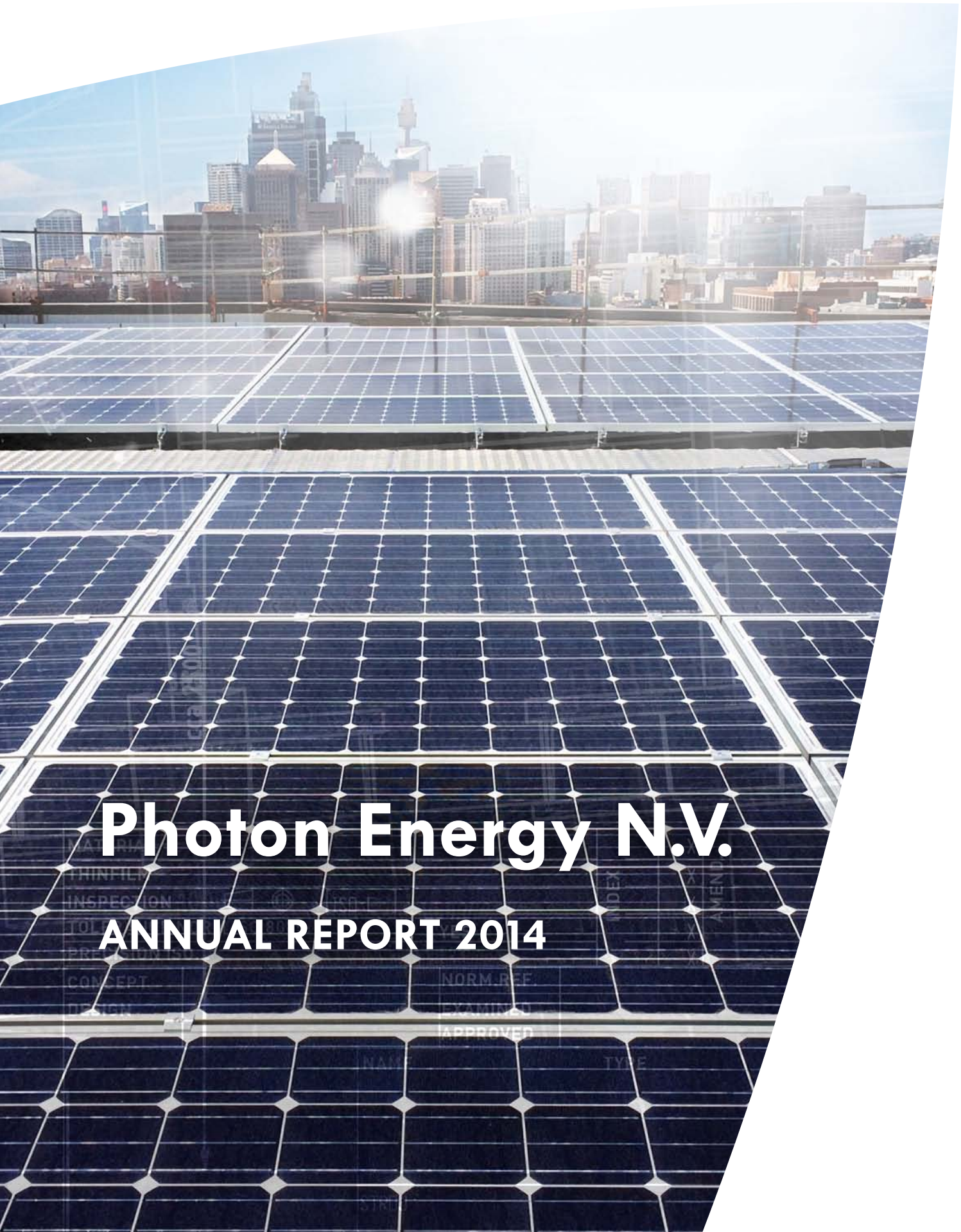
PHOTON ENERGY



Photon Energy N.V.

ANNUAL REPORT 2014

PHOTON ENERGY EXPERTS FOR THE SOLAR AGE

Photon Energy offers worldwide solar power solutions and services for all who want to fully harvest free energy from the sun.

Our solutions and services cover the entire lifecycle of photovoltaic power systems.

We are active across the globe and have a proven track record of developing PV projects, building and commissioning solar power plants. Our O&M division provides operations and maintenance services to hundreds of MWp of solar power plants worldwide. Photon Energy also manages its own proprietary portfolio of 27 MWp of power plants in five countries across two continents.

SELECTED FINANCIAL INFORMATION

in thousands	EUR		PLN	
	2014	2013	2014	2013
Revenues	11,760	13,876	49,195	58,244
Gross profit	10,364	9,311	43,355	39,083
EBITDA	3,496	3,314	14,624	13,910
EBIT	-924	-1,524	-3,863	-6,397
Profit / loss before taxation	-5,000	-4,719	-20,918	-19,694
Net profit	-5,034	-4,995	-21,059	-20,853
Other comprehensive income	6,500	-6,894	27,191	-28,937
Total comprehensive income	**1,466**	**-11,889**	**6,133**	**-49,790**
Fixed assets	83,645	80,837	357,218	335,247
Current assets	9,897	9,823	42,265	40,738
of which Cash and cash equivalents	4,631	4,682	19,778	19,417
Total assets	93,640	90,660	399,902	375,985
Total equity	**28,185**	**26,719**	**120,368**	**110,809**
Short-term liabilities	9,250	13,431	39,505	55,701
Long-term liabilities	56,106	50,510	239,610	209,475
Operating cash flow	1,742	-25,377	7,287	-106,517
Investment cash flow	0	-42	0	-176
Financial cash flow	-1,793	23,426	-7,501	98,328
Net change in cash	**-51**	**-1,993**	**-214**	**-8,365**
EUR exchange rate – low	-	-	4.099	4.072
EUR exchange rate – average	-	-	4.183	4.197
EUR exchange rate – end of period	-	-	4.271	4.153
EUR exchange rate – high	-	-	4.310	4.349

Note:

All financial figures throughout this report are provided in Euro (EUR). Figures stated in other currency such as Polish Zloty (PLN) are provided for information purpose only.

Figures provided in PLN were translated in accordance with IAS 21 as follows: Statement of Comprehensive Income – at the average exchange rate for given period; Statement of Financial Position – at the closing exchange rate for given period.

For simplicity, throughout this report following separators were used: point "." for decimals, comma "," for thousand and million.

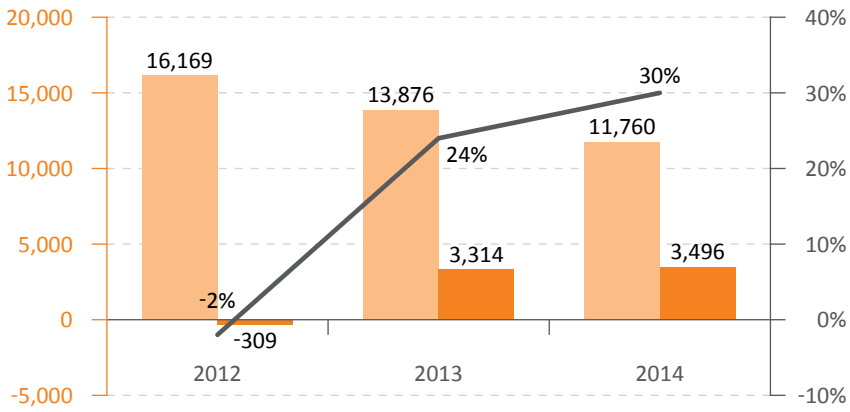
FACTS & FIGURES

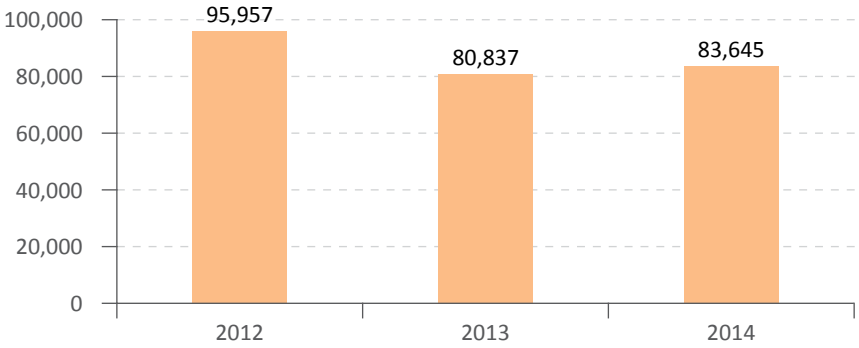
Revenue & EBITDA margin

(in EUR thousands)

Total revenues
EBITDA
EBITDA margin

Despite lower revenues, a number of initiatives were implemented to focus on higher margin activities and to take further costs out of the business, leading to increasing margins.





Non current assets

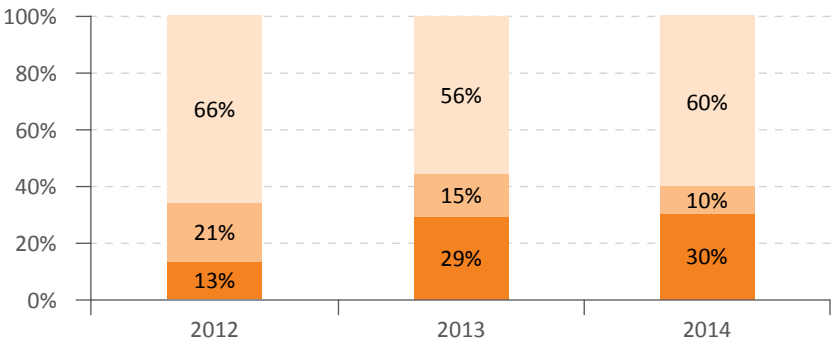
(in EUR thousands)

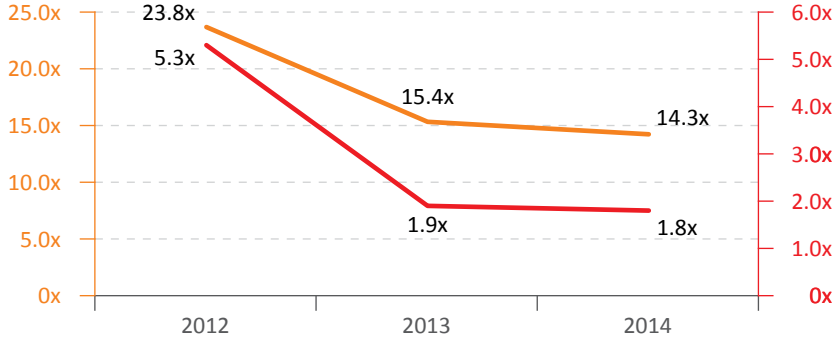
The Company is relying on a portfolio of 27 power plants generating recurring revenues ...

Capital structure

Total equity
Current liabilities
Non-current liabilities

Backed by a rebalanced capital structure ...



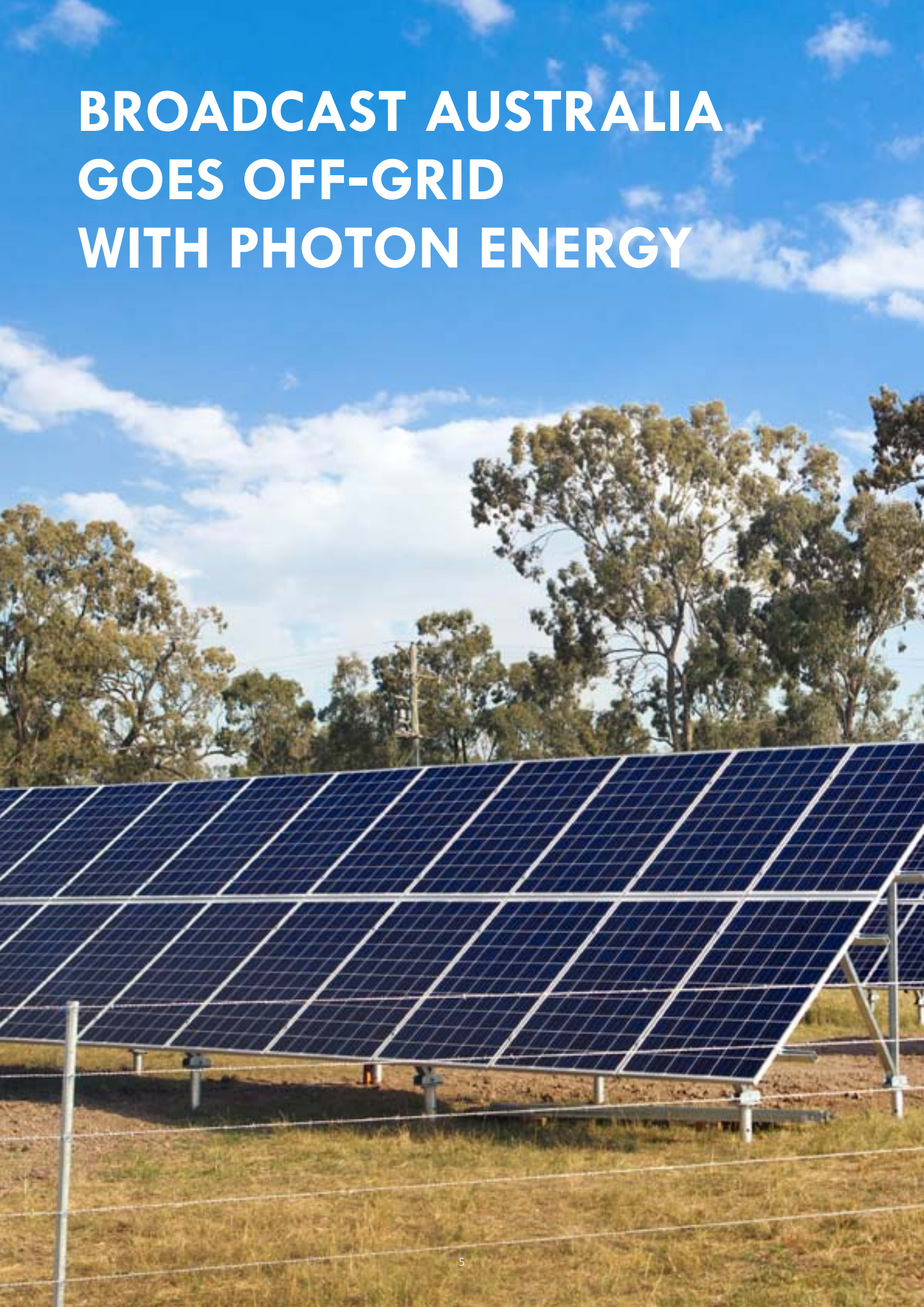


Debt ratios

Net debt/EBITDA
Net debt/Equity

... translating into a significant improvement of financial ratios.

BROADCAST AUSTRALIA GOES OFF-GRID WITH PHOTON ENERGY



In November 2014 we launched our revolutionary solar-storage project in Muswellbrook, Australia, which allows two radio broadcast towers to be powered with solar energy 24/7. Thanks to our 39 kWp power plant and battery storage with a capacity of 216 kWh Australian telecom company Broadcast Australia is one step closer to energy independence. With sheer endless possibilities for solar storage projects in remote Australian off-grid locations the completion of this project is a milestone for Photon Energy.

This project is part of the worldwide dena Renewable Energy Solutions Programme coordinated by Deutsche Energie-Agentur GmbH (dena) – the German Energy Agency – and co-financed by the German Federal Ministry for Economic Affairs and Energy (BMWi) within the initiative „renewables – Made in Germany“.

