-50	0	-1,107	-3,840	895	-2,935
Other financial revenues	151	0	0	0	15	166	0	166
Other financial expenses	-16	-2,298	-12	0	-184	-2,510	0	-2,510
Disposal of investments	0	0	0	0	1,081	1,081	0	1,081
Profit/loss share in entities in equivalency	0	0	0	70	0	70	0	70
Income tax	0	-45	11	0	0	-34	0	-34
Profit/loss after taxation	-134	-1,756	-1,056	70	-2,057	-5,824	790	-5,034
Revaluation of property, plant and equipment	0	6,581	0	0	0	6,581	0	6,581
Foreign currency translation diff. - foreign operations	0	612	0	0	0	612	0	612
Share of revaluation of PPE of associates /joint venture	0	-568	0	0	0	-568	0	-568
Share of currency translation diff. Of associates / JV	0	0	0	0	0	0	0	0
Derivatives (hedging)	0	-125	0	0	0	-125	0	-125
Total comprehensive income	-134	4,744	-1,056	70	-2,057	676	790	1,466
Assets, of which	710	90,884	1,682	2,086	12,591	107,953	-14,411	93,542
PPE – Lands	0	2,853	0	0	0	2,853	0	2,853
PPE – Photovoltaic power plants	0	78,479	0	0	0	78,479	0	78,479
PPE - Equipment	0	0	110	0	102	212	0	212
PPE – Assets in progress	0	5	0	0	0	5	0	5
Intangibles	0	0	0	0	0	0	0	0
Trade and other receivables	605	4,570	1,383	0	11,355	17,913	-14,411	3,502
Loans	0	0	0	0	0	0	0	0
Gross amount due from customers for contract work	51	0	0	0	212	262	0	262
Inventories – Goods	21	394	133	0	135	683	0	683
Investments in associates, JV, other	0	0	10	2,086	0	2,096	0	2,096
Deferred tax receivables	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0
Prepaid expenses	9	93	11	0	706	818	0	818
Assets held for sale	0	0	0	0	0	0	0	0
Cash and cash equivalents	25	4,489	36	0	81	4,631	0	4,631
Liabilities, of which	-1,229	-57,802	-3,384	0	-17,353	-79,768	14,411	-65,356
Trade and other payables	-1,229	-6,908	-3,347	0	-8,047	-19,530	14,411	-5,119
Bank Loans and other loans	0	-45,823	0	0	-1,277	-47,101	0	-47,101
Other long term liabilities	0	0	0	0	-7,979	-7,979	0	-7,979
Other short term liabilities	0	0	0	0	0	0	0	0
Current tax liabilities (income tax)	0	-10	-38	0	-50	-97	0	-97
Provisions	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	-5,061	0	0	0	-5,061	0	-5,061

15. Summary of significant accounting policies

Basis of preparation

Our accounting policies are based on International Financial Reporting Standards (IFRS) as adopted by EU and were authorised for publication by the Board of Directors.

The following main standards are applied by Group:

- ▶ IAS 1 – Presentation of financial information
- ▶ IAS 2 – Inventories
- ▶ IAS 12 – Income Taxes
- ▶ IAS 16 – Property, plant and equipment
- ▶ IAS 18 – Revenues
- ▶ IAS 21 - The effects of changes in foreign exchange rates
- ▶ IAS 24 – Related transactions presentation
- ▶ IAS 27 – Consolidated and separate financial information
- ▶ IAS 28 - Investments in Associates
- ▶ IAS 33 - Earnings per Share
- ▶ IAS 36 – Impairment
- ▶ IAS 37 – Provisions
- ▶ IAS 38 – Intangible Assets
- ▶ IFRS 3 – Business combinations
- ▶ IFRS 5 – Non-current assets held-for-sale and discontinued operations
- ▶ IFRS 8 - Operating segments

Use of estimates and judgments

In preparing the financial information, the Company's management uses estimates and makes assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses recognised in the financial information. These estimates and assumptions are based on past experience and various other factors deemed appropriate as at the date of preparation of the financial information and are used where the carrying amounts of assets and liabilities are not readily available from other sources or where uncertainty exists in applying the individual accounting policies. Actual results may differ from the estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised either in the period in which the estimate is revised, providing that the revision relates only to the current accounting period, or in the revision period and future periods, providing the revision affects both the current and future periods.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Presentation of Financial information

Financial information is presented based on historical costs with exemptions when IFRS requires different evaluation methods as described below in accounting policies. The statement of comprehensive income is presented with revenues and expenses classified by purpose (function). The cash flow statement is prepared using an indirect method.

