

PHOTON ENERGY N.V. CONSOLIDATED AND ENTITY FINANCIAL REPORTS

2016 Q2

for the period from 1 April to 30 June 2016

MATERIAL	200					X
THINFILM						X
INSPECTION	100					X
TOLERANCE NORM ISO 8015:		YES				X
PRECISION ISO...						X
						X

CONCEPT		NORM.REF.				
DESIGN		EXAMINED				

8 August 2016 | Amsterdam | The Netherlands

	NAME		TYPE			
--	------	--	------	--	--	--

CONSOLIDATED AND ENTITY FINANCIAL REPORTS

1. Selected financial results

1.1. Selected financial results for Photon Energy Group, for the period of 1 April to 30 June 2016

in Thousands	EUR		PLN	
	2015 Q2	2016 Q2	2015 Q2	2016 Q2
Total revenues	4,298	4,530	17,682	19,798
Gross profit	3,668	3,833	15,108	16,750
EBITDA	2,646	2,788	10,929	12,181
EBIT	885	966	3,682	4,221
Profit / loss before taxation	1,552	199	6,490	865
Profit / loss from continuing operations	1,400	347	5,854	1,512
Total comprehensive income	2,640	473	11,022	2,061
Non-current assets	80,126	78,608	335,749	348,754
Current assets	11,634	12,096	48,750	53,666
Cash and cash equivalents	4,110	4,643	17,223	20,600
Total assets	91,760	90,704	384,495	402,418
Total equity	29,100	27,951	121,936	124,010
Current liabilities	8,219	7,563	34,440	33,556
Non-current liabilities	54,441	55,189	228,121	244,854
Operating cash flow	204	-318	2,484	-615
Investment cash flow	2,086	0	8,636	0
Financial cash flow	-1,995	879	-8,260	3,842
Net change in cash	294	562	2,861	3,227
EUR exchange rate - low	-	-	3.968	4.234
EUR exchange rate - average	-	-	4.088	4.372
EUR exchange rate - end of period	-	-	4.190	4.437
EUR exchange rate - high	-	-	4.191	4.460

Note: Exchange rates provided by the European Central Bank

Financial highlights:

- Consolidated revenues increased by 5.4% YOY from EUR 4.298 million to EUR 4.530 million in 2016 Q2.
- Consolidated EBITDA increased as well by 5.4% from a EUR 2.646 million profit in 2015 Q2 to a EUR 2.788 million profit in the reporting period.
- EBIT increased by 9.2% from EUR 0.885 million to EUR 0.966 million.
- The Company recorded a profit before taxation of EUR 0.199 million, compared to EUR 1.552 million profit for the same period last year.
- Total comprehensive income decreased to a EUR 0.473 million profit in 2016 Q2 from a EUR 2.640 million profit one year ago.
- Total equity decreased from EUR 29.100 million to EUR 27.951 million at the end of 2016 Q2.
- YOY the equity ratio decreased from 35% to 34%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 2016 Q2 the proprietary portfolio of PV plants generated approximately 9.7 GWh, which was 2.3% below the energy forecasts and down by 0.6% compared to 2015 Q2;
- The total portfolio of Photon Energy Operations grew to 154 MWp as of the end of 2016 Q2 compared to 139 MWp a year ago;
- The Company successfully installed its String Monitoring System at the biggest PV power plants in the Czech Republic, operated by the Czech energy giant ČEZ;
- The Company successfully completed the acquisition of the remaining 40% equity interest in its Slovak subsidiary Fotonika s.r.o.
- After the reporting period, Photon Energy Australia was chosen to build a 100kWp ground mounted solar power plant;
- After the reporting period, Photon Energy Operations signed a full-O&M contract with one of the leading Czech independent power producers Energy 21 for 28.5 MWp.

1.2. Standalone financial results for Photon Energy N.V., for the period of 1 April to 30 June 2016

in Thousands	EUR		PLN	
	2015 Q2	2016 Q2	2015 Q2	2016 Q2
Revenues	0	466	0	3,944
Gross profit	0	466	0	3,944
EBITDA	-194	7	-793	769
EBIT	-192	4	-782	756
Profit / loss before taxation	369	695	1,542	3,228
Total comprehensive income	369	695	1,542	3,228
Non-current assets	31,708	31,937	132,866	141,694
Current assets	8,802	12,174	36,883	54,010
Cash and cash equivalents	91	366	380	1,625
Total assets	40,510	44,111	169,749	195,704
Total equity	28,105	28,839	117,765	127,947
Current liabilities	4,555	5,640	19,086	25,024
Non-current liabilities	7,851	9,632	32,898	42,734
EUR exchange rate – low			3.968	4.234
EUR exchange rate – high			4.088	4.372
EUR exchange rate – average			4.190	4.437
EUR exchange rate - end of period			4.191	4.460

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 April until 30 June 2016, 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

We have completed a solid second quarter and first half of 2016 and are continuing on the positive trend seen in 2015. Today, Photon Energy is in the best shape for several years, after a lot of steps were undertaken in terms of financing, restructuring and business orientation. Through focused execution of our product and solutions road map, we are bringing to market innovative solutions that are being recognized by both our industry and customers.

In 2016 Q2, Photon Energy reported revenues of EUR 4.530 million (up 5.4% year on year), EBITDA of EUR 2.788 million (up 5.4%) and EBIT of EUR 0.966 million (up 9.2%). We expect continued growth in our O&M business as we expand our service range to include not only full O&M, but more highly specialised services, such as string inverter refurbishment, string monitoring for central inverters and other specialised monitoring solutions. We are also continuing our development of off-grid solutions, which will not only include hybrid power plants, but solutions directly coupled with off-grid applications, such as on-site water pumping and filtration powered by solar energy. In Australia too, we have a healthy pipeline for EPC projects, from rooftop PV power plants for commercial office buildings, to hybrid power solutions. We reckon to further advance along our road map this fiscal year with advancements across our portfolio that set the stage for expanded opportunities in the quarters to come.

Australian Contracts

We made progress towards our strategic objectives of expanding into grid-parity markets, notably in our core market Australia, where we have been chosen to build a 100kWp solar power plant supplying energy to a sewerage treatment plant in New South Wales. Simultaneously we are taking next steps to develop and implement large-scale projects Down Under.

Biggest single O&M contract so far signed

While pushing forward with new projects in Australia, Photon Energy also remained focused on further expanding its Operations and Maintenance business in Europe. Photon Energy Operations lately signed its biggest single full-O&M contract yet with one of the leading Czech independent power producers Energy 21 for 28.5 MWp. The company's in-depth knowledge of central inverters and access to spare parts played a key part in closing the deal. One of Photon Energy's main advantages for Energy 21 is the company's expertise when dealing with central PV inverters, in this particular case Satcon® inverters. Apart from in-depth technical knowledge and experience with this technology, Photon Energy recently entered into a cooperation agreement with GreatWall, the successor of central inverter producer Satcon®. The agreement includes new product and spare parts distribution as well as a service partnership for Satcon® and Great Wall technology in Europe and Australia.

In the Czech Republic alone we now have almost 100 MWp in our O&M portfolio. The new contract underlines our ambitions to be the market leader in the Czech Republic and other markets. Photon Energy now provides O&M and monitoring services for more than 180 MWp in nine countries.

String Monitoring Unit delivered to the biggest Czech PV power plant

For owners of power plants with central PV inverters, monitoring is in most cases insufficient, as it only collects data from inverters and not from separate strings. With this factor in mind, Photon Energy successfully developed a highly accurate and cost-effective string monitoring solution for PV power plants with central inverters. Thanks to our "String Monitoring Unit" (SMU), investors can now monitor their power plants down to the string level, quickly detect outages and increase revenues while bringing down costs. Our SMU is compatible with a wide range of brands of PV inverters and thanks to its wireless design it is extremely easy and cheap to install not only to new but also to running PV power plants. The hardware is made in Europe, has been tested on our own power plants and was successfully installed at the biggest PV power plants in the Czech Republic for ČEZ, the largest utility company in Central and Eastern Europe.

Financial results

We are pleased with our second quarter results, which were driven by revenue growth, despite slightly lower production levels. All in all, we generated 5.4% revenue growth, improved our EBITDA by 5.4% as well and grew EBIT by 9.2%.

Consolidated revenues for the second quarter totaled EUR 4.530 million, up 5.4% versus the year-earlier period. During the reporting period, the Group grabbed the opportunity to complete the acquisition of the remaining 40% equity interest from its local JV partner in its Slovak portfolio PV power plant in Prša, with an installed capacity of 999 kWp, owned and operated by Fotonika s.r.o. The entity which used to be consolidated under the equity method, has been fully consolidated since 1 April 2016. In 2015, Fotonika s. r. o. generated revenues of approx.. EUR 455,000 and EBITDA of approximately EUR 408,000 for the full year. This increase in revenues is then primarily connected to the higher portion of revenues associated to that specific plant.

Compared with results for the second quarter of 2015, EBITDA grew to EUR 2.788 million versus EUR 2.646 million. When adjusting for depreciation and amortisation, the Group recorded an EBIT of EUR 0.966 million, compared to EUR 0.885 million a year ago. The Company recorded a net profit of EUR 0.347 million, compared to a profit of EUR 1.400 million profit for the same period last year. Lower bottom line results in the second quarter of 2016, compared with the same period of 2015, are attributable in part to a largely positive adjustment in the revaluation of derivatives last year, as well as to the release of an allowance also recorded in 2015 Q2 .