LETTER FROM THE MANAGEMENT

▲

Co-founder and CEO Georg Hotar (R) with co-founder and MD for Australia Michael Gartner (L)

Dear shareholders, dear bondholders, dear readers,

We are pleased to present you with our Company's Annual Report and Financial Statements for the year ended 31 December 2014. Throughout last year, we have been rigorously focusing on putting our strategy into action, have demonstrated business resilience as well as our ability to adjust to rapidly changing environments. Despite challenging market conditions in Europe, we have been able to make progress towards our strategic objectives of expanding in grid-parity markets, both on-grid and off-grid, notably in our new core market Australia, while gaining strong momentum on Operations & Maintenance services in Europe.

The year 2014 turned out to be our most successful year so far in terms of new contracts.

The EU Regulatory climate, where Photon Energy's main operations and the largest part of our portfolio are located, has indeed not improved during the period. The worst example affecting our business in this regard has been Italy, where a decree-law introducing significant retroactive FiT cuts and new taxes for self-consumed electricity was adopted in August 2014. In the wake of these new anti-renewable steps taken by the Italian government as well as other EU member states, we launched new services dedicated to protecting Renewable Energy investors through a newly-established subsidiary Global Investment Protection AG (GIP). Based in Switzerland, GIP provides investors with services ranging from strategy formulation and structuring to the implementation of the strongest possible investment protection in the light of spreading governmental measures leading in extreme cases towards expropriation.

Despite – or in some respect even because of – retroactive measures, the traditional European Union PV markets, with an installed base currently exceeding 86 GWp, remain very attractive for our operations and maintenance (O&M) business unit, Photon Energy Operations. In a market with many underperforming PV plants and rapid consolidation,

we have been able to increase our business from 63 MWp as of year-end 2013 to 123 MWp under management one year later and see substantial potential in the coming future (143 MWp under management as of the date of this report). The year 2014 turned out to be our most successful year so far in terms of new contracts. We now provide our O&M services in eight countries in Europe and Australia, including the big PV markets of Germany, Italy, France and the Czech Republic. In particular the acquisition of new clients for our "Inverter Cardio" services has been showing a very encouraging trend with an accumulated capacity of 61 MWp under maintenance to date, compared to 9 MWp at the beginning of the year. "Inverter Cardio" are maintenance services for central inverters, which are extremely important and costly components on power plants, converting DC energy to AC. They are used on large power plants - typically from 250 kWp to multi MWp-power stations - and are like the "hearts" of power plants, which is why we have named our programme "Inverter Cardio".

The completion of our revolutionary solar storage project is a true milestone for Photon Energy.

Managing the supply and demand of medium and large-scale users of energy represents the most attractive growth potential for us. We are focusing our business activities in this sector on Australia, one of the first countries where solar energy is truly competitive with conventional energy on a large scale, and where the regulatory framework and support schemes enable us to offer advanced financing solutions. The country also has very large untapped potential, with the highest irradiation of any country, paired with a lot of off-grid energy consumers who currently rely on expensive fuel sources, such as Diesel generators. We believe one key ingredient for success in the lucrative off-grid segment is energy storage, essential to smoothen the supply of solar energy, and this is where our efforts are currently directed. In November 2014 we launched our revolutionary solar-storage project in Muswellbrook, which allows a radio broadcast tower to be powered with solar energy 24/7. Thanks to our 39 kWp power plant and battery storage with a capacity of 216 kWh, Australia's leading broadcasting infrastructure company BAI went one step closer to energy independence. This project has been realised in coordination with and the support of Deutsche Energie-Agentur GmbH – the German Energy Agency (DENA), as part of the worldwide DENA Renewable Energy Solutions Programme. With sheer endless possibilities for solar storage projects in remote Australian off-grid locations, the completion of this project is a true milestone for Photon Energy.

In 2014 we completed one of the largest rooftop power plants ever built in an Australian city.

Simultaneously, we have been expanding our portfolio of commercial solar projects in Australia. In the first half of 2014 we completed a 283 kWp power plant in Sydney's Commercial Business District, one of the largest rooftop power plants in an Australian city. In December 2014 we signed an EPC project for our fifth power plant Down Under. The ultimate goal of the project, a 99 kWp roof mounted photovoltaic installation in Sydney, is to increase the building's NABERS rating, which is a national rating system measuring the environmental performance of Australian buildings, including among other things their energy efficiency and impact on the environment. The plant was commissioned recently before publication of this annual report, bringing our total installed base to more than 700 kWp of solar PV in the country.

Co-founder and MD for Australia Michael Gartner (R) with CFO Clemens Wohlmuth (L)

▼

At the same time, we have actively managed our balance-sheet to strengthen our business operations. In 2014 Q3, we executed a partial repayment and refinancing of our short term loan facility in the amount of approximately EUR 6.0 million, significantly improving our liquidity position and strongly improving the Group's risk profile. Approximately EUR 3.1 million was repaid in cash, EUR 2.0 million was settled by the issuance of the Group's 8% corporate bond maturing in March 2018, while the remaining amount was converted into an amortising loan with an interest rate of 3% and a final repayment date in March 2018.

In 2014 Q3, we also concluded financing facility amendments with Raiffeisen Leasing Real Estate s.r.o. in Prague as well as with Unicredit Bank in Bratislava, increasing the existing credit facility on nine of our Czech power plants by CZK 60 million (EUR 2.2 million) and on our eleven Slovak power plants by EUR 2.2 million. These agreements, extending the maturity of the facilities by two years until 2023 and 2024, were associated with attractive conditions and illustrate the strong support the Group continues to receive from its partner banks.

Co-founder and CEO Georg Hotar (C) with co-founder and MD for Australia Michael Gartner (R) and CFO Clemens Wohlmuth (L)

While the results are set out in detail in the accompanying Financial Statements, they can be summarised as follows. Financially, 2014 results reflect a challenging year with past issues, mainly stemming from the retroactive changes in the Czech Republic, weighing down on us, and during which a number of initiatives were implemented to generate recurring revenue streams and take further costs out of our business. We are glad to announce that, despite a decrease in consolidated revenues by 15.2% year-on-year to EUR 11.8 million, the company still managed to grow its EBITDA by 6% to EUR 3.5 million. Also, even though a EUR 2.2 million (non-cash) loss on the revaluation of derivatives linked to the strong decline in market interest rates was recorded, the -EUR 5.0 million net loss, recorded in 2014, remained at the same level as last year. Last but not least, reflecting changes in our financing structure and the decrease in interest levels in combination with a for now stabilised regulatory environment in the Czech Republic, the fair value calculation of the Group's portfolio led to an increase in its value by EUR 6.0 million. As a result consolidated total comprehensive income for 2014 reached a positive EUR 1.5 million after a EUR 11.9 million loss a year ago.

We have actively managed our balance-sheet to strengthen our business operations.

While evolving in a transitioning market environment, the Group's development on a wide range of fronts, both operational and financial, demonstrates that Photon Energy is now back in the race for profitable growth. We entered 2015 in a good position and with confidence for the year ahead: we are harvesting the fruits of our new strategy, experiencing overperforming production levels on our proprietary portfolio of power plants, have already secured new contracts for our O&M division, and the fifth solar power plant built and operated by Photon Energy in Australia was just commissioned. Our challenge to take our global business global back into profitable territory should be met this year, based on solid prospects and further cost cutting measures to be implemented.

Consolidated total comprehensive income for 2014 reached a positive EUR 1.5 Mio.

Concluding our letter we would like to thank all of you for your continued support over the past twelve months and for the trust you have bestowed upon our Company, while special thanks go to our hard-working employees who remain the lifeblood of the Group.

Amsterdam, 20 May 2015
Board of Directors

Michael Gartner
Director

Georg Hotar
Director

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1. Company Introduction

2. Report of the Management

3. Financial Section

ONE OF AUSTRALIA'S LARGEST ROOFTOP POWER PLANTS

As part of their environmental stewardship strategy Australia Post redeveloped their New South Wales headquarters with the aim to create a modern, sustainable workplace for the future for employees and tenants. Part of the redevelopment was the integration of solar power into the building's energy system. Photon Energy designed, built and connected a large-scale rooftop power plant using a two-pronged orientation strategy. In total more than 1000 solar panels were fitted on the roof area of the building, utilising all available space.

The power plant produces 371,000 kWh annually, saving 352 tons of CO_2 each year and assisted in achieving a 5 Star Greenstar and 5 Star NABERS rating (two rating systems for building efficiency in Australia). The power plant is used to cover daytime loads with the possibility to export surpluses to the grid, thus generating additional revenue. The system is designed to cover a certain amount of electricity to the building per annum in order to meet the NABERS rating and utilises the available roof surfaces and exposed facades to maximise the output per square meter at the lowest cost per kWh. The system is forecast to produce enough electricity to reduce the carbon impact of the facility by around 325 tonnes and the electricity costs by over 45,000 EUR each year based on today's prices.

PHOTON ENERGY

1. Company Introduction

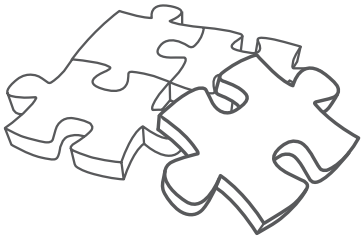
COMPANY PROFILE

Photon Energy NV is a global solar power solutions and services company with a wide range of expertise covering the entire life-cycle of solar power systems. Our track record includes more than 50 MWp of solar power plants built and commissioned and many more in our operations&maintenance portfolio. Photon Energy also manages its own proprietary portfolio of 27 MWp of power plant in five countries across two continents.

Photon Energy's team has a proven track record and in-depth knowledge of project development, investment management, project finance, insurance, technology solutions, EPC and O&M. Photon Energy is headquartered in Amsterdam, Netherlands and has offices in Germany, Australia, Czech Republic and Slovakia.

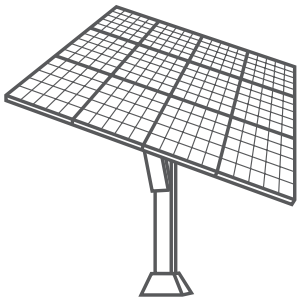
Photon Energy is an innovative company dedicated to providing best-in-class solar power solutions that are robust, reliable, cost effec-tive and applicable anywhere there is sunshine. Our power solutions provide solar and solar-hybrid power for a wide range of custom-ers and applications.

Our O&M division Photon Energy Operations provides a wide range of first-in-class services for owners of PV power plants. Thanks to our advanced monitoring system and our lifecycle NPV-maxapproach, the power plants in our portfolio perform with an average uptime of over 99%.



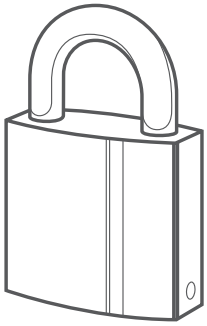
SOLAR SOLUTIONS

Photon Energy **develops and builds solar power plants,** from small-scale solar storage projects to large-scale ground-mounted solar parks.



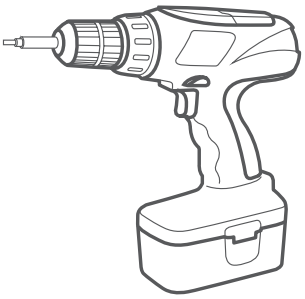
SOLAR TECHNOLOGY

Photon Energy helps investors choose **the right solar power components** and delivers the technology for many projects internationally.



INVESTMENT PROTECTION

Through our subsidiary **Global Investment Protection** we help investors protect their assets from reckless governments and retroactive measures.



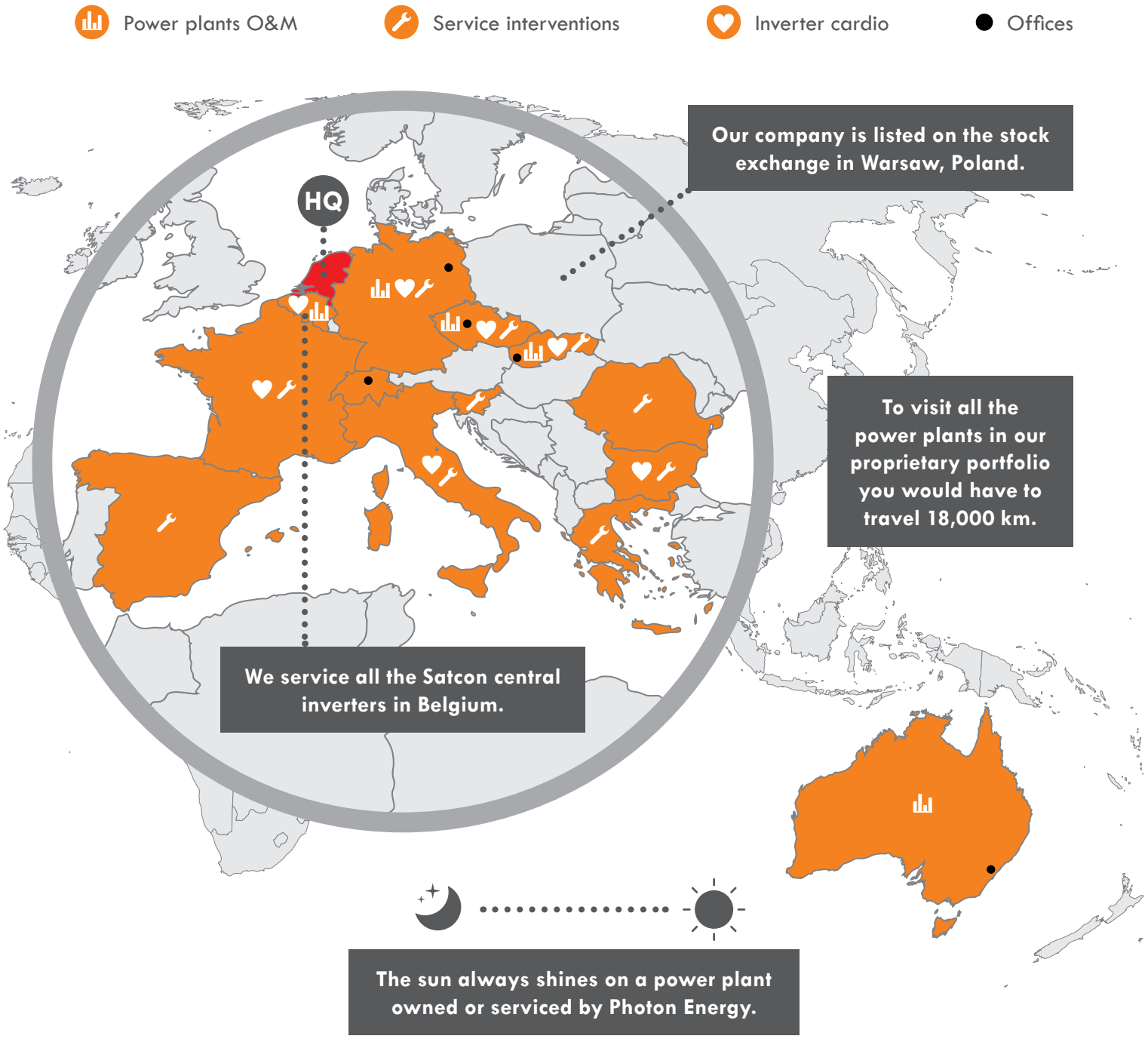
SOLAR O&M

Photon Energy provides crucial **monitoring, maintenance and service solutions** for power plants across the globe, helping investors achieve maximum yield.