Functional currency is the EURO (EUR) and for the purpose of the reporting, as required by the regulations of the Alternative System of Trading organised by the Warsaw Stock Exchange - NewConnect, the balances are retranslated into PLN currency.

Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(b) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of more than 20% and less than 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The cost of the investment includes transaction costs.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's management and directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The Company's Management has assessed the Group's business from the segment reporting perspective and decided that they financial results of Photon Energy Group to be reported per segments from the objective perspective from 1 January 2010.

As of 31 December 2013, the Management Board has decided to decrease the number of segments reported.

The Management identified the following segments:

- ▶ Energy Solutions (wholesale and import of FVE components, engineering and construction services -turn-key photovoltaic systems' installations for external clients and Photon Energy),
- ▶ Production of electricity (includes SPE that finished building of photovoltaic power plants and those are connected to the distribution network and produce the electricity)

- ▶ PV Investment – This segment represents OCI of the Group flowing from the revaluation of the PV producing the electricity and it is related to project companies that generate the revenues as shown in segment Production of electricity.
- ▶ Operations, maintenance and PVPP supervision
- ▶ Other, not related to any of the above mentioned segments.

Other operations include the financing and insurance solutions for PV investors, intermediating investments in rooftop photovoltaic projects and other less significant activities. None of these operations meets any of the quantitative thresholds for determining reportable segments in 2015 or 2014.

Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial information of each of the group's entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial information is presented in EUR, which is the company's functional and the group's presentation currency.

The consolidated financial information is presented in EUR, however, for presentation purposes; the financial information is translated into PLN as the presentation currencies. Effect from this translation is presented in Equity - in the Fund for currency conversions.

Exchange rates as shown in table below were applied. All exchange rates were provided by the European Central Bank. Statement of financial position applicable exchange rate represents the exchange rate as of the last day of the reporting date as according to IAS 21. Statement of comprehensive income exchange rate represents the average of daily exchange rates effective within the relevant period.

	PLN	
	2014 Q4	2015 Q4
EUR exchange rate – low	4.099	3.968
EUR exchange rate – high	4.310	4.366
EUR exchange rate – average	4.183	4.183
EUR exchange rate – end of period	4.271	4.263

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Group companies

In case of entities, whose functional currency is CZK, CHF or AUD, the financial statements are retranslated at the consolidation into EUR using year-end rate for balance sheet and average rate for profit/loss items.

Property, plant and equipment

Property, plant and equipment are carried at their fair values, with the exemption of fixed assets under construction which are carried at costs.

Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production

or conversion costs and other costs incurred in bringing them to their existing location and condition.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement: the revenues related to development projects (PV power stations) are measured by the percentage of completion method (refer below to Construction contracts).

Trade receivables

Trade receivables are recognised at nominal value, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. When a trade receivable is uncollectible, it is written off.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and current accounts with banks and term bank deposits.

Share capital

Ordinary shares are classified in equity as Issued share capital. Consideration received above the nominal value of the ordinary shares is classified in equity as Share premium.

Trade payables

Trade payables are recognised at nominal value.

Loans and Borrowings

Loan and Borrowings are classified as short-term liabilities (due within 12 months after the reporting date) or long-term liabilities (due more than 12 months after the reporting date).

Financial costs related to construction period of internal non-current assets are capitalised (refer to Property, plant and equipment).

Current and deferred income tax

The tax expense for the period comprises current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company's subsidiaries and associates operate and generate taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial information. Deferred income tax asset is recognised by the Group in case the Management anticipates the future profits will offset the current income tax asset.

16. Management Board declaration

We hereby confirm that according to our best knowledge the information about Photon Energy N.V. contained in this report is correct as of the publication of this document and that it fairly reflects the Company's financial situation and business activities.

17. Investor Relations Contact

Emeline Parry, Investor relations manager

Phone: +420 702 206 574

E-mail: ir@photonenergy.com

Photon Energy N.V.

Barbara Strozziilaan 201

1083 HN Amsterdam

The Netherlands


Phone: +420 277 002 910

Fax: +420 277 002 911

E-mail: ir@photonenergy.com

Web: www.photonenergy.com

Amsterdam, 12 February 2016

A blue ink signature of Georg Hotar, written in a cursive style, positioned above a horizontal line.

Georg Hotar
Member of the Board of Directors

A blue ink signature of Michael Gartner, written in a cursive style, positioned above a horizontal line.

Michael Gartner
Member of the Board of Director



MATERIAL	THINFILM	INSPECTION 100%	TOLERANCE NORM ISO 8015:	PRECISION ISO...	CONCEPT	DESIGN	NORM.REF.	EXAMINED	APPROVED	INDEX	AMEND.
			YES							X	X
										X	X
										X	X
										X	X