2.2.Strategy and its execution

2015 proved to be an inflexion point in our company's development. We managed to reignite revenue growth, optimise our cost base across all business lines while the resulting EBITDA growth fed through to the bottom line, where we managed to reduce our loss after taxation by two thirds. The momentum in our Operations & Maintenance and Inverter Cardio service businesses in Europe and the Australian markets provide the backdrop for sustained growth in 2016 and beyond.

The objective of our strategy remains the generation of recurring revenue streams while maximizing customer value. Photon Energy's focus remains on:

- ▶ Customised Energy Solutions
- ▶ Decentralised Energy Production and Energy Storage Solutions
- ▶ Operations & Maintenance of PV plants and Energy Storage facilities
- ▶ Asset Management
- ▶ Investment Protection

Our next steps are:

- ▶ The Photon Energy Operations team focuses on full O&M solutions in Central Europe and expands its Inverter Cardio services to additional inverter technologies covering the whole European market.
- ▶ Photon Energy's power plant control and monitoring solutions will be offered as a standalone product.
- ▶ The Australian market still remains our focus for the expansion of PV generation capacity; further potential markets in Central and South America and Africa are currently under investigation.
- ▶ Our Swiss subsidiary Global Investment Protection AG will continue offering services in the area of arbitration advice, para-legal advice and restructuring for investors whose assets might be under threat from retroactive government measures.

Moreover, 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. the cost of PV-generated electricity is competitive with grid-supplied electricity.

The Group also intends to specialise in energy generation solutions providing hybrid-system and diesel-replacement solutions for energy-intensive industries. In this area Photon Energy intends to focus on industries such as 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. We are also continuing our development of off-grid solutions, which will not only include hybrid power plants, but solutions directly coupled with off-grid applications, such as on-site water pumping and filtration powered by solar energy.

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 different accurate 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 30 June 2016, 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 30 June 2016

Nr	Proprietary portfolio	Legal entity	Country	Cap.(kWp)	Share	Cap. Pro-rata	Completed
1	Komorovice	Exit 90 s.r.o.	CZ	2,354	100%	2,354	Dec.10
2	Zvíkov I	Photon SPV8 s.r.o.	CZ	2,031	100%	2,031	Nov.10
3	Dolní Dvořiště	Photon SPV10 s.r.o.	CZ	1,645	100%	1,645	Dec.10
4	Svatoslav	Photon SPV4 s.r.o.	CZ	1,231	100%	1,231	Dec.10
5	Slavkov	Photon SPV6 s.r.o.	CZ	1,159	100%	1,159	Dec.10
6	Mostkovice SPV 1	Photon SPV1 s.r.o.	CZ	210	100%	210	Dec.10
7	Mostkovice SPV 3 ¹	Photon SPV3 s.r.o.	CZ	926	100%	926	Dec.09
8	Zdice I	Onyx Energy I s.r.o.	CZ	1,499	100%	1,499	Dec.10
9	Zdice II	Onyx Energy projekt II s.r.o.	CZ	1,499	100%	1,499	Dec.10
10	Radvanice	Photon SPV11 s.r.o.	CZ	2,305	100%	2,305	Dec.10
11	Břeclav rooftop	Photon SPV1 s.r.o.	CZ	137	100%	137	Dec.10
12	Babiná II	Sun4Energy ZVB s.r.o.	SK	999	100%	999	Dec.10
13	Babina III	Sun4Energy ZVC s.r.o.	SK	999	100%	999	Dec.10
14	Prša I.	Fotonika s.r.o.	SK	999	100%	999	Dec.10
15	Blatna	ATS Energy s.r.o.	SK	700	70%	490	Dec.10
16	Mokra Luka 1	EcoPlan 2 s.r.o.	SK	963	100%	963	Jun.11
17	Mokra Luka 2	EcoPlan 3 s.r.o.	SK	963	100%	963	Jun.11
18	Jovice 1	Photon SK SPV2 s.r.o.	SK	979	100%	979	Jun.11
19	Jovice 2	Photon SK SPV3 s.r.o.	SK	979	100%	979	Jun.11
20	Brestovec	Photon SK SPV1 s.r.o.	SK	850	50%	425	Jun.11
21	Polianka	Solarpark Polianka s.r.o.	SK	999	50%	500	Jun.11
22	Myjava	Solarpark Myjava s.r.o.	SK	999	50%	500	Jun.11
23	Symonston		AUS	144	100%	144	Feb.13
Total				25,569		23,935	

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

During the reporting period, Photon Energy N.V. successfully completed the acquisition of the remaining 40% equity interest from its local JV partner in its Slovak portfolio PV power plant in Prša I with an installed capacity of 999 KWp, owned and operated by Fotonika s.r.o..

Generation results

The accumulated average generation of the power plants in the portfolio connected and feeding electricity to the grid in 2016 Q2 amounted to 9.7 GWh, which was 2.3% below the energy forecasts and down by 4.3% 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 April and 30 June 2016

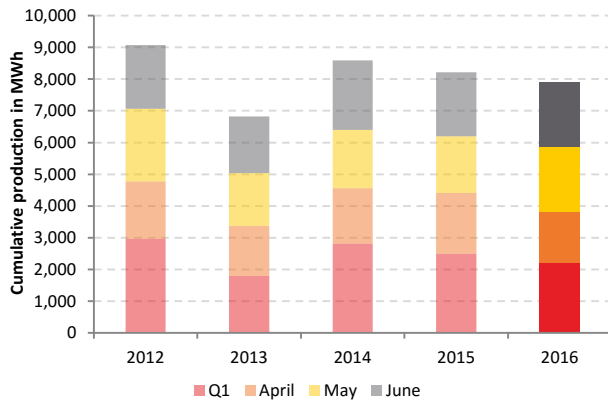
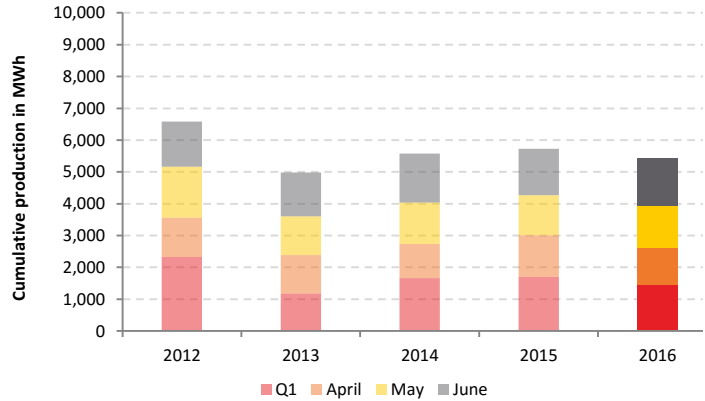
Project name	Legal entity	Capacity	Feed-in-Tariff*	Prod. 2016 Q2	Proj. 2016 Q2	Perf.	YTD Prod.	YTD Proj.	Perf.	YoY
Unit		kWp	per MWh	kWh	kWh	%	kWh	kWh	%	%
Komorovice	Exit 90 s.r.o.	2,354	CZK 13,692	865,431	926,355	-6.6%	1,196,810	1,227,862	-2.5%	-5.3%
Zvíkov I	Photon SPV8 s.r.o.	2,031	CZK 13,692	780,015	811,933	-3.9%	1,126,231	1,076,199	4.6%	2.8%
Dolní Dvořiště	Photon SPV10 s.r.o.	1,645	CZK 13,692	566,335	675,438	-16.2%	806,951	895,278	-9.9%	-0.4%
Svatoslav	Photon SPV4 s.r.o.	1,231	CZK 13,692	409,271	501,648	-18.4%	564,211	664,922	-15.1%	-4.0%
Slavkov	Photon SPV6 s.r.o.	1,159	CZK 13,692	481,062	477,710	0.7%	659,177	633,193	4.1%	-1.2%
Mostkovice SPV 1	Photon SPV1 s.r.o.	210	CZK 13,692	81,648	68,695	18.9%	111,094	101,017	10.0%	-4.3%
Mostkovice SPV 3	Photon SPV3 s.r.o.	926	CZK 14,710	363,617	355,003	2.4%	491,037	476,521	3.0%	-4.3%
Zdice I	Onyx Energy I s.r.o.	1,499	CZK 13,692	585,255	583,871	0.2%	812,968	777,685	4.5%	-10.0%
Zdice II	Onyx Energy projekt II s.r.o.	1,499	CZK 13,692	590,785	583,871	1.2%	820,240	777,685	5.5%	-7.4%
Radvanice	Photon SPV11 s.r.o.	2,305	CZK 13,692	927,478	916,929	1.2%	1,242,713	1,215,369	2.2%	-3.3%
Břeclav rooftop	Photon SPV1 s.r.o.	137	CZK 13,692	57,633	46,495	24.0%	80,001	69,387	15.3%	-4.6%
Total Czech PP		14,996		5,708,530	5,947,948	-4.0%	7,911,432	7,915,117	0.0%	-3.7%
Babiná II	Sun4Energy ZVB s.r.o.	999	EUR 425.12	358,056	374,679	-4.4%	473,331	516,806	-8.4%	-5.8%
Babina III	Sun4Energy ZVC s.r.o.	999	EUR 425.12	357,612	374,679	-4.6%	472,797	516,806	-8.5%	-5.5%
Prša I.	Fotonika s.r.o.	999	EUR 425.12	398,940	373,851	6.7%	549,546	516,320	6.4%	-1.4%
Blatna	ATS Energy s.r.o.	700	EUR 425.12	277,587	270,749	2.5%	373,317	388,893	-4.0%	-0.2%
Mokra Luka 1	EcoPlan 2 s.r.o.	963	EUR 382.61	411,831	368,355	11.8%	591,374	533,431	10.9%	-6.1%
Mokra Luka 2	EcoPlan 3 s.r.o.	963	EUR 382.61	412,351	368,355	11.9%	597,254	533,431	12.0%	-6.2%
Jovice 1	Photon SK SPV2 s.r.o.	979	EUR 382.61	315,345	379,743	-17.0%	425,266	504,287	-15.7%	-6.7%
Jovice 2	Photon SK SPV3 s.r.o.	979	EUR 382.61	289,911	379,743	-23.7%	394,864	504,287	-21.7%	-10.3%
Brestovec	Photon SK SPV1 s.r.o.	850	EUR 382.61	370,302	311,918	18.7%	503,328	451,699	11.4%	-5.6%
Polianka	Solarpark Polianka s.r.o.	999	EUR 382.61	372,222	390,461	-4.7%	489,990	517,548	-5.3%	-3.0%
Myjava	Solarpark Myjava s.r.o.	999	EUR 382.61	417,714	380,890	9.7%	557,055	541,880	2.8%	-6.1%
Total Slovak PP		10,429		3,981,871	3,973,425	0.2%	5,428,122	5,525,389	-1.8%	-5.3%
Symonston		144	AUD 301.60	29,130	29,113	0.1%	87,090	90,364	-3.6%	1.8%
Total Australian PP		144		29,130	29,113	0.1%	87,090	90,364	-3.6%	1.8%
Total		25,569		9,719,531	9,950,485	-2.3%	13,426,644	13,530,870	-0.8%	-4.3%