CONTACT DETAILS

Name:	**Photon Energy N.V.**	Company No.:	51447126
Legal form:	Dutch public company with limited liability (Naamloze Vennootschap)	Tax No:	NL850020827B01
Address:	Barbara Strozzilaan 201, 1083 HN, Amsterdam, the Netherlands	Web address:	www.photonenergy.com
Registration:	Dutch Chamber of Commerce (Kamer van Koophandel)	E-mail:	info@photonenergy.com

GLOBAL PRESENCE



HISTORY

2008

Photon Energy a.s., the predecessor company was founded in the Czech Republic in January. In September, the company raised EUR 0.6m in a private placement (as the only external equity financing to date) and in October its shares were listed on the NewConnect segment of the Warsaw Stock Exchange.

2009

Photon Energy connected the first large scale PV plant of 911 KWp as an EPC in July. In total the company commissioned four plants with an installed capacity of 3.5 MWp, including the 795 KWp plant in Mostkovice, the first plant in its proprietary portfolio.

2010

Photon Energy built and connected 32.5 MWp of PV plants in the Czech Republic and Slovakia and expanded its proprietary portfolio to 20MWp.

In December Photon Energy N.V. was incorporated by two founding shareholders: Mr. Georg Hotar (48.33% of share capital) and Mr. Michael Gartner (51.67%) under the laws of the Netherlands, with its statutory seat in Amsterdam in the Netherlands. Mr. Hotar contributed 7,976,159 shares and Mr. Gartner contributed 8,526,150 shares of Photon Energy a.s. to the capital of the Issuer, which thus became a 71.75% shareholder of Photon Energy a.s.. Subsequently, the shares of the Issuer were contributed by the two founding shareholders to Solar Power to the People Cooperatief U.A. and Solar Future Cooperatief U.A.

2011

Photon Energy built an additional 8.8 MWp of PV plants in Slovakia and added 1.3 MWp in Germany and 0.3 MWp in Italy (first power plant). The Company also established its presence in Australia and started project development.

2012

The Group completed its corporate restructuring, implemented a structure based on six legally separated business lines and transferred all activities and assets under its Dutch holding structure. The increasingly deteriorating situation on the Czech PV market led to the discontinuation of the Company's local operating activities by disposal. The Company established Photon Energy Investments N.V., in which it concentrated its proprietary portfolio of PV plants. Photon Energy connected a 1 MWp rooftop PV plant in Italy in June.

2013

Photon Energy Investments placed a 5-year corporate bond with an 8% coupon and quarterly payments, which trades on the Frankfurt, Berlin, Hamburg, Hannover and Vienna Stock Exchanges. After a share exchange with the minority shareholders in Phoenix Energy a.s. (formerly Photon Energy a.s.), its Czech predecessor, in June 2013 Photon Energy N.V. was listed on the NewConnect segment of the Warsaw Stock Exchange, followed by a capital increase by EUR 24 million by issuing 27 million shares at PLN 3.85 in June. These shares were admitted to trading on NewConnect in October 2013.

Furthermore, PENV executed a share issuance and contribution transaction, which increased the number of shares by 10 million to a total of 60 million. These 10 million newly issued shares are held in treasury by Photon Energy N.V. Subsequently, the Group announced its new global strategy and launched Photon Energy Generation Australia (PEGA). In December PEGA signed its first three PV projects in the ACT, Australia.

MAJOR ACHIEVEMENTS IN 2014

PHOTON ENERGY'S O&M DIVISION ADDED 60 MWp AND FIVE COUNTRIES

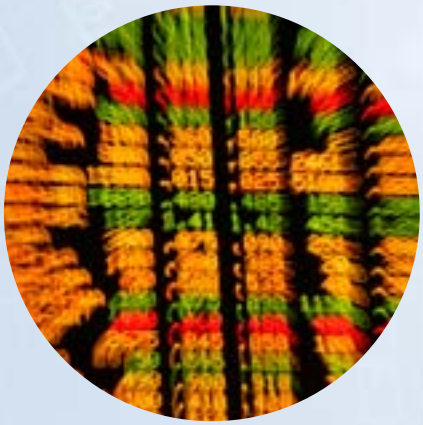
In 2014 Photon Energy's O&M division Photon Energy Operations substantially expanded its customer base by adding five new countries to our map. Particularly impressive are the numbers of our "Inverter Cardio" service, providing highly specialised services for central PV inverters. We grew our "Inverter Cardio" portfolio from 6 MWp at the beginning of the year tenfold to 61 MWp in December 2014. Furthermore, we supply spare parts and one-off service interventions to many more power plants.

Our "Inverter Cardio" team has visited most European countries with active PV markets over the past year. This shows that we have become a leading provider in the maintenance of central PV inverters, in particular when it comes to Satcon central inverters. Furthermore, Photon Energy Operations signed full maintenance contracts of entire power plants in central Europe growing the division's total O&M portfolio at the end of the year to 122 MWp in Europe and Australia.

RESTRUCTURING OF THE DEBT

In September 2014 Photon Energy partially repaid and successfully refinanced its short term loan facility in the amount of approximately EUR 6 million, significantly improving its liquidity position. Prior to that date, the total outstanding liability to a private institutional investor amounted to approximately EUR 6 million plus an accrued interest. Out of that amount approximately EUR 3.1 million was repaid in cash, EUR 2.0 million was settled by the issuance of the Group's 8% corporate bond maturing in March 2018, while the remaining amount was converted into an amortizing loan with an interest rate of 3% and a final repayment date in March 2018.

This transaction represents a significant strengthening of the Group's balance sheet and strongly improves the Group's risk profile for bondholders and shareholders alike.



REFINANCING OF THE CZECH & SLOVAK PORTFOLIOS

In August 2014, the Group concluded a financing facility amendment with Raiffeisen Leasing Real Estate s.r.o. ("RLRE") in Prague increasing the existing credit facility on nine Czech power plants by CZK 60 million (EUR 2.16 million). The maturity of the facility was extended by two years to 1 January 2023.

In the same period, another financing facility amendment was signed with Unicredit Bank ("UCB") in Bratislava. Under the terms of the amended facility, the existing credit facility on eleven Slovak power plants was increased by EUR 2.2 million (PLN 9.3 million) and the maturity of the facility was extended to 30 June 2024 and to 31 December 2024.

These agreements illustrate the strong support the Group continues to receive from banks. Benefiting from facilities ahead of the maturity dates and under attractive terms, these refinancings provide multiple benefits for the Group and its shareholders.

PHOTON ENERGY BUILT ONE OF AUSTRALIA'S LARGEST ROOFTOP PV PLANTS

As part of their environmental stewardship strategy Australia Post redeveloped their New South Wales headquarters with the aim to create a modern, sustainable workplace for the future for employees and tenants. Part of the redevelopment was the integration of solar power into the building's energy system. Photon Energy designed, built and connected a large-scale rooftop power plant using a two-pronged orientation strategy. In total more than 1000 solar panels were fitted on the roof area of the building, utilising all available space.

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REVOLUTIONARY SOLAR STORAGE PROJECT IN AUSTRALIA

In November 2014 we launched our revolutionary solar-storage project in Muswellbrook, Australia, which allows two radio broadcast towers to be powered with solar energy 24/7. Thanks to our 39 kWp power plant and battery storage with a capacity of 216 kWh Australian telecom company Broadcast Australia is one step closer to energy independence. With sheer endless possibilities for solar storage projects in remote Australian off-grid locations the completion of this project is a milestone for Photon Energy.

This project is part of the worldwide dena Renewable Energy Solutions Programme coordinated by Deutsche Energie-Agentur GmbH (dena) – the German Energy Agency – and co-financed by the German Federal Ministry for Economic Affairs and Energy (BMWi) within the initiative „renewables – Made in Germany".

PHOTON ENERGY HELPS INVESTORS FIGHT BACK

In 2014 Photon Energy launched two platforms to help investors fight back against retroactive measures introduced by short-sighted EU governments. Earlier in 2014 we launched „European Solar Holdings", a Pan-European Solar Asset Aggregation Yield-Co with the strongest possible investment protection currently available. ESH intends to establish itself as the preferred vehicle for yield-seeking investors into renewable energy assets in the EU. Investors operating PV power plants in the EU will be able to swap their investments for shares in ESH, which aims to IPO on a major European exchange at a later stage.

Later in 2014 we presented Global Investment Protection AG (GIP), which gives investors the tools needed to protect themselves against unfair and often retroactive state measures when many Bilateral Investment Treaties, the EU and the Energy Charter Treaty are failing them. GIP provides restructuring of assets under optimal jurisdictions with strong Bilateral Investment Treaties.

EMPLOYEES

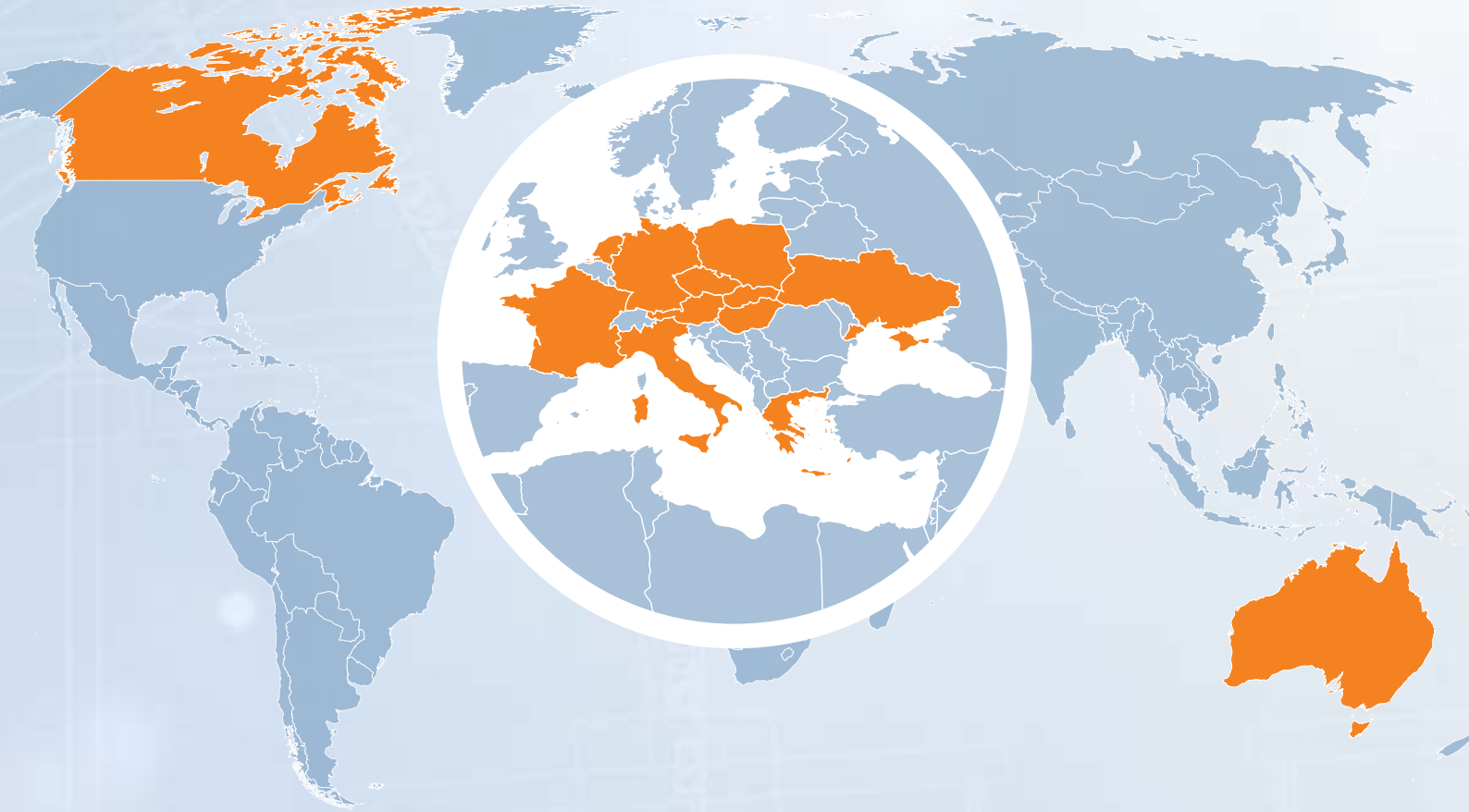
As at 31. 12. 2014

67
Employees

34
Average age

36%
Female employees

14,368 KM
Longest distance between employees (Amsterdam–Sydney)



Nationalities represented among our employees:

Australia
Austria
Canada
Czech Republic
France
Germany
Greece
Hungary
Italy
Netherlands
Poland
Slovakia
Ukraine

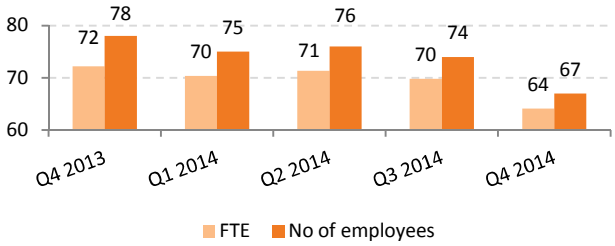
Employees

As of 31 December 2014 the Photon Energy Group had 67 employees (compared to 78 employees as of 31 December 2013), which translates into 64.1 FTE[1] (compared to 72 FTE in 2013).

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.

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.

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 2014.

	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 Technology B.V.	100%	100%	NL	Full Cons.	Photon Energy
7	Photon Energy Investments CZ N.V.	100%	100%	NL	Full Cons.	Photon Energy
8	Photon Energy Investments DE N.V.	100%	100%	NL	Full Cons.	Photon Energy
9	Photon Energy Australia Pty Ltd.	100%	100%	AUS	Full Cons.	Photon Energy
10	Photon Energy Generation Australia Pty. Ltd.	100%	100%	AUS	Full Cons.	Photon Energy
11	Photon Energy AUS SPV 1 Pty. Ltd.	100%	100%	AUS	Full Cons.	Photon Energy
12	Photon Energy AUS SPV 2 Pty. Ltd.	100%	100%	AUS	Full Cons.	Photon Energy
13	Photon Energy Operations Australia Pty.Ltd.	100%	100%	AUS	Full Cons.	PEO NV
14	Photon Energy Engineering Australia Pty Ltd	100%	100%	AUS	Full Cons.	PEE BV
15	Global Investment Protection AG	100%	100%	CH	Full Cons.	Photon Energy
16	Photon Energy Corporate Services CZ s.r.o.	100%	100%	CZ	Full Cons.	Photon Energy
17	Photon SPV 1 s.r.o.	100%	100%	CZ	Full Cons.	Photon Energy
18	Photon Energy Operations CZ s.r.o.	100%	100%	CZ	Full Cons.	PEO NV
19	Photon SPV 5 s.r.o.	100%	100%	CZ	Full Cons.	PEI CZ NV
20	Photon Energy Technology CEE s.r.o.	100%	100%	CZ	Full Cons.	PET BV

	Name	% of share capital held by the holding company	% of votes held by the holding company	Country of registration	Consolid. method	Legal Owner
21	Photon Energy Finance Europe GmbH	100%	100%	DE	Full Cons.	Photon Energy
22	Photon Energy Corporate Services DE GmbH	100%	100%	DE	Full Cons.	Photon Energy
23	IPVIC GbR	15%	15%	DE	Not Cons.	Photon Energy
24	Photon Energy Operations DE GmbH	100%	100%	DE	Full Cons.	PEO NV
25	Photon Energy Engineering Europe GmbH	100%	100%	DE	Full Cons.	PEE BV
26	Photon DE SPV 3 GmbH	100%	100%	DE	Full Cons.	PEI DE
27	Photon IT SPV 1 s.r.l.	100%	100%	IT	Full Cons.	Photon Energy
28	Photon IT SPV 2 s.r.l.	100%	100%	IT	Full Cons.	Photon Energy
29	Photon Energy Polska Sp. z o.o.	100%	100%	PL	Full Cons.	Photon Energy
30	EcoPlan 2 s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
31	EcoPlan 3 s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
32	Fotonika, s.r.o.	60%	50%	SK	Equity	Photon Energy
33	Photon SK SPV 1 s.r.o.	50%	50%	SK	Equity	Photon Energy
34	Photon SK SPV 2 s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
35	Photon SK SPV 3 s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
36	Solarpark Myjava s.r.o.	50%	50%	SK	Equity	Photon Energy
37	Solarpark Polianka s.r.o.	50%	50%	SK	Equity	Photon Energy
38	SUN4ENERGY ZVB, s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
39	SUN4ENERGY ZVC, s.r.o.	100%	100%	SK	Full Cons.	Photon Energy
40	ATS Energy, s.r.o.	70%	70%	SK	Full Cons.	Photon Energy
41	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
DE – Germany
IT – Italy
AUS – Australia
PL – Poland

Consolidation method:
Full Cons. - Full Consolidation
Not Cons. – Not Consolidated
Equity – Equity Method

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.	RLRE
2	Photon SPV 8 s.r.o.	*100%*	*0%*	CZ	Full Cons.	RLRE
3	Exit 90 SPV s.r.o.	*100%*	*0%*	CZ	Full Cons.	RLRE
4	Photon SPV 4 s.r.o.	*100%*	*0%*	CZ	Full Cons.	RLRE
5	Photon SPV 6 s.r.o.	*100%*	*0%*	CZ	Full Cons.	RLRE
6	Onyx Energy s.r.o.	*100%*	*0%*	CZ	Full Cons.	RLRE
7	Onyx Energy projekt II s.r.o.	*100%*	*0%*	CZ	Full Cons.	RLRE
8	Photon SPV 10 s.r.o.	*100%*	*0%*	CZ	Full Cons.	RLRE
9	Photon SPV 11 s.r.o.	*100%*	*0%*	CZ	Full Cons.	RLRE

Notes:

RLRE - Raiffeisen - Leasing Real Estate, s.r.o.

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

List of incorporated subsidiaries

- None in 2014.

List of acquired subsidiaries

- 18 July 2014: Photon Energy N.V. purchased 100% shares of the Swiss company Attempo 48 AG for 50 000 CHF.

List of disposed subsidiaries

During 2014 the following subsidiaries were disposed out of the Group:

- Photon Energy Projects B.V.
- Photon Energy Investments IT N.V.
- Photon Energy Projects s.r.l.

The total loss from the sale of the above mentioned subsidiaries amounted to EUR 1,080 thousand based on a comparison of the net asset values of the disposed subsidiaries and their respective sales prices.

Renaming

- 12 August 2014: Attempo 48 AG was renamed Global Investment Protection AG. The name registered at the Swiss Commercial Chamber.

Mergers

- May 2014: Merger of Photon DESPV1 GmbH with Photon Energy Engineering Europe GmbH.
- August 2014: Merger of the fully-owned subsidiary Photon Energy Investments N.V. with Photon Energy N.V.

List of liquidated subsidiaries

- None in 2014.

After the reporting period the following events occurred from the beginning of the year 2015

On 8 May 2015, the Group sold its two Italian plants (Photon IT SPV 1 s.r.l.& Photon IT SPV 2 s.r.l) with effective date of 1 April 2015.

Statutory bodies

Board of Directors as of 31 December 2014

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 *(Bestuurder)*	21. 04. 1975	No term of expiry
Michael Gartner	Director *(Bestuurder)*	29. 06. 1968	No term of expiry

Georg Hotar – Director

Georg Hotar co-founded Photon Energy in 2008 and was the company's CFO until 2011. In that year he was appointed CEO and has since spearheaded the group's expansion in Europe and overseas. Georg Hotar has extensive knowledge of the solar energy industry as well as in international finance. In 2000 Georg Hotar established Central European Capital, a regional finance and strategy advisory boutique. He has also held various positions in financial services in London, Zurich and Prague. Georg Hotar is an Austrian national and holds a BSc Accounting and Finance degree from the London School of Economics and a Masters in Finance degree from the London Business School.

Michael Gartner – Director

Michael Gartner developed one of the first large PV installations in the Czech Republic before co-founding Photon Energy in 2008. Michael Gartner was CEO of Photon Energy until relocating to Australia to start Photon Energy Australia in 2011. Apart from growing the Australian business, Gartner is instrumental in driving Photon Energy's off-grid and solar-hybrid power solutions. Before Photon Energy, Michael Gartner ran an investment boutique arranging Eurobond issues and offering sell-side M&A advisory. Between 1994 and 2004, he was an analyst and head of fixed income sales at ING and Commerzbank Securities in Prague. Michael Gartner is an Australian and Czech national and holds an MBA from the US Business School in Prague.

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.

Shares and shareholder structure

Market: NewConnect, Poland
Ticker: PEN
Web address: www.newconnect.pl

Share capital

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. Each share has one vote at the General Meeting of Shareholders, with the exception of the treasury shares held by the Issuer.

Share capital as of 31 December 2014

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	-	-	60,000,000	600,000	cash
Total number of shares				60,000,000		
Total share capital					600,000	
Nominal value per share = EUR 0.01						

Authorized Advisor

Capital Solutions ProAlfa Sp. z o.o.
Legal form: Polish Limited Liability Company
Address: ul. Nowy Świat 51/3, 00-042 Warsaw, Poland
Email: info@cs-proalfa.pl
Internet: www.cs-proalfa.pl
Registration number: 0000150260

Market Maker Details

Dom Maklerski PKO Bank Polski
Address: ul. Puławska 15, 02-515 Warszawa, Poland
Internet: www.dm.pkobp.pl

Shareholder structure

The number of issued shares by the Company amounts to 60,000,000, which 50,000,000 shares admitted to trading on NewConnect. As of 20 May 2015, to the knowledge of the Management, the shareholder structure was as follows:

Shareholdership as of 20. 05. 2015	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Age Investments B.V.	28,263,274	*47.1%*	28,263,274	*55.9%*
Solar Future Cooperatief U.A.	8,590,739	*14.3%*	8,590,739	*17.0%*
Solar Power to the People Cooperatief U.A.	8,036,573	*13.4%*	8,036,573	*15.9%*
Photon Energy N.V. (treasury shares)	9,434,910	*16.7%*	0	*0.0%*
Free float	5,674,504	*8.5%*	5,674,504	*11.2%*
Total	**60,000,000**	**100.0%**	**50,565,090**	**100.0%**

In 2014, shares were transferred from Photon Energy NV to the Employee share purchase programme. These shares were added to the free-float.

- **Solar Age Investments B.V.** is a limited liability company established under the laws of the Netherlands, with its statutory seat in Amsterdam and its place of business at Barbara Strozzilaan 201, 1083 HN, Amsterdam, the Netherlands. The board of Directors has one member, Mr. Georg Hotar.

- **Solar Future Cooperatief U.A.** is a cooperative established under the laws of the Netherlands, with its statutory seat in Amsterdam and its place of business at Barbara Strozzilaan 201, 1083 HN, Amsterdam, the Netherlands. The Board of Directors has two members: Mr. Michael Gartner as Director A and Mrs. Magda Gartnerova as Director B.

- **Photon Energy N.V.** is a company established under the laws of the Netherlands, with its statutory seat in Amsterdam and its place of business at Barbara Strozzilaan 201, 1083 HN, Amsterdam, the Netherlands. The Board of Directors has two members: Mr. Georg Hotar and Mr. Michael Gartner.

- **Solar Power to the People Cooperatief U.A.** is a cooperative established under the laws of the Netherlands, with its statutory seat in Amsterdam and its place of business at Barbara Strozzilaan 201, 1083 HN, Amsterdam, the Netherlands. The Board of Directors has two members: Mr. Georg Hotar as Director A and Mr. Michael Gartner as Director B.

Share performance in 2014

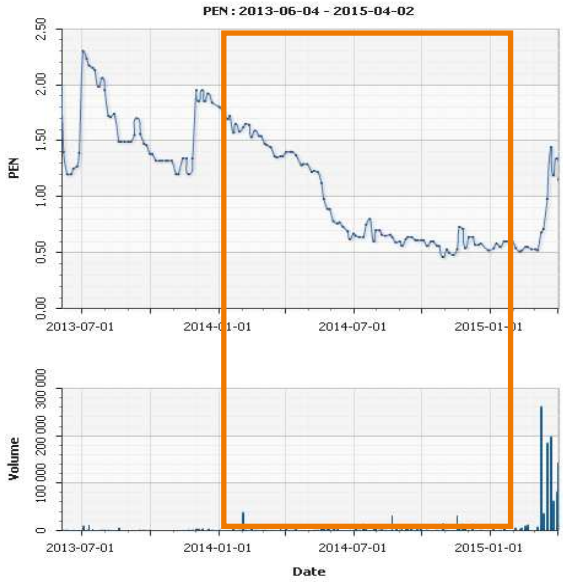
Selected share information	PLN
Opening price (02. 01. 2014)	1.80
52-week max (02. 01. 2014)	1.80
52-week min (31. 10. 2014)	0.45
Closing price (30. 12. 2014)	**0.64**

The average trading volume in the year 2014 amounted to 4,724 shares per trading session compared to 2,287 in 2013. The Company has been listed on NewConnect since **4 June 2013**.

Dividend policy

The Company's strategy is to create value for its shareholders through strong expansion in the globalising PV industry. For as long as value-creating growth and investment opportunities exist, the Board of Directors does not intend to propose to distribute dividends to shareholders

Performance of Photon Energy shares in 2014



Source: http://www.newconnect.pl/

YOUR CENTRAL INVERTER IS YOUR HEART. TAKE CARE OF IT.

A central PV inverter is the heart of a solar power plant. And just like a human heart it needs a regular workout. This is why we call our central PV inverter service “Inverter Cardio”. In 2014 Photon Energy’s O&M division Photon Energy Operations substantially expanded its customer base for our specialised “Inverter Cardio” service. We now service central PV inverters in seven European countries, five of which we added in 2014. The MWp numbers are even more impressive. We grew our “Inverter Cardio” portfolio from 6 MWp at the beginning of the year tenfold to 61 MWp in December 2014. Furthermore, we supply spare parts and one-off service interventions to many more power plants.

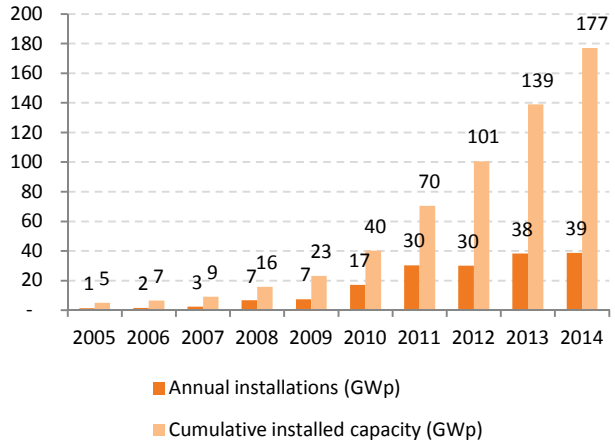
Our “Inverter Cardio” team has visited most European countries with active PV markets over the past year. This shows that we have become a leading provider in the maintenance of central PV inverters, in particular when it comes to Satcon central inverters. In fact Photon Energy now services all of the power plants in Belgium with Satcon inverters. We were only able to achieve this with our team of former Satcon employees. Because investors know that who else should look after your inverters, than the guys who actually installed it and know it inside out?

2. Report of the Management

Market description and positioning

Global market and regional trends in 2014[1]

Evolution of global annual and cumulative installed capacity 2005-2014 (GWp)



Top 10 countries of year 2014 in GWp

	Total installed capacity			Added Capacity	
1	Germany	38.2	1	China	10.6
2	China	28.2	2	Japan	9.7
3	Japan	23.3	3	United States	6.2
4	Italy	18.5	4	UK	2.3
5	United States	18.3	5	Germany	1.9
6	France	5.7	6	France	0.9
7	Spain	5.4	7	Australia	0.9
8	UK	5.1	8	South Korea	0.9
9	Australia	4.1	9	South Africa	0.8
10	Belgium	3.1	10	India	0.6

2014 was another year of development for photovoltaic installations. According to preliminary results published by IEA-PVPS in March 2015, almost 40 GWp of PV systems would have been installed globally (compared to 38 GWp in 2013, 30 GWp in 2011 and in 2011). The global PV cumulative installed capacity reached an impressive 177 GWp at the end of the year, which represents a 27% increase compared to the year 2013.

At world level, growth indicators are encouraging: HIS reported in March that global installed capacity will stand at 498 GWp by 2019, on the basis of a 75 GWp annual global market.

Top 3 global countries in 2014

- **China** was the number one global market with around 10.6 GWp connected to the grid
- **Japan** was the second largest global market with around 9.7 GWp
- **The USA** ranked the number three with 6.2 GWp

In 2014 Asia has confirmed its leadership over Europe for the second year in a row. The Asia-Pacific region, led by China and Japan, represented 60% of last year's global market.

With around 7 GWp (10 GWp in 2013) of new capacity installed in 2014, which is a 32% drop, Europe only accounted for 18% of the world's market, while it concentrated more than 70% of the world's new PV installations in 2011, 59% in 2012 and still 28% in 2013. Now Europe represents around 50% of the total installed capacity (86.7 GWp) and this percentage shall continue decreasing in the coming years.

The relative slowdown of European PV markets originated from further intentional regulatory changes. In a number of European countries, harsh support reduction, retrospective measures and unplanned changes to regulatory frameworks that badly affect investors' confidence and PV investments viability have led to a significant market decrease. This was particularly the case for Spain and Italy in 2014.

[1] After International Energy Agency "2014 Snapshot of Global PV markets" March 2015

Evolution of European markets in 2014

- In Europe, installations continued to decline (7 GWp, -32% vs 2013), taking its capacity to date up to 86.7 GWp.
- The UK market established itself as the currently biggest market for new PV projects in Europe with 2.3 GWp installed in 2014.
- Germany – the top European market in terms of installed capacity experienced another market decline to 1.9 GWp, down from 3.3 GWp in 2013.
- France was close to the gigawatt mark, after a market decline in 2013.
- Italy, as all markets where feed-in tariffs were phased-out, descended to a rather low level of 0.4 GWp.
- The most important changes in the PV support policies took place in Spain, which imposed retroactive measures to PV system owners arguing about difficult economic conditions.
- Some markets in Europe have almost untapped PV potential like Hungary, Poland and Turkey for instance. The PV potential in countries like France and Spain is still largely unexploited.
- PV represents 3.5% of the electricity demand in Europe and 7% of the peak electricity demand.

Evolution of US market in 2014

- The US installed 6,2 GW of solar PV in 2014, up 30% over 2013, making 2014 the largest year ever in terms of PV installations.
- Solar deployment exceeded both wind energy and coal for the second consecutive year.
- The utility-scale segment broke the GW mark in 2011 and has since grown by nearly 1 GW annually. In 2014, 3.9 GW of utility-scale PV projects came on-line.
- The solar Investment Tax Credit (ITC) has helped to fuel remarkable solar growth.