Notes

* The FIT for the Czech Republic is an indicative figure only. As of 2016 Photon Energy has switched to the "Green Bonus" system, under which energy from our power plants is sold under a different system, at a combined price slightly higher than the FIT.

** Mostkovice SPV 1 & Břeclav rooftop power plants belong to the same legal entity.

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

Chart 1.a Total production of the Czech portfolio**Chart 1.b Total production of the Slovak portfolio**

O&M services

Photon Energy also remained focused on further expanding its Operations and Maintenance business in Europe. Photon Energy now offers more than 180 MWp O&M services across Europe and in Australia. As of the end of 2016 Q2, full O&M services contracts amounted to approximately 92.9 MWp, up by 15.4 MWp from the end of 2015 Q2, and can be broken down geographically into 65.0 MWp operated in the Czech Republic, 15.9 MWp in Slovakia, 11.0 MWp in Romania and 1.1 MWp in Australia. The O&M portfolio divides into 25.6 MWp of PV capacities from the proprietary portfolio and 67.4 MWp serviced for external clients.

During this quarter, our subsidiary Photon Energy Operations (PEO) noticeably finalised negotiations for a 28.5 MWp contract, which was concluded after the reporting period on 21 July. The power plants are owned by one of the leading Czech independent power producers Energy 21. The company's in-depth knowledge of central inverters and access to spare parts played a key part in closing the deal. The power plants are owned by one of the leading Czech independent power producers Energy 21. The company's in-depth knowledge of central inverters and access to spare parts played a key part in closing the deal.

As far as the "Inverter Cardio" services are concerned, the Group is servicing 61.3 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 2016 Q2, the total cumulative capacity of central inverters can be divided 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 0.62 on 30 June 2016 (-21% vs. 31 December 2015), corresponding to a price to book ratio of 0.25x.

The Company also reports average monthly trading volume of 201,586 shares in 2016 Q2. 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

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

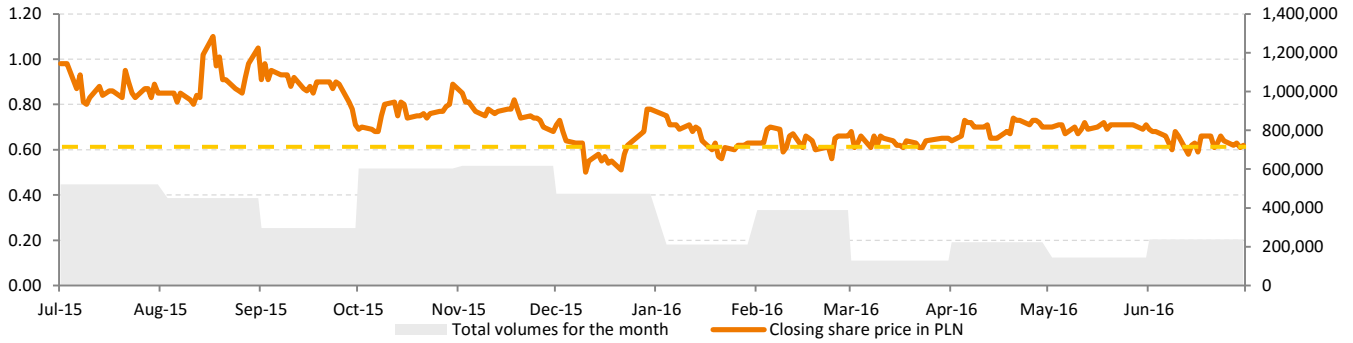


Chart 3. Enterprise value vs. trailing 12 months (TTM) EBITDA

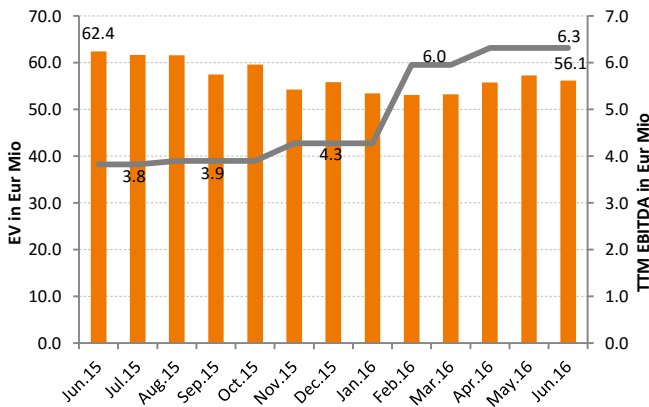
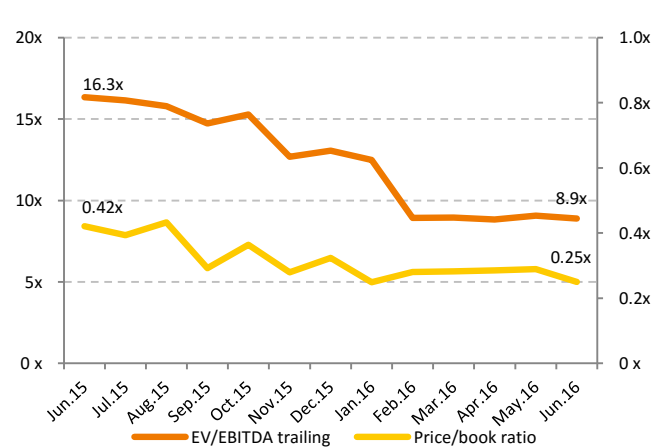


Chart 4. Enterprise value / trailing 12 months EBITDA & price to book ratio



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 2016 Q2, the sum of EBITDA reported in 2015 Q2, Q3, Q4 and 2016 Q1.

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, Munich and Vienna. Since listing the bond has been trading between 93% and 101.00%.

Chart 5. The Company’s bond trading on the Frankfurt Stock Exchange in Germany between 1 July 2015 and 30 June 2016