Evolution of Asian market in 2014

- China reached 10.6 GW in 2014 in a stable market. In March 2015, the Chinese government announced a twelve-month target of 17.8 GWp, with specific province installation quotas.
- Japan continued to boom with around 9.7 GW installed and connected to the grid in 2014. In 2014, the government pursued its generous incentive programms.
- Following these two market leaders in Asia, Korea installed more than 900 MW, Thailand continued to grow with 475 MW installed in 2014 and 1.3 GW of total capacity.

Evolution of emerging markets in 2014

- Emerging markets started to contribute to the global development in 2014, such as South Africa (0.8 GW) and Chile (0.4 GW).
- In South America, several countries adopted policies that could favour the development of PV in the coming years, especially Mexico, Brazil and Peru.

Evolution of Australian market in 2014

- Australia confirmed its maturity in 2014 and reached approx. 900 MWp in 2014 (compared to 800 MWp in 2013).
- Australia is the seventh largest market in the world, accounting for 2.4% of added capacity in 2014.
- Australia is one of the sunniest continents in the world. The majority of photovoltaic power plants are connected to the electricity network. However, there are numerous “off-grid” solar power plants, meaning that they are independent from the electricity network – particularly in remote Australian villages. It is estimated that the solar irradiation in Australia is approximately 10,000 times higher than the annual energy consumption. Solar irradiation is especially high in Central/North-Western Australia. However, these regions are not connected to the national electricity network.
- The Australian market is unique in the world being predominantly a residential small-scale market as a result of Government policy support that has favoured such systems.
- A study from SunWiz calculates that 825 MW of solar systems smaller than 100kWp were installed in 2014, up from 810 MW in 2013. The number of systems being installed declined by 8%, to 187,000 signalling a declining residential market. However this fall was compensated by an increase in average system size, which reached 4.8 kW by the end of the year. SunWiz concludes that the growth in system size is attributable to both increasing average residential system sizes and to the expanding commercial rooftop market.

Photon Energy's geographical presence

All in all, the Group commissioned nearly **50 MWp** of PV power plants across 5 countries and more than **140 MWp** of PV power plants under O&M management across two continents (**122.5 MWp** as of 31 December 2014).

The Company's proprietary 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 2014, consisted of 27 power plants in the Czech Republic (15 MWp), Slovakia (10.4 MWp), Italy (1.3 MWp), Australia (0.1 MWp) and Germany (0.2 MWp) with a total installed capacity of 27.1 MWp.

Moreover, at the end of December 2014 the total O&M portfolio could be broken down geographically into 45.5 MWp operated in the Czech Republic, 21.3 MWp in France, 16.3 MWp in Slovakia, 16.3 in Italy, 12.2 MWp in Belgium, 9.4 MWp in Germany, 1.0 MWp in Bulgaria and 0.6 MWp in Australia with a total capacity of 122.5 MWp.

Overview of Photon energy's markets at the end of 2014

in MWp	Proprietary portfolio	O&M Services
Czech Republic	15	45.5
Slovakia	10.4	16.3
Italy	1.3	16.3
Germany	0.2	9.4
Australia	0.1	0.6
France		21.3
Belgium		12.2
Bulgaria		1
Total	**27.1**	**122.5**

Czech Republic

The Czech Republic had a cumulative installed PV capacity of **2,134 MWp** at the end of December 2014 (vs 2,132 MWp at the end of December 2013), according to the latest data from the IEA PVPS report published in March 2015. Given the negative image of PV today in the Czech Republic among politicians, grid operators and a majority of citizens, the future of PV is very uncertain. The key to restarting this market lies in residential and small rooftop installations, which are socially more "acceptable" for electricity consumers and which can minimise transmission network congestion on very sunny days and during low-consumption periods.

The proprietary portfolio of Photon Energy in the Czech Republic comprises 12 photovoltaic power plants. The portfolio mainly includes green-field installations, with a total installed output of approximately **15 MWp**. All projects (with one exception) were connected to the network/grid in November/December 2010. Photon Energy did not commission new capacities in 2014.

The total **O&M portfolio** operated in the Czech Republic included **45.5 MWp** (vs 31.6 MWp in December 2013) of PV capacities managed for the proprietary portfolio and external clients (61.7 MWp as of the date of this report). `

Slovakia

At the end of December 2014 Slovakia had **533 MWp** of cumulative installed PV capacity, according to the same report, implying almost no additional capacity installed during the year (+0.4 MWp). The non-transparent FiT calculations and adjustments for three years have created a largely unattractive environment for PV investors in Slovakia.

Photon Energy Group currently owns shares in 11 SPVs in Slovakia with a total installed output of approximately **10.4 MWp**. Each SPV operates one photovoltaic power plant. Photon Energy did not commission new PV capacities in 2014.

The total O&M portfolio operated in Slovakia included **16.3 MWp** (vs 10.8 MWp in December 2013) of PV capacities managed for the proprietary portfolio and external clients (20.5 MWp as of the date of this report).

Italy

In Italy, 0.4 MWp were connected to the grid in 2014 (down from 1.6 GWp in 2013 and 3.4 GWp in 2012), which resulted in a cumulative installed PV capacity of at least 18.5 GWp (compared to 16.4 GWp in 2013). Due to the continuous adoption of unplanned FiT reduction and cancellations, and of other harmful measures against PV, many companies were driven out of business in Italy. Such an unpredictable environment has notably led the Group to sell its two power plants in Q2 2015.

In 2014 the proprietary portfolio comprised two rooftop photovoltaic power plants in Italy with the total capacity of **1,255 kWp**. The plants were connected to the grid in November 2011 and June 2012, respectively.

The total O&M portfolio operated in Italy comprised **16.3 MWp** (vs 7.3 MWp in 2013) of PV plants managed for the proprietary portfolio. The Company seeks to develop its O&M activity on the Italian market as Italy is currently the second largest European PV market in terms of installed PV capacity.

Germany

Formerly the top global market – experienced a steep PV market decrease in 2014 originating from regulatory changes initiated in 2013. 1.9 GWp were connected in Germany at the end of 2014 (down from 3.3 GWp in 2013 and from 7.6 GWp in 2012), which resulted in a cumulative installed PV capacity of 38.2 GWp.

The Company's proprietary portfolio in Germany is comprised of two photovoltaic power plants for a total capacity of 0.2 MWp. Both projects (Brandenburg and Altentreptow) were connected to the grid in Q1 2012.

The total O&M portfolio operated in Germany included 9.4 MWp (vs 7.7 MWp as of December 2013) of PV capacities managed for the proprietary portfolio and external clients. In the wake of PV service providers going insolvent there is a large addressable market of PV power plants that need O&M services. Photon Energy Operations also intends to strengthen its position as an external consultant for PV investors in Germany and provide independent expertise and analysis.

Australia

At the end of December 2014 Australia had **4.1 MWp** of cumulative installed PV capacity (vs 3.2 MWp in 2013), implying an additional capacity of 0.8 MWp installed during the year.

The Company's proprietary portfolio comprised one rooftop photovoltaic power plant in Symonston with a total capacity of **144 kWp** acquired in April 2013.

The Company focused on the Australian market in 2014: November saw the launch of a **39 kWp power plant equipped with battery storage with a capacity of 216 kWh** in Muswellbrook, allowing two radio broadcast towers to be powered with solar energy 24/7 for Australian telecom company BAI. **Two medium to large-scale rooftop power plants in Sydney** were also completed during the year. The 283 kWp power plant in Sydney's Commercial Business District, is one of the largest rooftop power plants in an Australian city and an EPC project was signed in December for our fifth power plant (99 kWp). The plant was commissioned during the first week on May 2015 bringing our total installed base to more than **700 kWp** of solar PV in the country.

The total O&M portfolio operated in Australia comprised **0.57 MWp** (vs 0.28 MWp in 2013) of PV plants managed for the proprietary portfolio and external client.

Belgium

The total O&M portfolio operated in Belgium comprised **12.2 MWp** (vs 3 MWp in 2013) of PV plants managed for the third party. The Company is developing its O&M activity on the Belgian market as the country is currently one of largest European PV markets in terms of installed PV capacity. In 2014, the team has signed new contracts of preventive maintenance services, called "Inverter Cardio". The name is based on the idea that a central inverter is the heart of a PV power plant and should be treated as carefully as a human heart. After the now bankrupt manufacturer Satcon (estimated capacity of 350 MWp of inverters installed across Europe), closed its operations, Photon Energy Operations secured both key personnel and access to spare parts. The Group is well positioned to offer cost-effective remote and on-site support, repair of faulty components and quick, diversified access to spare parts at competitive prices. 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 (9.2 MWp).

France

In 2014 Photon Energy Operations provided preventive maintenance in France on the base of contracts for Satcon central inverters at power plants worth **3 MWp**.

Basic exposures and risks

Operating & financial risks

Legislative, regulatory and market risks: The economic viability of energy production using PV installations (unless when selling directly to the consumer) depends on the incentive schemes introduced which include: Feed-in-Tariff (FiT) or green certificates, an obligation to purchase the total amount of energy originated from renewable sources, preferential loans, tax holidays or even non-repayable grants. However as those measures serve the purpose of meeting the goals set by politicians in terms of national targets of energy generation mix, as such they are subject to changes resulting from shifts in political interests.

The Company experienced the introduction of such an adverse law in the Czech Republic, where the Group still holds the majority of its operations. In 2010 and 2013, the government imposed a levy on PV plants' revenues for PV plants connected in 2009 and 2010, which significantly impacted the profitability of the business. This was also the case in Italy, where cuts to the feed-in-tariff and other retroactive measures have effectively killed the Italian PV market in 2014 and led the Group to sell its two Italian plants in Q2 2015.

On the investment side the Company faces uncertainty in relation to the approval process for the construction of PV installations, grid connection and necessary permits. In particular, the Company must secure various licenses and permits to operate PV plants.

Risks related to the Group's structure: Because the Company conducts its business through its subsidiaries, its ability to pay dividends to shareholders depends on the earnings and cash flow of its subsidiaries and their ability to pay the Company dividends and to advance funds to it. Other contractual and legal restrictions applicable to the Company's subsidiaries could also limit its ability to obtain cash from them. The Company's right to participate in any distribution of its subsidiaries' assets upon their liquidation, reorganisation or insolvency would generally be subject to prior claims of the subsidiaries' creditors, including lenders and trade creditors.

Risk related to personnel and property: There will always be risks involved in the operation and installation of PV plants and the installation of PV systems for third parties. The build-up of

these business areas is occurring simultaneously, thus posing high demands on management resources.

The operating risks relating to the development of PV projects and the installation and operation of PV systems include among others unexpected failure or damage to the PV panels and other technical equipment, theft or sabotage, or adverse weather conditions causing production interruptions and damage. The installation of PV systems on roofs involves specific risks such as damage to the roofs and higher wind-related stress.

Risks related to key personnel: The successful realisation of the business strategy and the Group's goals is significantly dependent on the knowledge, experience and contacts of the current management, especially that of the shareholders and members of the Board of Directors, Georg Hotar and Michael Gartner, who are responsible for the successful development of the Group on the basis of their knowledge of the industry and their expertise, as well as their customer contacts and strategic abilities. There is a risk that the dynamism of the commercial development will fall and/or that important know-how will be lost in the case of the resignation of either of the members of the Board of Directors. The loss of one or more managers could have a significantly adverse effect on the commercial activities and also on the asset value, financial standing and earning position of the Group.

Environmental risk: The business activity of the Group, particularly in the area of photovoltaic power plant construction, must comply with laws, regulations and directives valid in the location of the installation. These laws regulate e.g. emissions in the air, sewages, protection of soil and groundwater as well as health and security of people. Transgressions against these environmental provisions can be pursued according to civil, criminal and public law. Especially temporary provisions could encourage a third party to open a process or - given the circumstances - to demand costly measures to control and remove environmental pollution or to upgrade technical facilities. The properties necessary for photovoltaic power plants are partially owned by the respective SPV. It cannot be ruled out that these are contaminated sites. For removing these, the respective SPV may be responsible, regardless of the cause. This could result in liability risks and material costs in the context of administrative orders or requirements.

All the mentioned circumstances can have a negative impact on the financial situation, status and results of the individual SPVs and the Group.

Risks related to simultaneous application of Dutch and Polish law: Two legal systems - Dutch and Polish - may, from time to time, apply to the various legal processes related to the activities of the Company and/or to its Shares. Additional legal and/or operational risks may be connected to this situation. Because of the legal complexity and uncertainty involved, the Company's management may be currently unaware of certain legal and/or operational risks.

Construction and performance risk: A PV installation is based on several technical components, namely the solar panels converting sunlight into electricity, cabling, converters converting DC into AC, transformers and grid connection devices. There is always risk associated with the construction and installation of PV installations. Despite efforts made to reduce such risks, there can be no assurances that delays and cost overruns will not occur. Furthermore, the Company is partly dependent upon the ability of sub-contractors to install PV systems that meet specifications, performance parameters, quality standards and delivery schedules of the Company.

Risk related to the technology: The technology involved in the production of electricity using PV is characterized by rapid fundamental developments. Currently the Company does not own any patents for the technology used in relation to PV technologies. However, the development of new technology may fundamentally change the economics of electricity production plants using PV technology. For various reasons the Company may not gain access to this new technology, which may put it at a significant disadvantage to its competitors.

Contractual risks: The Company's business depends on contracts with multiple parties including, but not limited to, land owners, banks, investors, suppliers, contractors, energy utilities and electricity customers. Each contract normally involves a substantial value or consideration to the Company. Furthermore, some of the contracts are governed by foreign law, which may create both legal and practical difficulties in case of a dispute or conflict.

Risk related to the expansion: The Group focuses currently on the market in Australia. However, there is a risk that the market entry in new countries will fail or that it will not happen in the intended time period or not in the intended intensity. It is also not ensured, whether in each case new markets will be open to the building of photovoltaic power plants as assumed in the strategy as the development of the photovoltaic business can be influenced unfavourably by plenty of factors, for example by general political, economic, infrastructural, legal and fiscal framework conditions, by unexpected changes of political and regulatory conditions and tariffs, recession, limited protection of intellectual property, problems with staffing and managing of positions in foreign affiliated companies or state subsidies to rival companies. Start-up losses can also be one of the results of entering a new market. All of the aforementioned factors could have a negative impact on the development of the business activity and also on the asset value, financial standing and earnings position of the Group.

Uninsured losses: The development and the operation of PV installations are subject to a number of risks and hazards,

including adverse environmental conditions, theft, technical failure, changes in the regulatory environment and natural phenomena such as inclement weather conditions. Although Photon Energy maintains some insurance to protect against certain of these risks, the Company's insurance will not cover all the potential risks associated with the development and operation of PV installations.

Liquidity risks: The Company is dependent upon having access to short- and long term funding mainly in the form of project financing. There is a risk that the Group will not be able to arrange such project financing and/or that the credit market tightens or completely dries out for the PV industry, which would have an adverse effect on the liquidity of the Group and costs of debt financing in the short term as well as growth prospects in the long term. There can be no assurance that the Group may not experience net cash flow shortfalls exceeding the Group's available funding sources. Furthermore, there can be no assurance that the Company or its subsidiaries will be able to raise new equity, or arrange new borrowing facilities, on favourable terms and in amounts necessary to conduct its ongoing and future operations, should this be required. During the year 2014, the group managed to renegotiate the financing of its Czech & Sovak portfolios, and has therefore limited its exposure to liquidity risk.

Credit risk: Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, including the electricity distributors.

Currency risk: The Group is exposed to a currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The transactions of the Group entities are denominated in CZK, EUR and AUD. Although mainly the CZK/EUR exchange rate experienced wide fluctuations in 2013, the Group is, typically, able to collect prepayments from its customers at the time of committing itself to purchases from third parties and thus to a large extent to mitigate currency risk. There is no financial hedging used by the company against the currency risk. Company's management does not formally monitor the FX positions.

Interest rate risks: The Company's results are highly dependent on interest rates as a high proportion of project capital expenditure is debt financed. A substantial increase in interest rates may have a material negative impact on the project equity returns and thus profitability of the Company and returns to shareholders.

Indebtness risk: The Group is burdened by high level of leverage as the business model assumes financing of individual projects in the model of 80/20 debt-to-equity ratio. A significant amount of debt outstanding, results in growing financial costs which expose the Group to a risk of insufficient cash flow to service the debt payments and hence the liquidity risk. Thanks to the restructuring of its debt in the year 2014, the company has significantly improved its leverage ratios and limited its exposure to risk.

Political, economic and other uncertainties

Changes in the regulatory, legislative and fiscal framework (including tax rules) governing the production of energy using PV installations could have a material impact on the Group's operations.

The largest uncertainty factor in the photovoltaic industry is still the regulatory framework, especially in the Eurozone states, where a large number of photovoltaic power plants have so far been built on the basis of state managed support systems (feed-in-tariffs or green certificates). The rapid growth in those markets in recent years has been largely based on regulatory framework conditions and subsidies. Without state managed subsidy programmes photovoltaic would not yet be competitive, especially in comparison with the use of conventional energy sources. Therefore, the commercial operations of the Group are influenced by the continuation of the state managed subsidy programmes for photovoltaics.

Risks especially arise from new legal regulations, which can exercise a significant influence on the demand for electricity generated from photovoltaics in the individual countries. For example, the state managed subsidy programme concerning the buyback price (feed-in-tariff) is guaranteed for a fixed period in the countries which follow this concept. The rate of remuneration depends on the country or on the valid buyback price as of the moment of the grid connection or according to the permit. The starting dates for the application of any new legal regulations are therefore of special significance. If new projects are subject to extraordinary delays, which make the grid connection possible only after such a starting date, whereby the facility's profitability was originally calculated on the basis of the previously valid buyback price, this can adversely affect the profitability of the facility in question and could result in the revenues being lower than planned or even non-existent. Moreover, it cannot be ruled out that the low income from electricity production will no longer suffice to cover the ongoing costs, in particular the financing costs, so that the Group could be forced to cover the resulting difference or to sell off the photovoltaic facility at a price below the acquisition price.

The buyback price and the subsidies for facilities which are already connected to the grid are fundamentally unaffected by new regulations. However, changes can come into effect at very short notice without any ongoing protection for investments which have already been made. It is possible that the state managed subsidies for renewable energy in general or for photovoltaics specifically in all markets will be reviewed in the courts and as such will be regarded as being against the law or reduced or abolished for some other reason. Issued consent

could be revoked or the realisation of planned legislation aimed at supporting photovoltaic power may not be implemented. In addition, the introduction of changes to the state managed subsidy programmes with retroactive effect cannot be fully ruled out.

Therefore, the given regulatory framework cannot be taken for granted and temporary adjustments in the incentives schemes and national targets can be introduced ad-hoc, reflecting short-term fiscal needs of changes in the economic situation of the country. Such changes in the regulatory framework may have a material, adverse effect on the profitability of existing projects and future growth opportunities hence should be taken into consideration while assessing the risk of PV business.

Moreover, companies operating internationally are also subject to various risks including risks of war, terrorist activities, political, civil or labour disturbances and embargoes. The Company currently operates in several European Union member countries including: Czech Republic, Slovakia, Germany and Italy as well as one non-EU country – Australia. Among those we can distinguish between developed economies such as Germany and Australia with relatively stable political systems economic policies. However, most of the Group's operations are still held in Central and Eastern European countries which are still perceived as emerging economies and hence may represent risks that are not encountered in countries with well-established economic and political systems. In addition, the legal and regulatory systems of the emerging European markets identified above may be less developed and less well enforced than in more developed countries. The Company's ability to protect contractual and other legal rights in those regions may thus be limited compared to regions with more well established markets.

Important events in 2014, which had material impact on the Group's business

In order to improve its geographical stability, Photon Energy NV has decided to sell its two Italian power plants to avoid further devastating retroactive measures by the Italian government. The overall impact on the portfolio is relatively small – the Italian power plants make up only 1,25 MWp of the entire 27 MWp and Photon Energy will continue to provide O&M services in Italy under its „Inverter Cardio" programme. In total Photon Energy services 15 MWp of central PV inverters in Italy.

Future plans

We intend to grow our business in Australia and our O&M services in Europe in 2015, followed by a selective and targeted expansion into other markets with some of our business lines such as PV monitoring, inverter cardio and off-grid energy solutions. Our outlook is global and we intend to grow with the solar energy and energy management industries.

Financial ratios

Selected financial ratios for consolidated performance are presented below.

Financial Ratios - Consolidated	2012	2013	2014
Profitability			
Net Profit / Revenues	-78%	-36%	-43%
Return on Equity (Net profit / Total equity)	-87%	-19%	-18%
Return on Assets (Net profit / Total assets)	**-11%**	**-6%**	**-5%**
Liquidity			
Quick ratio ((Cash + Account receivables)/ Current liabilities)	0.55	0.63	0.86
Current ratio (Current Assets / Current liabilities)	**0.78**	**0.73**	**1.04**
Working Capital			
Net Working Capital (Current assets - Current liabilities)	-5,380	-3,608	427
Net Working Capital / Total Assets	**-0.05**	**-0.04**	**0.00**
Indebtness			
Debt ratio (Total Debt / Total Assets)	0.73	0.62	0.70
Debt / Equity Ratio (Total liabilities / Stockholders' Equity)	**7.01**	**2.41**	**2.28**

Authorised Advisors remuneration

It was agreed with the Authorised Advisor not to disclose the amount of remuneration.

Statutory Auditor remuneration

Total remuneration of the Company's auditor Grant Thornton Accountants en Adviseurs B.V. in the year 2014 amounted to EUR 110,000 thousand and included fees for a full-year review of 2014 financial statements.

Total Board of Directors remuneration

The remuneration of the Board of Directors is subject to confidentiality.

NewConnect's Best Practices applied and not applied in 2014

The Company's goal is to follow fully the corporate governance rules as formatted in the Best Practises of NewConnect Listed Companies. The Code of Best Practises accommodates opinions of market participants as well as European trends and highest communication standards applicable to companies listed in alternative trading systems in Europe.

According to the NewConnect requirements we provide the list of Best Practises applied and not applied in 2014 by our Company:

No.	Rule	Comments
1	A company should pursue a transparent and effective information policy using both traditional methods and modern technologies and state-of the-art communication tools ensuring fast, secure, broad and interactive access to information.	Applied
	Using such methods to the broadest extent possible, a company should ensure adequate communication with investors and analysts using for this purpose also modern methods of Internet communication, enable on-line broadcasts of General Meetings over the Internet, record General Meetings, and publish the recordings on the company website.	Not applied due to high costs – the Company provides investors with appropriate access to information on the organisation and conduct of the General Meeting by publishing relevant EBI and ESPI reports and information on its website.

No.	Rule	Comments
2	A company should ensure effective access to information necessary to assess the company's situation and outlook as well as its operations.	Applied
3	A company should maintain a corporate website and publish:	Applied
3.1.	Basic information about the company and its business (home page);	Applied
3.2.	Description of the issuer's business including indication of the issuer's business segment generating the highest revenue;	Applied
3.3	Description of the issuer's market including indication of the issuer's market position;	Applied
3.4.	Professional CVs of the members of the company's governing bodies;	Applied
3.5.	Information known to the Management Board based on a statement by a member of the Supervisory Board on any relationship of a member of the Supervisory Board with a shareholder who holds shares representing not less than 5% of all votes at the company's General Meeting;	Not applied – there is no Supervisory Board.
3.6.	Corporate documents of the company: Statute, excerpt from the registry;	Applied
3.7.	Outline of the company's strategic plans;	Applied
3.8.	Published financial targets for the current financial year including their assumptions and adjustments of such targets (if targets are published by the issuer);	Not applied – the Company does not intend to publish financial forecasts due to the very early dynamic phase of development of the market in which the Company operates and in view of the fact that the Company is currently building up its position in this market. For this reason, the publication of any financial forecast is subject to very high level of uncertainty.
3.9.	Shareholder structure, with indication of the main shareholders and the free float shares;	Applied
3.10.	Contact details to the person responsible for investor relations and contacts with media;	Applied
3.11.	Published current and periodic reports;	Applied
3.12.	Dates of planned publication of periodic financial reports, GA, meetings with investors and analysts and press conferences;	Applied
3.13.	Information on corporate events such as payment of the dividend, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles of such operations. Such information should be published within a timeframe enabling investors to make investment decisions;	Applied
3.14.	Shareholders' questions on issues on the agenda submitted before and during a General Meeting together with answers to those questions;	Applied
3.15.	Information on the reasons for cancellation of the General Meeting, changes to the date or agenda, together with the reasons;	Applied
3.16.	Information about the break in the proceedings of the General Meeting together with the reasons;	Applied
3.17.	Information about the entity which signed an Authorised Adviser Service Agreement with the company, including the name, the website address, telephone numbers and e-mail addresses of the Adviser;	Applied
3.18.	Information about the entity acting as animator of the issuer's shares;	Applied
3.19.	Information document (issue prospectus) of the company published within the last 12 months;	Applied
4	A company should publish its corporate website in Polish or in English, at the issuer's discretion. Current and periodic reports should be published on the website in the same language in which they are published according to regulations applicable to the issuer.	Applied
5	A company should pursue an information policy with a particular emphasis	Not applied – on its website the Company provides a separate

No.	Rule	Comments
	on the needs of individual investors. For this purpose, in addition to its corporate website, the company should use its individual investor relations section on the website www.gpwinfostrefa.pl.	investor relations section that provides individual investors with access to sufficient information about the Company.
6	An issuer should maintain on-going contacts with representatives of the Authorised Adviser in order to enable it to properly perform its obligations towards the issuer. The company should appoint a person responsible for contacts with the Authorised Adviser.	Applied
7	If an event occurs in the company, which, in the opinion of the issuer, has material significance to the performance of obligations by the Authorised Adviser, the issuer should immediately inform the Authorised Adviser thereof.	Applied
8	An issuer should give the Authorised Adviser access to all documents and information necessary to perform the obligations of an Authorised Adviser.	Applied
9	In the annual report the issuer should publish:	
9.1	Information about the total amount of remuneration of all members of the Management Board and the Supervisory Board;	Applied (not applied in 2014 after the publication of EBI report 11/2014)
		There is no Supervisory Board
9.2	Information about the fee paid by the issuer to the Authorised Advisor in respect of all services provided to the issuer;	Not applied - The remuneration of the Authorised Adviser is subject to confidentiality and cannot be disclosed without the consent of both parties. The Parties have chosen not to disclose this information in order to protect their own interests.
10	Members of the Management Board and the Supervisory Board who can answer questions asked at the General Meeting should attend a General Meeting.	Applied
		There is no Supervisory Board.
11	An issuer in co-operation with the Authorised Adviser should organize meetings with investors, analysts and the media open to the public at least 2 times per year.	Not applied in 2014 - Applied in 2015. The Company has ruled out the organisation of two online chats with investors during the year - a first one was organised in Feb 2015 - these meetings are open to the public.
12	A resolution of the General Meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting it or obligate the competent body to set it before the date of subscription rights within a timeframe enabling an investment decision.	Applied
13	Resolutions of the General Meeting should allow for a sufficient period of time between decisions causing specific corporate events and the date of setting the rights of shareholders pursuant to such events.	Applied
13a.	If the Management Board of an issuer is notified by a shareholder who holds at least a half of the share capital or at least a half of all votes in the company that the issuer has summoned an extraordinary General Meeting pursuant to Article 399 § 3 of the Code of Commercial Partnerships and Companies, the Management Board of the issuer shall immediately perform actions it is obliged to take in organising and conducting a General Meeting. This principle shall also apply where the registration court authorises shareholders to summon an extraordinary General Meeting pursuant to Article 400 § 3 of the Code of Commercial Partnerships and Companies."	Applied
14	The date of setting the right to dividend and the date of dividend payment should be set so to ensure the shortest possible period between them, in each case not longer than 15 business days. A longer period between these dates requires detailed grounds.	Applied
15	A resolution of the General Meeting concerning a conditional dividend payment may only contain such conditions whose potential fulfilment must take place before the date of setting the right to dividend.	Applied
16	An issuer should publish monthly reports within 14 days after the end of each month. Monthly reports should include at least the following:	Applied
	- information on trends and events occurring in the issuer's market	

No.	Rule	Comments
	environment which, in the opinion of the issuer, could in future have significant effects to the financial standing and the financial results of the issuer;	
	- list of all information published by the issuer in the form of current reports in the reporting period;	
	- information about achievement of the goals of an issue if they were achieved at least partly in the reporting period;	
	- dates important to investors including events planned in the coming month concerning the issuer and important from the perspective of investor rights, including in particular dates of publication of periodic reports, planned General Meetings, opening of subscriptions, meetings with investors or analysts and expected dates of publication of analytical reports.	
16a.	If an issuer is in breach of the reporting obligation set out in Exhibit 3 to the Alternative Trading System Rules ("Current and Periodical Information in the Alternative Trading System on the NewConnect Market"), the issuer shall immediately publish information explaining the situation pursuant to the procedure applicable to providing current reports on the NewConnect market."	Applied

**Announced in the Statement of the Management Board of Photon Energy N.V. on the use of the Company's corporate governance rules set by the "Good Practices of Companies Listed on NewConnect"*

Summary of information disseminated

Below is a summary of the key events which were important for the Issuer's business from 1 January until 31 December 2014 and which were reported in the EBI system:

- **EBI 1/2014** published on 9 January 2014: Loan maturity extension
- **EBI 2/2014** published on 14 January 2014: Monthly report for December 2013
- **EBI 3/2014** published on 14 February 2014: Monthly report for January 2014
- **EBI 4/2014** published on 14 February 2014: Quarterly report for Q4 2013
- **EBI 5/2014** published on 20 February 2014: Photon Energy launches a Pan-European Solar Asset Aggregation Yield-Co to IPO in 2015
- **EBI 6/2014** published on 14 March 2014: Monthly report for February 2014
- **EBI 7/2014** published on 14 April 2014: Monthly report for March 2014
- **EBI 8/2014** published on 14 May 2014: Monthly report for April 2014
- **EBI 9/2014** published on 15 May 2014: Quarterly report for Q1 2014
- **EBI 10/2014** published on 23 May 2014: Change of the reporting date of the annual report
- **EBI 11/2014** published on 27 May 2014: Change in the application of Good Practices / Zmiana zakresu stosowania
- **EBI 12/2014** published on 27 May 2014: Annual report for the year 2013 / Raport roczny za rok 2013
- **EBI 13/2014** published on 30 May 2014: Convocation of the Annual General Meeting of Shareholders on 11 July 2014 / Ogłoszenie o zwołaniu Zwyczajnego WZA na dzień 11 lipca 2014 r.
- **EBI 14/2014** published on 3 June 2013: Photon Energy N.V. announces intention to merge with Photon Energy Investments N.V. / Photon Energy N.V. ogłasza zamiar połączenia z Photon Energy Investments N.V.
- **EBI 15/2014** published on 13 June 2014: The draft of resolutions of AGM on 11 July 2014 / Projekty uchwał na Zwyczajne WZA, które odbędzie się dnia 11 lipca 2014 r.
- **EBI 16/2014** published on 13 June 2014: Monthly report for May 2014 / Raport miesięczny za maj 2014 r.
- **EBI 17/2014** published on 3 July 2014: Comments on the proposed retroactive regulatory changes in Italy / Komentarz w sprawie zaproponowanych zmian regulacyjnych we Włoszech.
- **EBI 18/2014** published on 11 July 2014: The Minutes of the AGM of shareholders held on 11 July 2014 / Treść uchwał podjętych na WZA w dniu 11 lipca 2014 r.
- **EBI 19/2014** published on 14 July 2014: Monthly report for June 2014 / Raport miesięczny za czerwiec 2014 r.
- **EBI 20/2014** published on 15 July 2014: Photon Energy to build a pioneering PV storage system in Australia / Photon Energy wybuduje pionierski projekt magazynowania energii słonecznej w Australii.