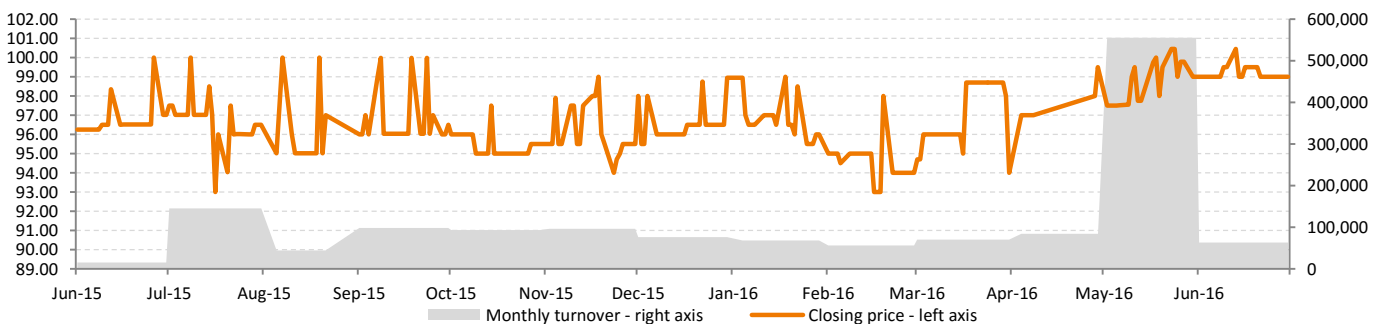
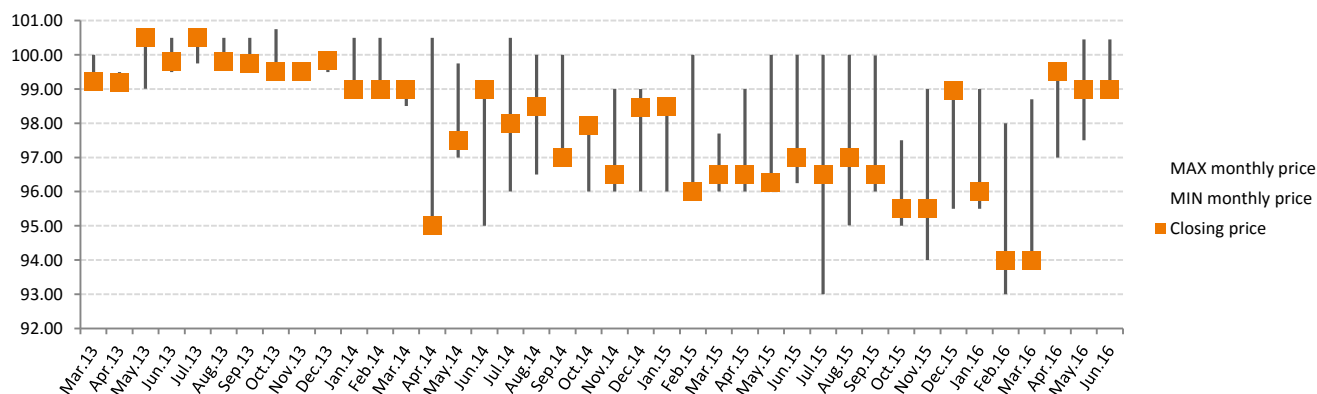


Chart 6. MIN, MAX and closing monthly prices



In the trading period from 12 March 2013 until 30 June 2016 the trading volume amounted to EUR 7.343 Mio (nominal value) with an opening price of 100.00 and a closing price of 99.00. During this period the average daily turnover amounted to EUR 8,794.

Bond trading performance in 2016 Q2

In 2016 Q2 the trading volume amounted to EUR 702,000 (184,000 in 2016 Q1) with an opening price of 94.00 and a closing price of 99.00. The average daily turnover amounted to EUR 10,969 in the reporting period compared to EUR 2,968 in 2016 Q1 and 5,435 for the full-year 2015.

2.7. Financial statement analysis

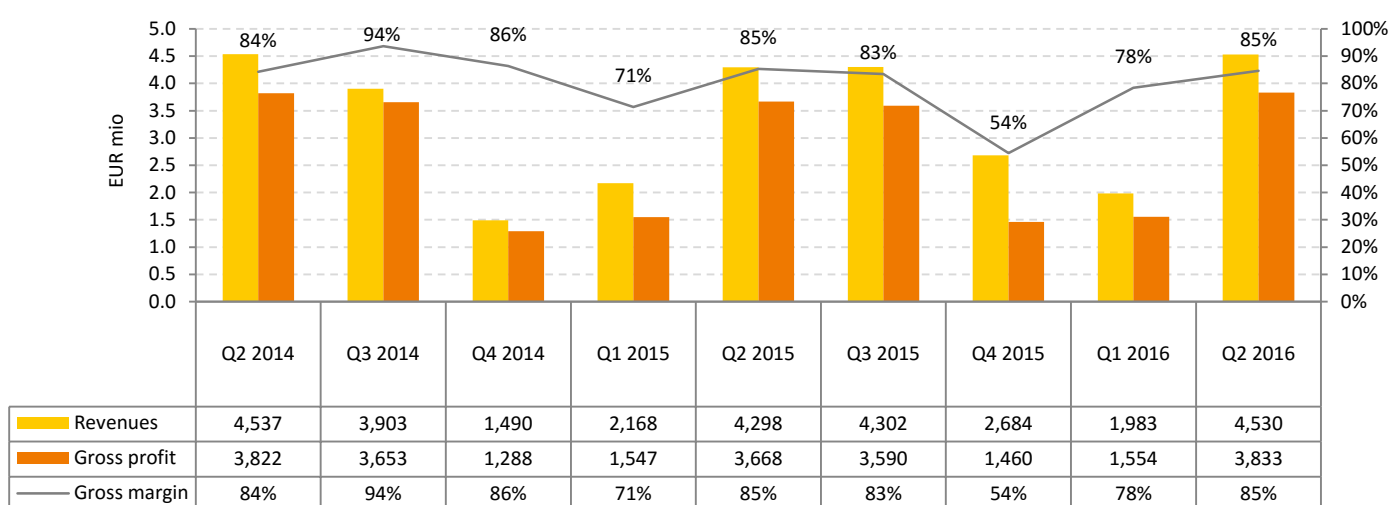
Profit and Loss statement

In 2016 Q2, consolidated revenues increased 5.4% YOY from EUR 4.298 million to EUR 4.530 million. This increase in revenues is primarily connected with the higher revenues from the electricity production resulting after the acquisition of the 100% share in Fotonika, originally a joint venture, and fully consolidated since 1 April 2016.

Consolidated EBITDA increased by 5.4% as well from a EUR 2.646 million profit in 2015 Q2 to a EUR 2.788 million profit in the reporting period. EBIT increased by 9.2% from EUR 0.885 million to EUR 0.966 million. The higher profit in operating activities can be attributed to higher revenues and lower personnel costs together with lower cost of sales.

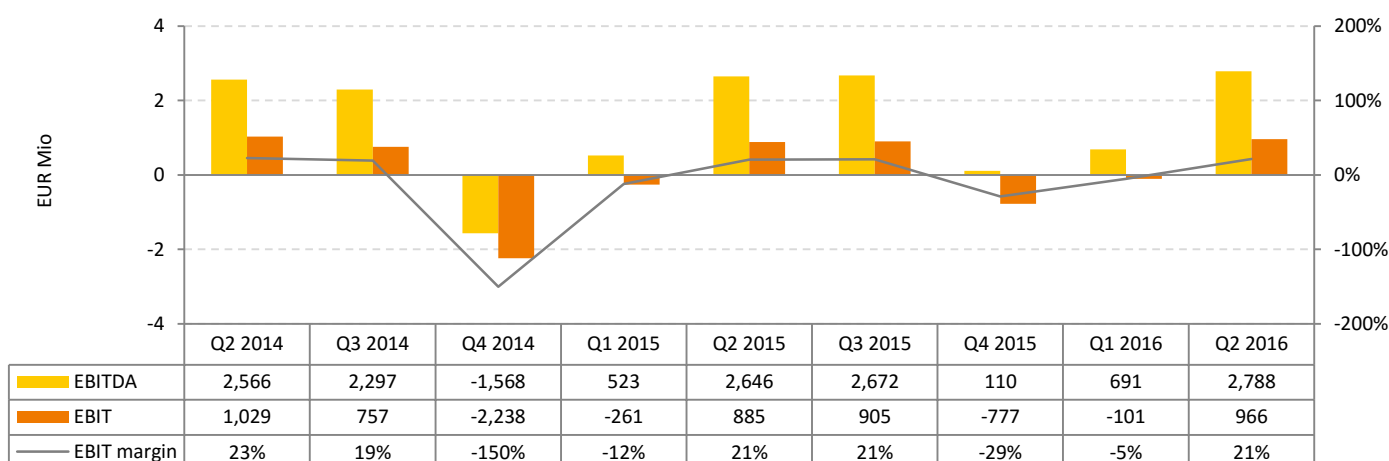
The Company recorded a profit before taxation of EUR 0.199 million, compared to EUR 1.552 million profit for the same period last year. Total comprehensive income amounted to a profit of EUR 0.473 million in 2016 Q2 (vs. a profit of EUR 2.640 million).

Chart 7. Revenues, gross profit and gross margin



The numbers presented above are based on quarterly published figures.

Chart 8. EBITDA, EBIT and EBIT margin development



The numbers presented above are based on quarterly published figures.

Balance Sheet

Total fixed assets amounted to EUR 78.608 million at the end of 2016 Q2, a decrease by EUR 1.518 million compared to 2015 Q2. The main reason for the decrease in assets is the annual depreciation compensated by acquisition of 100% share of Fotonika (originally a joint venture).

Current assets increased from EUR 11.634 million as of 30 June 2015 to EUR 12.096 million as of 30 June 2016 mainly due to higher cash, and trade and other receivables.

Total liabilities amounted to EUR 62.752 million as of the end of the reporting period compared to EUR 62.660 million as of the end of 2015 Q2. Current liabilities decreased by EUR 0.656 million (down from EUR 8,219 million in 2015 Q2 to EUR 7.563 million in 2016 Q2) mainly due to a lower trade and other payables. Trade and other payables have decreased from EUR 4.342 million in 2015 Q2 to EUR 3.140 million in 2016 Q2. Long term liabilities increased by EUR 0.747 million from EUR 54.441 million in 2015 Q2 to EUR 55.189 million in 2016 Q2. The main drivers of the increase in long term liabilities was the increase in the outstanding balance of the bond; an increase of the bank loans due to refinancing performed in the beginning of the year and the inclusion of the bank loan of Fotonika after the acquisition of a 100% share and a change to the full consolidation method compensated by the regular repayment of the bank loans and other loan.

Chart 9. Net current assets

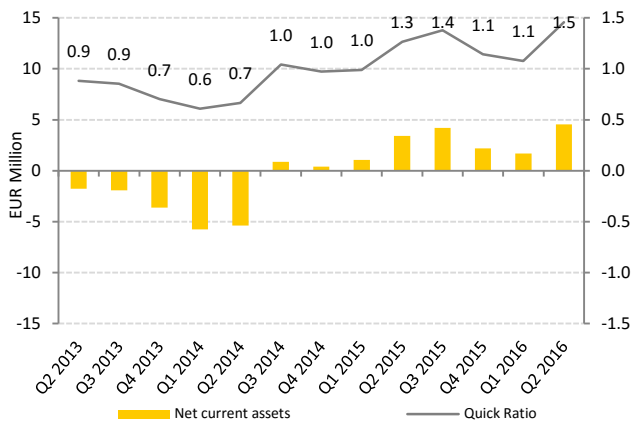
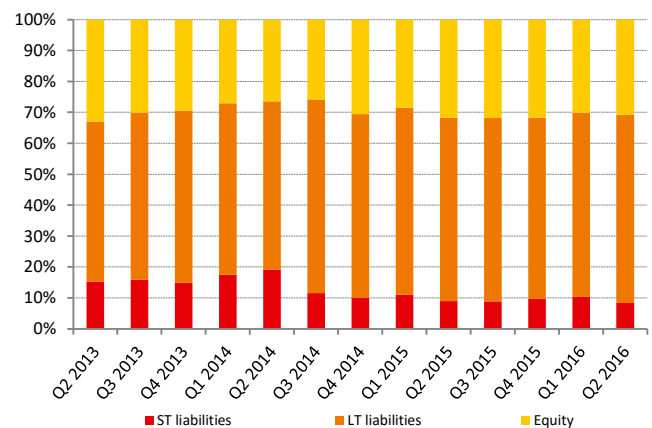


Chart 10. Break down of liabilities and equity



Changes in equity

Eventhough Equity increased in 2016 Q2 compared to 2016 Q1 it decreased to EUR 27.951 million in 2016 Q2 compared to EUR 29.100 million in 2015 Q2. This is mainly as a result of results of the previous quarters.

Cash Flow

The Group posted negative operating cash flows in 2016 Q2, which amounted to EUR 0.318 million. Financial cash flows were positive and amounted to EUR 0.879 million driven primarily by the new refinancing in the total amount of EUR 1.479 million; proceeds from bond amounting to EUR 1.572 million and inclusion of Fotonika compensated by payment of interests and repayments of the bank loans. Overall, the cash position increased by EUR 0.533 million comparing to the same quarter of 2015 and ended at EUR 4.643 million at the end of the reporting period (EUR 4.110 million one year ago).

2.8. Financial forecasts

The Company does not publish financial forecasts.

3. General information about the Issuer

The table below 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 Strozziilaan 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 30 June 2016

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 30 June 2016, to the knowledge of the Board of Directors of Photon Energy N.V., the shareholder structure is as follows:

Shareholdership as of 30.06.2016	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	55.45%
Solar Future Cooperatief U.A.	8,590,683	14.32%	8,590,683	16.85%
Solar Power to the People Cooperatief U.A.	8,051,919	13.42%	8,051,919	15.80%
Photon Energy N.V.	9,027,839	15.05%	0	0.00%
Free float	6,065,585	10.11%	6,065,585	11.90%
Total	60,000,000	100.00%	50,972,161	100.00%

The free float includes shares allocated to the Employee incentive programme. The disposition rights to these shares are limited and employees can dispose of these shares only under specific conditions.

6. Statutory bodies of the Issuer

Board of Directors as of 30 June 2016

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.

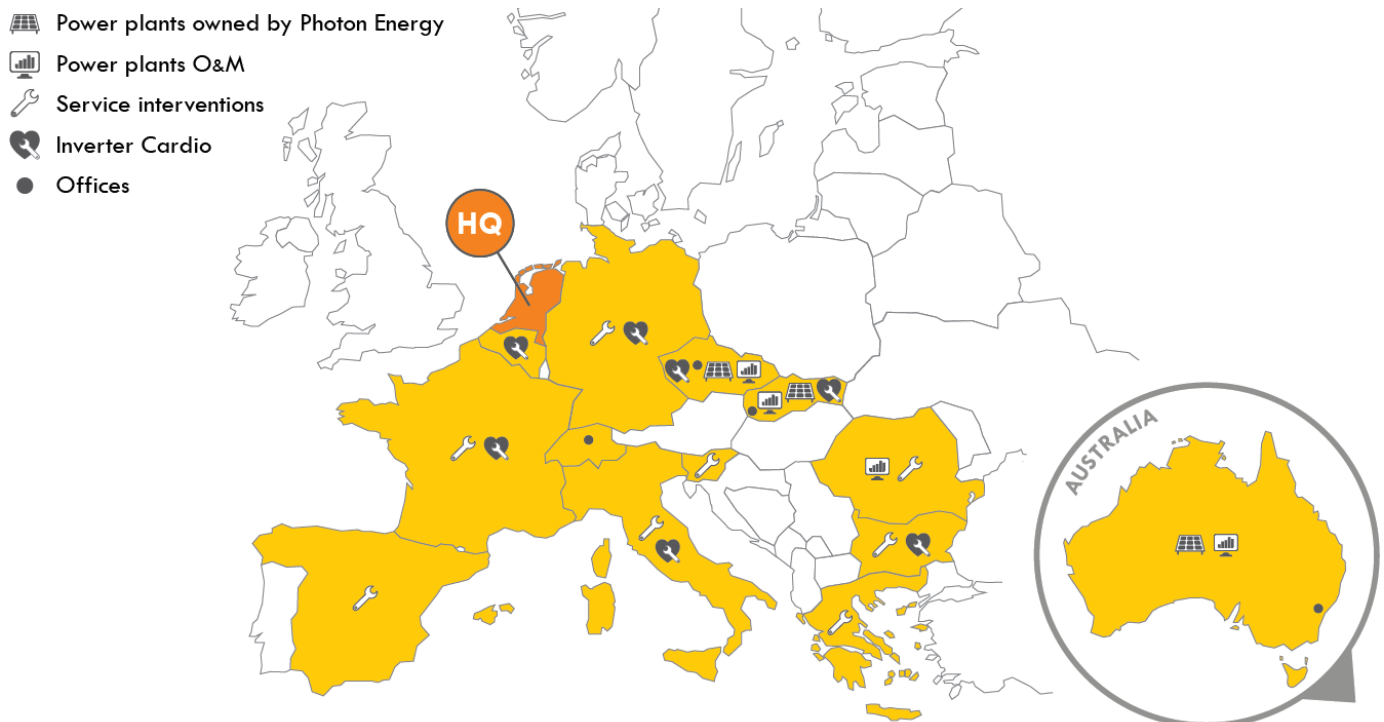
7. Description of the Issuer's business

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



Currently the Photon Energy Group is active with 58 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 more than 180 MWp of PV power plants under O&M management across two continents.

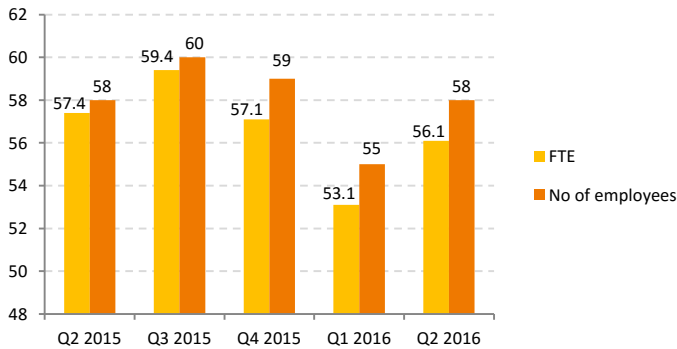
8. Implementation of innovative activities in the Company

None during the reporting period.

9. Employees

As of the end of 2016 Q2 the Photon Energy Group had 58 employees (compared to 55 employees in 2016 Q1) which translates into 56.1 FTE¹ (compared to 53.1 FTE in 2016 Q1).

Chart 11. 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 30 June 2016.

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 Water s.r.o.	100%	100%	CZ	Full Cons.	Photon Energy
21 Photon Energy Cardio s.r.o.	100%	100%	CZ	Full Cons.	PEO CZ
22 Photon Energy Finance Europe GmbH	100%	100%	DE	Full Cons.	Photon Energy
23 Photon Energy Corporate Services DE GmbH	100%	100%	DE	Full Cons.	Photon Energy
24 IPVIC GbR	15%	15%	DE	Not Cons.	Photon Energy
25 Photon Energy Engineering Europe GmbH	100%	100%	DE	Full Cons.	PEE BV
26 EcoPlan 2 s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
27 EcoPlan 3 s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
28 Fotonika, s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
29 Photon SK SPV 1 s.r.o.	50%	50%	SK	Equity	Photon Energy
30 Photon SK SPV 2 s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
31 Photon SK SPV 3 s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
32 Solarpark Myjava s.r.o.	50%	50%	SK	Equity	Photon Energy
33 Solarpark Polianka s.r.o.	50%	50%	SK	Equity	Photon Energy
34 SUN4ENERGY ZVB, s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
35 SUN4ENERGY ZVC, s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
36 ATS Energy, s.r.o.	70%	70%	SK	Full Cons.	Photon Energy
37 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:

On 29 June 2016, Photon Energy Cardio s.r.o. was incorporated as a 100% subsidiary of Photon Energy Operations CZ s.r.o.. Since 1 April 2016, Fotonika s.r.o., which used to be consolidated under the equity method, has been fully consolidated.