- **EBI 21/2014** published on 11 August 2014: Amendments to financing facility agreements / Poprawki do umów o finansowanie kredytowe.
- **EBI 22/2014** published on 14 August 2014: Photon Energy N.V. completed merger with Photon Energy Investments N.V. / Photon Energy N.V. zakończył proces połączenia z Photon Energy Investments N.V.
- **EBI 23/2014** published on 14 August 2014: Monthly report for JuLy 2014 / Raport miesięczny za lipiec 2014 r.
- **EBI 24 & 25/2014** published on 14 August 2014: Quarterly report for Q2 2014 / Raport kwartalny za II kw 2014r.
- **EBI 26/2014** published on 3 September 2014: Photon Energy launches Global Investment Protection / Photon Energy założył spółkę zależną Global Investment Protection.
- **EBI 27/2014** published on 12 September 2014: Photon Energy partially repaid and refinanced its short-term loan / Częściowa spłata oraz refinansowanie kredytu krótkoterminowego.
- **EBI 28/2014** published on 12 September 2014: Monthly report for August 2014 / Raport miesięczny za sierpień 2014 r.
- **EBI 29/2014** published on 14 October 2014: Monthly report for September 2014 / Raport miesięczny za wrzesień 2014 r.
- **EBI 30/2014** published on 14 November 2014: Monthly report for October 2014 / Raport miesięczny za październik 2014 r.
- **EBI 31/2014** published on 14 November 2014: Quarterly report for Q3 2014 / Raport kwartalny za III kw 2014r.
- **EBI 32/2014** published on 12 December 2014: Monthly report for November 2014 / Raport miesięczny za listopad 2014r.
- **EBI 33/2014** published on 22 December 2014: Dates of publishing periodic reports in 2015 / Terminy przekazywania raportów okresowych w roku 2015.

Below is a summary of the key events which were important for the Issuer's business after 31 December 2014 until the date of this report:

- **EBI 01/2015** published on 14 January 2015: Monthly report for December 2014
- **EBI 02/2015** published on 02 February 2015: Photon Energy announces the streamlining of its Operations & Maintenance division's activities in Italy.
- **EBI 03/2015** published on 10 February 2015: Q & A Chat to be held in collaboration with Polish retail investors association SII on Wednesday, the 18th of February 2015 at 11:00am.
- **EBI 04/2015** published on 13 February 2015: Monthly report for January 2015.
- **EBI 05/2015** published on 16 February 2015: Quarterly report for Q4 2014.
- **EBI 06/2015** published on 16 February 2015: Photon Energy signs O&M contracts for 13.5 MWp in the Czech Republic.
- **EBI 07/2015** published on 13 March 2015: Monthly report for February 2015.
- **EBI 08/2015** published on 17 March 2015: Photon Energy will participate in the Small & Midcap conference, which will be held on 26 March 2015 in Warsaw.
- **EBI 09/2015** published on 18 March 2015: Photon Energy signs O&M contracts for 3.2 MWp in Slovakia.
- **EBI 10/2015** published on 14 April 2015: Monthly report for March 2015
- **EBI 11/2015** published on 14 April 2015: Supplement to report nr 10/2015 - Monthly report for March 2015.
- **EBI 12/2015** published on 8 May 2015: Photon Energy sells its two Italian power plants in reaction to retroactive cuts by Italian government.
- **EBI 13/2015** published on 14 May 2015: Photon Energy will participate in the Wall Street conference in Karpacz (Poland) on 29 May.
- **EBI 14/2015** published on 14 May 2015: Monthly report for April 2015.
- **EBI 15/2015** published on 15 May 2015: Quarterly report for Q1 2015.

Statement of relations

Statement on relations between the Issuer, its managing and supervising persons and its shareholders owning more than 5% of the Company's shares

No Supervisory Board was established.

According to the knowledge of the Board of Directors following relations existed between the Issuer, its managing and supervising persons and its shareholders owning more than 5% of the Company's shares:

Shareholdership as of 20. 05. 2015	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Age Investments B.V.	28,263,274	*47.1%*	28,263,274	*55.9%*
Solar Future Cooperatief U.A.	8,590,739	*14.3%*	8,590,739	*17.0%*
Solar Power to the People Cooperatief U.A.	8,036,573	*13.4%*	8,036,573	*15.9%*
Photon Energy N.V. (treasury shares)	9,434,910	*16.7%*	0	*0.0%*
Free float	5,674,504	*8.5%*	5,674,504	*11.2%*
Total	**60,000,000**	**100.0%**	**50,565,090**	**100.0%**

- Mr. Michael Gartner and Mr. Georg Hotar are the only members of the Company's Board of Directors.
- Mr. Michael Gartner indirectly owns 41.3% of votes at the Shareholders Meeting, via co-operative Solar Future Coöperatief U.A., Mr. Georg Hotar indirectly owns 38.6% of votes at the Shareholders Meeting, via co-operative Solar Power to the People Coöperatief U.A and Mr. Ctibor Plachy indirectly owns 8.9% of votes at the Shareholders Meeting via both co-operatives.
- Solar Age Investments B.V., which owns 28,263,074 shares representing 55.9% of votes at the Shareholders Meeting and 47.10% of the Company's share capital, is 100% owned by Solar Future Coöperatief U.A. and Solar Power to the People Coöperatief U.A., controlled by Mr. Michael Gartner and Mr. Georg Hotar respectively. Mr. Georg Hotar is the only Director of Solar Age Investments B.V.

Implementation of innovative activities in the Company in 2014

Construction of a ground breaking solar off-grid project in Australia

In November 2014 Photon Energy Australia launched a pioneer solar project combining a 39kWp PV power plant with a 216 kWh battery storage system, generating electricity for a radio broadcasting tower in Muswellbrook, New South Wales. The tower, operated by internationally renowned telecom group BAI will run on locally produced and stored energy, thanks to the advanced battery storage technology 24 hours a day. This ground-breaking and innovative project demonstrates that renewable energy can provide unique solutions and economical savings for consumers of energy, either commercial or individual, in remote locations world-wide. The project was designed and delivered in association with the German Energy Agency, Deutsche Energie-Agentur GmbH (dena), using predominantly German technology. The project is part of the worldwide dena Renewable Energy Solutions and co-financed by the German Federal Ministry for Economic Affairs and Energy (BMWi) within the initiative "renewables – Made in Germany". The radio transmission tower will be powered by mostly 'Made in Germany' components; a 39 kWp solar power installation is using 216 kWh of batteries and a 8 kVA diesel back-up system for emergencies. Photon Energy has set up a special website dedicated to this innovative project and the topic of solar storage solutions at www.solaroffgrid.info.

Solar energy storage using hydrogen

Photon Energy is cooperating with the Institute of Nuclear Research in Řež (close to Prague) to optimise the storage of solar energy using hydrogen production. Hydrogen is generally seen as the „fuel of the future", with Toyota and BMW (as well as other automobile companies) currently manufacturing and selling cars that run on hydrogen. Hydrogen fuel cells can also be used to power households and companies. By partnering up with the Institute of Nuclear Research in Řež, Photon Energy is actively contributing to finding an economically competitive solar storage solution, which is currently considered as one of the main bottlenecks for renewable energy.

Using monitoring data to predict failures

Photon Energy has joined up with monitoring hardware manufacturer Domat and the Czech Technical University (CVUT) to develop 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.

Material off-balance sheet items

The Group did not have any material off-balance sheet items in the year 2014.

Further information

For more information about:

a) characteristics of the structure of assets and liabilities of the consolidated balance sheet, also from perspective of the liquidity of the Issuer's group and

b) description of the structure of main equity deposits or main capital investments made within the Issuer's group during the financial year,

Please refer to Chapter 3 – Financial section and the Company's audit.

Board of Directors' statements

Board of Directors' statement concerning reliability of prepared financial statement for the year 2014 and report on the Company's activity

The Board of Directors declares that according to their best knowledge the audited consolidated IFRS financial statements, which were derived from local financial statements, were prepared in accordance with International Financial and Reporting Standards and further declares that they present a true and fair view of the Company's property and financial situation and its financial result as of the date of the publication of this report and that the report on the Report of the Management presents a fair view of the Issuer's situation, including a description of basic exposures and risks.

Michael Gartner
Director

Georg Hotar
Director

Board of Directors' statement concerning the entity entitled to audit the annual financial statement for the year 2014

The Board of Directors' declares that the entity authorised to audit financial statements which audited annual consolidated financial statements was selected in accordance with legal regulations and that such entity and certified auditors who audited these statements met conditions to express their impartial and independent opinion on the audit, in accordance with relevant regulations of local law.

Michael Gartner
Director

Georg Hotar
Director

PHOTON ENERGY HELPS INVESTORS FIGHT BACK

In 2014 Photon Energy launched two platforms to help investors fight back against retroactive measures introduced by short-sighted EU governments. Earlier in 2014 we launched "European Solar Holdings", a Pan-European Solar Asset Aggregation Yield-Co with the strongest possible investment protection currently available. ESH intends to establish itself as the preferred vehicle for yield-seeking investors into renewable energy assets in the EU. Investors operating PV power plants in the EU will be able to swap their investments for shares in ESH, which aims to IPO on a major European exchange at a later stage.

Later in 2014 we presented Global Investment Protection AG (GIP), which gives investors the tools needed to protect themselves against unfair and often retroactive state measures when many Bilateral Investment Treaties, the EU and the Energy Charter Treaty are failing them. GIP provides restructuring of assets under optimal jurisdictions with strong Bilateral Investment Treaties.

PHOTON ENERGY

3. Financial Section

Photon Energy N.V.

Financial Statements

for the year ended 31 December 2014

Contents

Directors' report

Directors' report

The directors present their report together with the annual financial statements of Photon Energy N.V. (the "Company") for the year ended 31 December 2014.

Photon Energy N.V. (the "Company") is a joint-stock company incorporated under the laws of the Netherlands on 9 December 2010. The statutory seat of the Company is Barbara Strozzilaan 201, 1083HN Amsterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The company is controlled by the following shareholders:

In shares	**No. of shares**	**% of capital**
Solar Power to the People Cooperatief U.A.	8,036,573	13.4%
Solar Future Cooperatief U.A.	8,590,739	14.3%
Solar Age Investments B. V.	28,263,274	47.1%
Free float	5,674,504	8.5%
Photon Energy N.V.	9,434,910	16.7%
Total	**60,000,000**	**100.0%**

The Board of Directors consists of the Directors Mr. Georg Hotar and Mr. Michael Gartner.

Developments in 2014

Result

The total equity attributable to the owners of the Company as at 31 December 2014 amounts to EUR 28,038 thousand (2013: EUR 26,580 thousand). The total result for the year 2014 amounts to a loss of EUR 5,034 thousand (2013: loss EUR 4,995 thousand).

Revenues and cost of sales

Revenues decreased to EUR 11,760 thousand in 2014 compared to 2013, when the revenues amounted to EUR 13,876 thousand. In 2014, cost of sales decreased to 714 thousand from EUR 2,647 thousand in the financial year 2013.

The decrease in revenues is a result of lower revenues in all segments of the Group's business, except of the other segment. It is connected with the development of the Fx rate that influences mainly the segment of electricity production; lower trading activity, as well as a one-off project in the Operations & Maintenance segment in the prior year.

The gross margin equalled to 88% in 2014 and 67% in 2013. The higher margin in 2014 is a consequence of significantly lower cost of sales and also a lower tax levy in 2014 (26% in 2013, 10% in 2014).

Financial income and expenses

Financial income and expenses consist mainly of interest expenses. The other part of financial income and expenses represents the result from revaluation of swaps, interest income and bank fees.

Other comprehensive income

In 2014, the Group adopted new models for the valuation of its power plants. Total impact of the change in the valuation approach resulted in the positive revaluation of EUR 6,013 thousand (including joint ventures) in other comprehensive income. Details can be found in note 23 to the financial statements.

In 2013, the whole Czech portfolio was negatively revalued. The reason was the prolongation of the tax levy by the Czech government from the original 26% for the period of 2011-2013 to 10% until the end of the economic useful life of the powerplants. The total impact of this negative revaluation amounted to EUR 5,576 thousand, including deferred tax of EUR 1,059 thousand. Details can be found in note 23 to the financial statements.

Non-current assets

The increase in fixed assets compared to 2013, is mainly influenced by the positive revaluation of the projects as described in the "Other comprehensive income" section.

Current assets

Current assets increased in 2014 compared to 2013, from EUR 9,823 thousand to EUR 9,897 thousand. This slight increase was influenced mainly by higher inventories and trade receivables compensated by lower cash.

Total liabilities

The total liabilities include primarily:

1) Loans and borrowings
2) Trade payables
3) Bond related liability

Long-term liabilities increased by EUR 5,596 thousand. The main drivers of this increase were increase in bond balance, higher deferred tax liability and reclassification of a part of other loan into non-current liabilities. The Group also managed to decrease its current payables mainly due to partial repayment of the other loan and its reclassification in the non-current liabilities and to decrease the trade payables. The Company also repaid a proportion of its bank loans, and their closing balance has been also influenced by the change of CZK/EUR exchange rate as the biggest part of them is denominated in CZK.

Financial instruments and risk management

In 2014, financial instruments were only used to mitigate risks and were not used for trading purposes. We refer to the notes in the financial statements for more details about the company's financial instruments.

Principle risks

The Group has exposure to the following risks:

- Credit risk,
- Liquidity risk,
- Market risk.

In the notes to the consolidated financial statements, information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Selected indicators

Debt to assets ratio (total liabilities/total assets)

- 2014: 0.69
- 2013: 0.71

Debt to equity ratio (total liabilities/shareholders' equity)

- 2014: 2.33
- 2013: 2.41

Current ratio (current assets/current liabilities)

- 2014: 1.06
- 2013: 0.73

Debt to equity and debt to assets ratio slightly worsened in 2014 compared to 2013 due to higher non-current liabilities. The current ratio has improved due to lower current liabilities.

Research and development

The Company does not perform any material research and development activities.

Personnel

During the year, the number of staff employed by the Group was 73 (2013: 79). Management expects that the number of employees in 2015 will be similar to the previous year.

On 1 January 2014, The Management and Supervision Act came into force requiring that at least 30% of the directors is female and at least 30% is male. At this moment the company does not comply with this Act and management does not believe nominations for (re-) appointments will change this in the near future.