After the reporting period the following events occurred:

None.

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

11.1. Summary of the key events from 1 April until 30 June 2016

Below is a summary of the key events which were important for the Issuer's business from 1 April until 30 June 2016 and which were reported in the EBI system:

- ▶ **EBI 07/2016** published on 12 April 2016: Monthly report for March 2016.
- ▶ **EBI 08/2016** published on 13 April 2016: Change in publication dates of periodic reports in 2016.
- ▶ **EBI 09/2016** published on 13 April 2016: Q & A Chat to be held in collaboration with Polish retail investors association SII on Thursday, the 28th of April 2016 at 11:00am.
- ▶ **EBI 10/2016** published on 26 April 2016: Annual report for the year 2015.
- ▶ **EBI 11/2016** published on 26 April 2016: Convocation of the Annual General Meeting of Shareholders on 9 June 2016.
- ▶ **EBI 12/2016** published on 26 April 2016: The draft of resolutions of AGM on 9 June 2016.
- ▶ **EBI 13/2016** published on 9 May 2016: Quarterly report for 2016 Q1.
- ▶ **EBI 14/2016** published on 11 May 2016: Monthly report for April 2016.
- ▶ **EBI 15/2016** published on 9 June 2016: The Minutes of the AGM of shareholders held on 9 June 2016.
- ▶ **EBI 16/2016** published on 10 June 2016: Monthly report for May 2016.
- ▶ **EBI 17/2016** published on 14 June 2016: Photon Energy completes acquisition of remaining 40% equity interest in Fotonika s.r.o.

11.2. Summary of the key events after 30 June 2016

Below is a summary of the key events which were important for the Issuer's business after 30 June 2016 until the date of this report:

- ▶ **EBI 18/2016** published on 12 April 2016: Monthly report for June 2016.
- ▶ **EBI 19/2016** published on 22 July 2016: Photon Energy adds further 28.5 MWp to O&M portfolio.

12. Detailed consolidated financial results for 2016 Q2

The tables below present the **consolidated** and **un-audited** financial statements of Photon Energy N.V. for the period starting on 1 March 2016 and ending on 30 June 2016 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	
	2015 Q2	2016 Q2	2015 Q2	2016 Q2
Total revenues	4,298	4,530	17,682	19,798
Out of that: Revenues from electricity generation	3,831	4,065	15,773	17,765
Out of that: Other revenues	467	464	1,910	2,032
Cost of sales	-371	-406	-1,508	-1,774
Solar levy CZ	-259	-292	-1,066	-1,273
Gross profit	3,668	3,833	15,108	16,750
Personnel expenses	-623	-545	-2,544	-2,383
Administrative expenses	-332	-424	-1,351	-1,853
Other income	-60	9	-256	41
Other expenses	-8	-86	-29	-374
EBITDA	2,646	2,788	10,929	12,181
Depreciation	-1,760	-1,822	-7,248	-7,960
EBIT	885	966	3,682	4,221
Interest income	37	11	152	46
Interest cost	-804	-791	-3,288	-3,458
Financial income	713	0	2,948	0
Financial expense	2	-21	10	-91
Revaluation of derivatives	633	-150	2,630	-657
Net finance expenses	580	-951	2,451	-4,159
Share of profit from associates / J-Vs	86	184	357	804
Profit / loss before taxation	1,552	199	6,490	865
Income tax – current	-31	-11	-128	-49
Income tax – deferred	-121	159	-507	696
Profit/loss from continuing operations	1,400	347	5,854	1,512
Profit/loss from discontinued operations	0	0	0	0
Other comprehensive income for the period	1,240	126	5,167	549
Total comprehensive income for the period	2,640	473	11,022	2,061
Profit/loss from continuing operations	1,400	347	5,854	-22
Attributable to the equity holders	1,394	330	5,830	1,433
Attributable to minority interest	6	18	24	78
Total comprehensive income for the period	2,640	473	11,022	2,061
Attributable to the equity holders	918	456	10,998	1,983
Attributable to minority interest	1,722	18	24	78
Average no. of shares outstanding in thousand	50,733	51,047	50,733	51,047
Earnings per share outstanding	0.028	0.007	0.115	0.030
Comprehensive income per share outstanding	0.052	0.009	0.217	0.040
EUR exchange rate – low	-	-	3.968	4.234
EUR exchange rate – average	-	-	4.088	4.372
EUR exchange rate – high	-	-	4.191	4.460

Note: Exchange rate provided by the European Central Bank

Statement of Financial Position

in Thousands	EUR		PLN	
	30.6.2015	30.6.2016	30.6.2015	30.6.2016
PPE – Lands	2,838	2,849	11,892	12,641
PPE – Photovoltaic power plants	74,337	73,435	311,492	325,805
PPE – Other equipment	750	202	3,142	897
PPE – Assets in progress	32	3	133	13
Intangible assets	0	0	0	0
Investments in associates	2,168	2,110	9,085	9,361
Other investments	0	8	0	36
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	80,126	78,608	335,749	348,754
Cash and cash equivalents	4,110	4,643	17,223	20,600
Trade and other receivables	5,555	5,893	23,278	26,146
Gross amount due from customers for contract work	28	0	119	0
Inventories – Goods	1,235	1,069	5,173	4,743
Assets held for sale	0	0	0	0
Prepaid expenses	706	491	2,958	2,178
Current assets	11,634	12,096	48,750	53,666
Total assets	91,760	90,704	384,495	402,418
Issued share capital	600	600	2,494	2,494
Share premium	23,760	23,760	98,760	98,760
Legal Reserve fund	10	8	43	37
Retained earnings	-20,306	-19,627	-85,089	-87,080
Fund for currency conversions	0	0	0	0
Other comprehensive income from previous periods	23,974	24,087	100,456	106,863
Other comprehensive income	601	0	2,520	0
Profit/loss-current year	313	-1,033	1,312	-4,582
Equity in associates, joint ventures	0	0	0	0
Equity attributable to equity holders	28,952	27,795	121,316	123,317
Minority interests	148	156	620	693
Total equity	29,100	27,951	121,936	124,010
Non-current liabilities	54,441	55,189	228,121	244,854
Bank loan	40,279	39,405	168,780	174,826
Other long-term liabilities	8,270	9,913	34,653	43,979
Other loans	538	270	2,256	1,198
Deferred tax liabilities	5,353	5,601	22,431	24,850
Current liabilities	8,219	7,563	34,440	33,556
Trade and other payables	4,342	3,140	18,195	13,929
Bank loan	3,564	4,035	14,932	17,904
Other Loans	269	268	1,128	1,191
Other short-term liabilities	0	0	0	0
Tax liabilities (CIT)	44	120	185	531
Total Liabilities	62,660	62,752	262,560	278,409
TOTAL Equity & Liabilities	91,760	90,704	384,495	402,418
No. of shares outstanding in thousand	50,761	50,972	50,761	50,972
Book value per share outstanding	0.570	0.545	2.390	2.419

Cash Flow Statement

in Thousands	EUR		PLN	
	2015 Q2	2016 Q2	2015 Q2	2016 Q2
Profit for the year	1,552	199	6,490	865
Adjustments for:				
Depreciation	1,760	1,822	7,248	7,960
Other changes in fixed assets	0	246	0	1,075
Share of profit of equity accounted investees	-86	-184	-358	-804
Profit /Loss on sale of property, plant and equipment	0	0	0	2
Receivables write-off	14	0	56	0
Other non-cash items	138	-124	579	-541
Changes in:				
Trade and other receivables	146	-1,034	717	-4,088
Gross amount due from customers for contract work	-232	0	-974	0
Prepaid expenses	72	107	295	466
Inventories	636	-99	2,697	-431
Trade and other payables	-1,226	-1,002	-5,098	-1,143
Other assets	0	0	0	0
Other liabilities	-1,690	-249	-6,716	-3,975
Interests paid	-251	0	-1,029	0
Income tax paid	-49	0	-201	0
Operating cash flow	783	-318	3,706	-615
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
Proceeds from sale of property, plant and equipment, other investments	2,086	0	8,636	0
Other investments	0	0	0	0
Interest received	0	0	0	0
Investment cash flow	2,086	0	8,636	0
Change of consolidation method (acquisition of JV)	0	1,809	0	7,903
Proceeds from borrowings	0	0	0	7
Proceeds from issuing bonds	-49	1,379	-222	6,025
Interest expenses	-737	-801	-3,092	-3,502
Proceeds from issuance of ordinary shares	0	0	0	0
Repayment of borrowings	-1,789	-1,508	-7,395	-6,590
Financial cash flow	-2,576	879	-10,709	3,842
Net change in cash	293	562	1,633	3,227
Cash at the beginning of the period	3,817	4,390	15,590	18,689
Effect of exchange rate fluctuation	0	-310	0	-1,316
Cash at the end of the period	4,110	4,643	17,222	20,600
EUR exchange rate - low			3.968	4.460
EUR exchange rate - average			4.088	4.437
EUR exchange rate - high			4.191	4.372

13. Detailed accumulated consolidated financial results for 2016 Q1-Q2

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 2016 and ending on 30 June 2016 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	
	2015 Q1-Q2	2016 Q1-Q2	2015 Q1-Q2	2016 Q1-Q2
Total revenues	6,466	6,513	26,773	28,454
Out of that: Revenues from electricity generation	5,537	5,570	22,927	24,333
Out of that: Other revenues	929	943	3,846	4,121
Cost of sales	-871	-723	-3,605	-3,158
Solar levy CZ	-380	-404	-1,573	-1,763
Gross profit	5,215	5,387	21,595	23,533
Salaries and compensation - administration expenses	-1,289	-1,087	-5,336	-4,749
Other administrative expenses	-796	-764	-3,297	-3,339
Other income	108	29	446	126
Other expenses	-69	-86	-286	-374
EBITDA	3,169	3,479	13,123	15,197
Depreciation	-2,545	-2,613	-10,538	-11,415
EBIT	624	866	2,586	3,782
Interest income	55	22	227	94
Interest cost	-1,612	-1,533	-6,674	-6,696
Financial income	793	0	3,285	0
Financial expense	-14	-34	-59	-149
Revaluation of derivatives	442	-537	1,831	-2,347
Net finance expenses	-336	-2,082	-1,390	-9,097
Share of profit from associates / J-Vs	38	98	157	428
Profit / loss before taxation	327	-1,119	1,353	-4,887
Income tax – current	-31	-11	-128	-49
Income tax – deferred	17	97	72	425
Profit/loss from continuing operations	313	-1,033	1,296	-4,512
Profit/loss from discontinued operations	0	-11	0	-48
Profit/loss after taxation	313	-1,044	1,296	-4,560
Other comprehensive income for the period	601	-152	2,490	-664
Total comprehensive income for the period	914	-1,196	3,787	-5,224
Profit/loss from continuing operations	313	-1,044	1,296	-4,560
Attributable to the equity holders	312	-1,048	1,292	-4,580
Attributable to minority interest	1	5	4	20
Total comprehensive income for the period	914	-1,196	3,787	-5,224
Attributable to the equity holders	913	-1,200	3,783	-5,244
Attributable to minority interest	1	5	4	20
Average no. of shares outstanding in thousand	50,650	50,864	50,650	50,864
Earnings per share outstanding	0.006	-0.020	0.026	-0.089
Comprehensive income per share outstanding	0.018	-0.024	0.075	-0.103
EUR exchange rate - low	-	-	3.968	4.234
EUR exchange rate - average	-	-	4.141	4.369
EUR exchange rate - high	-	-	4.326	4.496

Note: Exchange rate provided by the European Central Bank

Cash Flow Statement

in Thousands	EUR		PLN	
	2015 Q1-Q2	2016 Q1-Q2	2015 Q1-Q2	2016 Q1-Q2
Profit for the year	327	-1,119	1,353	-4,887
Adjustments for:			0	0
Depreciation	2,545	2,613	10,538	11,415
Other changes in fixed assets	0	230	0	1,005
Share of profit of equity accounted investees	-38	-98	-157	-428
Profit /Loss on sale of property, plant and equipment	0	39	0	172
Receivables write-off	14	0	56	0
Other non-cash items	0	-36	0	-157
Changes in:			0	0
Trade and other receivables	-2,053	-1,912	-8,502	-8,354
Gross amount due from customers for contract work	1	0	3	0
Prepaid expenses	113	197	466	861
Inventories	-552	-145	-2,284	-632
Trade and other payables	-830	-1,017	-3,438	-4,127
Other assets	0		0	0
Other liabilities	157	-320	648	-1,397
Interests paid	-474	0	-1,963	0
Income tax paid	-91	0	-376	0
Operating cash flow	-883	-1,567	-3,656	-6,530
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
Proceeds from sale of property, plant and equipment, other investments	2,086	0	8,636	0
Other investments	0	0	0	0
Interest received	0	0	0	0
Investment cash flow	2,086	0	8,636	0
Change of consolidation method (acquisition of JV)	0	1,809	0	7,903
Proceeds from borrowings	0	1,479	0	6,461
Proceeds from issuing bonds	326	1,572	1,350	6,867
Interest expenses	23	-1,545	94	-6,750
Proceeds from issuance of ordinary shares	0	0	0	0
Repayment of borrowings	-2,072	-2,312	-8,581	-10,100
Financial cash flow	-1,724	1,003	-7,137	4,382
Net change in cash	-521	-564	-2,157	-2,148
Cash at the beginning of the period	4,631	5,299	19,176	23,149
Effect of exchange rate fluctuation	0	-92	0	-402
Cash at the end of the period	4,110	4,643	17,019	20,600
EUR exchange rate - low	-	-	4.099	3.968
EUR exchange rate - average	-	-	4.175	4.141
EUR exchange rate - high	-	-	4.250	4.326

Note: Exchange rate provided by the European Central Bank

Statement of Changes in Equity

in thousand EUR	Share capital	Share premium	Legal reserve Fund	Revaluation reserve	Currency translation reserve	Hedging reserve	Retained earnings	TOTAL	Non-controlling interests	TOTAL EQUITY
BALANCE at 31.12.2015	600	23,760	10	25,415	-975	-420	-20,001	28,388	151	28,540
Profit for the period 1.1.2016 – 30.6.2016							-1,044	-1,044	5	-1,039
Revaluation of PPE								0		0
Share on revaluation of PPE of associates, JV								0		0
Foreign currency translation differences					-126			-126		-126
Derivatives						-26		-26		-26
Acquisition of JV				602				602		602
Total comprehensive income for the year	0	0	0	602	-126	-26	-1,044	-594	5	-589
new shares								0		0
Move from revaluation reserve to retained earnings				-383			383	0		0
Legal reserve fund – move to RE on entity disposal			-2				2	0		0
BALANCE at 30.6.2016	600	23,760	8	25,634	-1,101	-446	-20,660	27,795	156	27,951

14. Detailed entity financial results for 2016 Q2

The tables below present the **entity** and **un-audited** financial statements of Photon Energy N.V. for the three-month period starting on 1 April 2016 and ending on 30 June 2016 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	
	2015 Q2	2016 Q2	2015 Q2	2016 Q2
Revenues from the sale of products, goods and services	0	466	0	3,944
Cost of sales	0	0	0	0
Other administrative expenses	-188	-460	-771	-3,157
Other income	0	0	0	0
Other expenses	-5	0	-22	-18
EBITDA	-194	7	-793	769
Amortization&depreciation	3	-3	11	-12
EBIT	-192	4	-782	756
Financial income	911	1,059	3,766	4,321
Financial costs	-352	-368	-1,443	-1,850
Profit / loss before taxation	369	695	1,542	3,228
Income tax	0	0	0	0
Profit/loss for the period (net income)	369	695	1,542	3,228

Balance Sheet

in Thousands	EUR		PLN	
	30.6.2015	30.6.2016	30.6.2015	30.6.2016
PPE – Lands	0	0	0	0
PPE – Other equipment	0	0	0	-1
PPE – Assets in progress	0	0	0	0
Intangible assets	28	17	116	76
Investments in associates	31,681	31,920	132,750	141,619
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
Other assets	0	0	0	0
Non-current assets	31,708	31,937	132,866	141,694
Cash and cash equivalents	91	366	380	1,625
Trade and other receivables	8,139	11,523	34,105	51,124
Gross amount due from customers for contract work				
Inventories – Goods				
Assets held for sale	0	0	0	0
Prepaid expenses	572	284	2,398	1,261
Current assets	8,802	12,174	36,883	54,010
Total assets	40,510	44,111	169,749	195,704
Issued share capital	600	600	2,514	2,662
Share premium	36,871	36,871	154,499	163,583
Legal Reserve fund	0	0	0	0
Retained earnings	-7,655	-8,107	-32,077	-35,966
Reserves	-1,778	-975	-7,450	-4,326
Profit/loss-current year	67	449	280	1,994
Total equity	28,105	28,839	117,765	127,947
Non-current liabilities	7,851	9,632	32,898	42,734
Bank loan	0	0	0	0
Other long-term liabilities	7,851	9,632	32,898	42,734
Current liabilities	4,555	5,640	19,086	25,024
Trade and other payables	3,748	5,102	15,705	22,637
Bank loan	0	0	0	0
Other Loans	807	538	3,382	2,387
TOTAL Equity & Liabilities	40,510	44,111	169,749	195,705
No. of shares outstanding in thousand	23,000	51,072	23,000	51,072
Book value per share outstanding	1.630	0.565	0.376	2.505

15 Detailed accumulated entity financial results for 2016 Q1-Q2

The tables below present the **entity** and **un-audited** financial statements of Photon Energy N.V. for the six-month period starting on 1 January 2016 and ending on 30 June 2016 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	
	2015 Q1-Q2	2016 Q1-Q2	2015 Q1-Q2	2016 Q1-Q2
Revenues from the sale of products, goods and services	0	903	0	3,944
Cost of sales	0	0	0	0
Other administrative expenses	-1,061	-376	-4,431	-1,558
Gross profit	0	903	0	3,944
Other income	-376	-903	-1,558	-3,944
Other expenses	0	0	0	0
EBITDA	-382	-4	-1,580	-18
Amortization&depreciation	0	-5	0	-23
EBIT	-382	-10	-1,580	-42
Financial income	1,050	1,123	4,349	4,904
Financial costs	-602	-664	-2,492	-2,899
Profit / loss before taxation	67	449	277	1,963
Income tax	0	0	0	0
Profit/loss for the period (net income)	67	449	277	1,963

Balance Sheet

in Thousands	EUR		PLN	
	30.6.2015	30.6.2016	30.6.2015	30.6.2016
PPE – Lands	0	0	0	0
PPE – Other equipment	0	0	0	-1
PPE – Assets in progress	0	0	0	0
Intangible assets	28	17	116	76
Investments in associates	31,681	31,920	132,750	141,619
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
Other assets	0	0	0	0
Non-current assets	31,708	31,937	132,866	141,694
Cash and cash equivalents	91	366	380	1,625
Trade and other receivables	8,139	11,523	34,105	51,124
Gross amount due from customers for contract work				
Inventories – Goods				
Assets held for sale	0	0	0	0
Prepaid expenses	572	284	2,398	1,261
Current assets	8,802	12,174	36,883	54,010
Total assets	40,510	44,111	169,749	195,704
Issued share capital	600	600	2,514	2,662
Share premium	36,871	36,871	154,499	163,583
Legal Reserve fund	0	0	0	0
Retained earnings	-7,655	-8,107	-32,077	-35,966
Reserves	-1,778	-975	-7,450	-4,326
Profit/loss-current year	67	449	280	1,994
Total equity	28,105	28,839	117,765	127,947
Non-current liabilities	7,851	9,632	32,898	42,734
Bank loan	0	0	0	0
Other long-term liabilities	7,851	9,632	32,898	42,734
Current liabilities	4,555	5,640	19,086	25,024
Trade and other payables	3,748	5,102	15,705	22,637

Bank loan				
Other Loans	807	538	3,382	2,387
TOTAL Equity & Liabilities	40,510	44,111	169,749	195,705
No. of shares outstanding in thousand	50,761	50,972	50,761	50,972
Book value per share outstanding	0.554	0.566	2.320	2.510

15. 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 2016 and ending on 30 June 2016 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 2016 to 30 June 2016

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	274	5,570	662	0	8	6,513	0	6,513
Revenues within segments from sale of products, goods, services	35	0	329	0	1,564	1,927	-1,927	0
Cost of sale	-248	-357	-432	0	-64	-1,101	378	-723
Energy tax	0	-404	0	0	0	-404	0	-404
Gross profit	25	4,809	230	0	-56	5,008	378	5,387
Other external income	0	0	0	0	29	29	0	29
Administrative and other expenses	-81	-101	-502	0	-1,913	-2,597	659	-1,937
Depreciation	0	-2,585	-11	0	-17	-2,613	0	-2,613
Operating income	-56	2,124	-283	0	-1,957	-172	1,038	866
Interest income	12	108	9	0	113	242	-220	22
Interest expenses	-20	-1,034	-40	0	-680	-1,753	220	-1,533
Other financial revenues	0	0	0	0	0	0	0	0
Other financial expenses	2	-9	-6	0	-21	-34	0	-34
Revaluation of derivatives	0	-537	0	0	0	-537	0	-537
Profit/loss share in entities in equivalency	0	0	0	98	0	98	0	98
Income tax	0	-11	0	0	0	-11	0	-11
Deferred tax	0	97	0	0	0	97	0	97
Profit/loss from discontinuing operations	0	0	0	0	11	11	0	11
Profit/loss after taxation	-61	738	-319	98	-2,535	-2,080	1,037	-1,044
Revaluation of property, plant and equipment	0	0	0	0	0	0	0	0
Foreign currency translation diff. - foreign operations	0	-126	0	0	0	-126	0	-126
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	-26	0	0	0	-26	0	-26
Total comprehensive income	-61	586	-319	98	-2,535	-2,232	1,037	-1,196
Assets, of which	2,212	89,129	2,488	2,110	13,621	109,561	-18,856	90,704
PPE – Lands	0	2,849	0	0	0	2,849	0	2,849
PPE – Photovoltaic power plants	0	73,435	0	0	0	73,435	0	73,435
PPE – Equipment	46	0	78	0	77	202	0	202
PPE – Assets in progress	3	0	0	0	0	3	0	3
Intangibles	0	0	0	0	0	0	0	0
Trade and other receivables	1,789	8,087	2,074	0	12,799	24,749	-18,856	5,893
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	312	530	211	0	18	1,069	0	1,069
Investments in associates, JV, other	0	0	8	2,110	0	2,118	0	2,118
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	135	26	0	322	491	0	491
Assets held for sale	0	0	0	0	0	0	0	0
Cash and cash equivalents	53	4,093	91	0	406	4,643	0	4,643
Liabilities, of which	-3,410	-52,062	-3,135	0	-22,102	-80,708	17,955	-62,753
Trade and other payables	-3,408	-2,640	-3,120	0	-11,927	-21,095	17,955	-3,140
Bank Loans and other loans	0	-43,441	0	0	-538	-43,979	0	-43,979
Other long term liabilities	0	-281	0	0	-9,632	-9,913	0	-9,913
Other short term liabilities	0	0	0	0	0	0	0	0
Current tax liabilities (income tax)	-2	-98	-15	0	-5	-120	0	-120
Provisions	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	-5,601	0	0	0	-5,601	0	-5,601

Results of the operating segments for the period from 1 January 2015 to 30 June 2015

	in Thousands EUR	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		484	5 537	444	0	0	6 466	0	6 466
Revenues within segments from sale of products, goods services		1	0	369	0	0	370	-370	0
Cost of sale		-359	-12	-469	0	-56	-896	25	-871
Energy tax		0	-380	0	0	0	-380	0	-380
Gross profit		126	5 146	344	0	-56	5 559	-344	5 215
Other external income		0	0	0	0	108	108	0	108
Administrative and other expenses		-354	-513	-862	0	-769	-2 499	344	-2 154
Depreciation		-1	-2 520	-13	0	-12	-2 545	0	-2 545
Operating income		-229	2 113	-531	0	-730	623	0	623
Interest income		9	150	16	0	74	249	-194	55
Interest expenses		-18	-1 119	-36	0	-245	-1 419	194	-1 612
Other financial revenues		0	0	0	0	793,235	793	0	793
Other financial expenses		-3	-2	-3	0	-7	-14	0	-14
Revaluation of derivatives		0	442	0	0	0	442	0	442
Disposal of investments		0	0	0	0	0	0	0	0
Profit/loss share in entities in equivalency		0	0	0	38	0	38	0	38
Income tax		0	-14	0	0	0	-14	0	-14
Profit/loss after taxation		-241	1 570	-554	38	-115	698	0	313
Revaluation of property, plant and equipment		0	0	0	0	0	0	0	0
Foreign currency translation diff. - foreign operations		0	0	0	0	447	447	0	447
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	144	0	10	0	154	0	154
Total comprehensive income		-241	1 714	-554	48	332	1 299	0	914
Assets, of which		1 423	87 671	2 836	2 168	11 043	105 141	-13 382	91 760
PPE – Lands		0	2 838	0	0	0	2 838	0	2 838
PPE – Photovoltaic power plants		0	74 337	0	0	0	74 337	0	74 337
PPE - Equipment		0	0	650	0	100	750	0	750
PPE – Assets in progress		0	0	32	0	0	32	0	32
Intangibles		0	0	0	0	0	0	0	0
Trade and other receivables		907	5 908	1 925	0	10 197	18 937	-13 382	5 555
Loans		0	0	0	0	0	0	0	0
Gross amount due from customers for contract work		20	0	0	0	9	28	0	28
Inventories – Goods		475	544	199	0	17	1 235	0	1 235
Investments in associates, JV, other		0	0	1	2 168	0	2 169	0	2 169
Deferred tax receivables		0	0	0	0	0	0	0	0
Long term receivables		0	0	0	0	0	0	0	0
Prepaid expenses		0	88	14	0	604	706	0	706
Assets held for sale		0	0	0	0	0	0	0	0
Cash and cash equivalents		22	3 956	17	0	116	4 110	0	4 110
Liabilities, of which		-4 245	-52 787	-4 373	0	-14 636	-76 041	13 382	-62 660
Trade and other payables		-4 243	-3 591	-4 286	0	-5 603	-17 724	13 382	-4 342
Bank Loans and other loans		0	-43 843	0	0	-808	-44 651	0	-44 651
Other long term liabilities		0	0	-58	0	-8 212	-8 270	0	-8 270
Other short term liabilities		0	0	0	0	0	0	0	0
Current tax liabilities (income tax)		-2	0	-28	0	-14	-44	0	-44
Provisions		0	0	0	0	0	0	0	0
Deferred tax liabilities		0	-5 353	0	0	0	-5 353	0	-5 353

16. 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	
	2015 Q2	2016 Q2
EUR exchange rate – low	3.968	4.234
EUR exchange rate – high	4.191	4.460
EUR exchange rate – average	4.088	4.372
EUR exchange rate – end of period	4.190	4.437

(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.

17. 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.

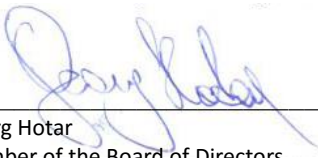
18. Investor Relations Contact

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, 8 August 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