Strategy for 2015

Working in a transitioning market environment, the Group's development on a wide range of fronts, both operational and financial, demonstrates that Photon Energy is now back in the race for profitable growth. We entered 2015 dynamically harvesting the fruits of our new strategy, achieving overperforming production levels on our proprietary portfolio of power plants, having already secured new contracts for our O&M division while the fifth solar power plant built and operated by Photon Energy Australia has just been commissioned. The prospects across our business lines in combination with further cost reduction initiatives support our expectation that we will return to a positive bottom line in 2015.

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

- No more bets on any 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 solutions 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 the new strategy is to generate recurring revenue streams while maximising customer value. Photon Energy's revised focus is now 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 NPVmax (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.

Going concern

Management statement

In preparing these accounts on a going concern basis, management used its best estimates to forecast cash movements over the next 12 months from the date of these accounts. As per today, management believes the Company will be able to repay its liabilities and ensure the further development of the Group.

Subsequent events

Sale of Italian SPVs

In February 2015, the management of the Group launched negotiations with potential buyers for the Italian SPVs. Final Sales Agreements were signed on 8 May 2015, with the effective date of transfer on 1 April 2015.

Amsterdam, 20 May 2015

The Board of Directors:

Michael Gartner, Director

Georg Hotar, Director

PHOTON ENERGY

Consolidated Financial Statements

for the year ended 31 December 2014

Consolidated statement of comprehensive income for the year ended 31 December

In thousand of EUR	Note	2014	2013
Revenue	10	11,760	13,876
Cost of sales	11	-714	-2,647
Energy tax	11	-682	-1,918
Gross profit		**10,364**	**9,311**
Other income	12	27	0
Administrative expenses	14	-2,942	-2,373
Personnel expenses	14	-2,819	-3,258
Other expenses	13	-1,134	-366
Depreciation		-4,420	-4,838
Results from operating activities		-924	-1,524
Finance income	15	52	0
Interest income	15	166	140
Finance costs	15	-282	-610
Revaluation of derivatives	15	-2,227	267
Interest costs	15	-2,935	-3,655
Net finance expenses		**-5,228**	**-3,858**
Share of profit equity-accounted investments (net of tax)	24	70	154
Disposal of investment	9	1,081	509
Profit/loss before taxation		**-5,000**	**-4,719**
Income tax due/deffered	16	-34	-276
Profit/loss after taxation		**-5,034**	**-4,995**
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment	23	6,581	-4,517
Share of revaluation of property, plant and equipment of associates/joint ventures	23	-568	0
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation difference - foreign operations	23	612	-2,713
Derivates (hedging)	28	-125	308
Share of currency translation diff. Of associates / JV	23	0	28
Other comprehensive income for the year, net of tax		**6,500**	**-6,894**
Total comprehensive income for the year		**1,466**	**-11,889**
Profit attributable to:			
Attributable to the owners of the company		-5,042	-5,011
Attributable to non controlling interest		8	16
Profit for the year		**-5,034**	**-4,995**
Total comprehensive income attributable to:			
Attributable to the owners of the company		1,466	-11,905
Attributable to non controlling interest		0	16
Total comprehensive income for the year		**1,466**	**-11,889**
Earnings per share			
Earnings per share (basic) (in EUR)	24	(0.1)	(0.099)
Earnings per share (diluted) (in EUR)	24	(0.083)	(0.08)
Total comprehensive income per share (in EUR)	24	(0.038)	(0.316)

The notes on pages 59 to 103 are an integral part of these financial statements.

Consolidated statement of financial position as at 31 December

In thousand of EUR	Note	31 December 2014	31 December 2013
Assets			
Property, plant and equipment	17	81,549	78,320
Investments in equity-accounted investees	9.3	2,086	2,500
Other investments	18	10	17
Long-term receivables	21	0	0
Deferred tax assets		**0**	**0**
Non-current assets		**83,645**	**80,837**
Inventories	20	683	389
Trade receivables	21	1,152	873
Other receivables	21	2,287	2,882
Gross amount due from customers for contract work	20	262	0
Current tax receivable	21	63	41
Other loans	21	0	0
Prepaid expenses	21	818	956
Cash and cash equivalents	22	4,631	4,682
Assets classified as held for sale	8	0	0
Current assets		**9,897**	**9,823**
Total assets		**93,542**	**90,660**
Equity & Liabilities			
Equity			
Share capital	23	600	600
Share premium	23	23,760	23,760
Revaluation reserve	23	27,704	22,835
Legal reserve fund	23	10	10
Hedging reserve	23	-582	-457
Translation reserve	23	-1,778	-2,390
Retained earnings	23	-21,675	-17,778
Equity attributable to owners of the Company		**28,038**	**26,580**
Non-controlling interests	23	**147**	**139**
Total equity		**28,185**	**26,719**
Liabilities			
Loans and borrowings	25	41,889	42,500
Deferred tax liabilities	19	5,061	3,367
Other long-term liabilities	28	7,979	4,643
Other loans	25	1,178	0
Long-term liability from income tax	27		0
Non-current liabilities		**56,106**	**50,510**
Loans and borrowings	25	3,385	3,115
Trade payables	26	1,219	2,079
Other payables	26	3,900	2,063
Other Loans	25	649	6,000
Other short-term liabilities	27	97	174
Current tax liabilities	27	0	0
Provisions	27	0	0
Current liabilities		**9,250**	**13,431**
Total liabilities		**65,356**	**63,941**
Total equity and liabilities		**93,542**	**90,660**

The notes on pages 59 to 103 are an integral part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 December

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 1. 1. 2012	**-**	**46**	**-**	**9**	**17,558**	**-134**		**-5,384**	**12,095**	**5,399**	**17,494**
Loss for the period 1.1.2012 - 04.12.2012	-	-	-	-	-	-	-	-7,003	**-7,003**	-1,960	**-8,963**
Loss for the period 5.12.2012 - 31.12.2012	-	-	-	-	-	-	-	-3,671	**-3,671**		**-3,671**
Revaluation of PPE	-	-	-	-	6,820	-	-	-	**6,820**	2,701	**9,521**
Share on revaluation of PPE of associates, JV	-	-	-	-	457	-	-	-	**457**	180	**637**
Foreign currency translation differences	-	-	-	-	-	457	-	-	**457**	-168	**289**
Share on derivatives JV	-	-	-	-	-		-140		**-140**	-55	**-195**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**7,277**	**457**	**-570**	**-10,674**	**-3,510**	**529**	**-2,981**
share capital increase	**-**	184	-184	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**
Move from revaluation reserve to retained earnings	**-**	-	-	**-**	**-885**	**-**	**-**	**885**	**-**	-	**-**
Legal reserve fund	**-**	-	-	**9**	**-**	-	-	**-**	**9**	-	**9**
Dividends	**-**	-	-	**-**	**-**	-	-	**-**	**-**	-35	**-35**
Disposal of NCI - move to other components of equity		-184			**4,868**		-224	491	**5,769**	-5,769	**-**
BALANCE at 31.12.2012	**-**	**230**	**-**	**18**	**28,818**	**323**	**-794**	**-14,241**	**14,354**	**124**	**14,478**
BALANCE at 31.12.2013	**-**	**230**	**-**	**18**	**28,818**	**323**	**-794**	**-14,241**	**14,354**	**124**	**14,478**
Loss for the period 1.1.2013 – 31.12.2013	-	-	-	-	-5,011	**-5,011**	16	**-4,995**			
Revaluation of PPE	-	-	-	-	-4,517	-	-	-	**-4,517**	-	**-4,517**
Foreign currency translation differences	-	-	-	-	-	-2,713	-	-	**-2,713**	-	**-2,713**
Derivatives	-	-	-	-	-	-	309	-	**309**	-1	**308**
Share on derivatives JV	-	-	-	-	-	-	28	-	**28**	-	**28**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-4,517**	**-2,713**	**337**	**-5,011**	**-11,904**	**15**	**-11,889**
new shares	**-**	370	23,760	**-**	**-**	**-**	**-**	**-**	**24,130**	-	**24,130**
Move from revaluation reserve to retained earnings	-	-	-	-	-1,466	-	-	1,466	**-**	-	**-**
Legal reserve fund – move to RE on entity disposal	-	-	-	-8	-	-	-	8	**-**	-	**-**
BALANCE at 31.12.2013	**-**	**600**	**23,760**	**10**	**22,835**	**-2,390**	**-457**	**-17,778**	**26,580**	**139**	**26,719**

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 1.1.2014	**-**	**600**	**23,760**	**10**	**22,835**	**-2,390**	**-457**	**-17,778**	**26,580**	**139**	**26,719**
Profit for the period 1.1.2014 – 31.12.2014	-	-	-	-	-	-	-	-5,042	**-5,042**	8	**-5,034**
Revaluation of PPE	-	-	-	-	6,581	-	-	-	**6,581**	-	**6,581**
Share on revaluation of PPE of associates, JV	-	-	-	-	-568	**-**	**-**	-	**-568**	-	**-568**
Foreign currency translation differences	-	**-**	**-**	**-**	**-**	612	**-**	**-**	**612**	-	**612**
Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	-89	**-**	**-89**	-	**-89**
Share on derivatives JV	**-**		-	-	-	-	-36	-	**-36**		**-36**
Total comprehensive income for the year	-	**0**	**0**	**0**	**6,013**	**612**	**-125**	**-5,042**	**1,458**	**8**	**1,466**
new shares	**-**	**-**	**-**	**-**	**-**	-	-	**-**	**0**	-	**0**
Move from revaluation reserve to retained earnings	**-**	**-**	**-**	**-**	-1,144	-	-	1,144	**0**	-	**0**
Legal reserve fund – move to RE on entity disposal	-	-	-	-	-	-	-	-	**-**	-	**-**
BALANCE at 31.12.2014		**600**	**23,760**	**10**	**27,704**	**-1,778**	**-582**	**-21,675**	**28,038**	**147**	**28,185**

The notes on pages 59 to 103 are an integral part of these financial statements.

Consolidated statement of cash flows for the year ended 31 December

In thousand of EUR	Note	2014	2013
Cash flows from operating activities			
Profit for the year		**-5,000**	**-4,995**
Adjustments for:			
Depreciation	17	4,420	4,838
Net finance costs	15	5,228	3,858
Share of profit of equity-accounted investments	24	-70	-154
Gain on sale of property, plant and equipment	17	0	0
Income tax expense	16	34	276
Other non-cash items	13	0	0
Changes in:			
Trade and other receivables	21	1,526	2,822
Gross amount due from customers for contract work		-262	0
Prepaid expenses	21	138	-498
Inventories	20	-294	-236
Trade and other payables	26	900	-7,510
Other liabilities	27	-3,679	-20,827
Interest paid	15	-1,023	-2,585
Income tax paid	16	-176	-366
Net cash from operating activities		**1,742**	**-25,377**
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	0	0
Acquisition of subsidiaries, associates, JV	9	0	0
Acquisition of other investments	9	0	0
Proceeds from sale of investments	9	0	0
Sale of investments- cash sold	9	0	-42
Interest received	15	0	0
Net cash used in investing activities		**0**	**-42**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		0	24,13
Proceeds from borrowings	25	4,267	0
Repayment of borrowings	25	-6,662	-4,677
Proceeds from issuing bonds	25	1,025	4,213
Payment of bond coupons	25	-423	-240
Net cash from (used in) financing activities		**-1,793**	**23,426**
Net increase/decrease in cash and cash equivalents		**-51**	**-1,993**
Cash and cash equivalents at 1 January		**4,682**	**6,953**
Effect of exchange rate fluctuations on cash held		0	-278
Cash and cash equivalents at 31 December		**4,631**	**4,682**

The notes on pages 59 to 103 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2014

1. Reporting entity

Photon Energy N.V. ("Photon Energy" or the "Company") is a joint-stock company incorporated under the laws of Netherlands on 9 December 2010. The statutory seat of the Company is Barbara Strozzilaan 201, 1083HN Amsterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The Group is engaged in the development of photovoltaic power plants. This activity involves securing suitable sites by purchase or long-term lease, obtaining all licenses and permits, the design, installation of photovoltaic equipment, financing, operations and maintenance. Photon Energy pursues a comprehensive strategy of focusing both on green-field and rooftop installations while trying to cover the largest possible part of the value chain and lifecycle of the power plant.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union ("EU IFRSs") and title 9 Book 2 of the Netherlands Civil code. It represents the international accounting standards adopted in the form of European Commission Regulations in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council.

The consolidated financial statements were authorised for issue by the Board of Directors on 20 May 2015.

Going concern

Management statement

In preparing these accounts on a going concern basis, management used its best estimates to forecast cash movements over the next 12 months from the date of these accounts. As per today, management believes the Company will be able to repay its liabilities and ensure the further development of the Group.

2.2 Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for the following material items in the statement of financial position:

- Property, plant and equipment – photovoltaic power plants are measured at revalued amounts (for revaluation details refer to the note 23)
- Investments in equity instruments accounted for using the equity method

2.3 Functional currency

These financial statements are presented in EUR.

The functional currencies used in the Group are CZK for Czech subsidiaries, EUR for Dutch, Italian, German and Slovak companies, CHF for Swiss subsidiary and AUD for Australian subsidiaries. All financial information presented in EUR has been rounded to the nearest thousand.

2.4 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with EU IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Significant management judgement is used in key assumptions applied discounted cash flow projections related to the valuation of the photovoltaic power plants (refer to Note 5.1) and in case of professional judgment and internal knowledge of the customer related to the creation of the allowance for bad and doubtful debts (refer to Note 28.2).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5.1 – key assumptions used in discounted cash flow projections related to the valuation of the photovoltaic power plants
- Note 28.2 – professional judgment and internal knowledge of the customer related to the creation of the allowance for bad and doubtful debts

3. Application of new and revised EU IFRSs

3.1 New and revised EU IFRSs affecting amounts reported in the current year (and/or prior years)

The following new and revised EU IFRSs have been applied in the current period and have affected the amounts reported in the financial statements.

IFRS 10 Consolidated Financial Statements

- Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities.
- The Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements.

The Standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in 'special purpose entities'). Under IFRS 10, control is based on whether an investor has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect the amount of the returns.

IFRS 11 Joint arrangements

Replaces IAS 31 Interests in Joint Ventures. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.

Joint arrangements are either joint operations or joint ventures:

- A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognize their assets, liabilities, revenue and expenses in relation to its interest in a joint operation (including their share of any such items arising jointly)
- A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (joint venturers) have rights to the net assets of the arrangement. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with IAS 28 Investments in Associates and Joint Ventures (2011). Unlike IAS 31, the use of 'proportionate consolidation' to account for joint ventures is not permitted.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 applies to an entity that has an interest in subsidiaries, joint arrangements, associates and/or structured entities. Many of the disclosure requirements of IFRS 12 were previously included in IAS 27, IAS 31, and IAS 28, while others are new.

The objective of the new disclosure requirements is to help the users of financial statements understand the following:

- The effects of an entity's interests in other entities on its financial position, financial performance and cash flows
- The nature of, and the risks associated with, the entity's interest in other entities

No significant impact of this revised standard is expected.

IAS 28 Investments in Associates and Joint Ventures

This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.

No significant impact of this revised standard is expected.

3.2 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised EU IFRSs that have been issued but are not yet effective (dates in brackets shows effective date):

- Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities (1 January 2014);
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
- Revenue from Contracts with Customer (IFRS 15)

The Group does not plan to adopt these standards early and the extent of the impact has not been determined as management believes is will not have a significant impact.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

4.1.1 Business combinations

Acquisition of businesses is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognized in profit or loss as incurred.

4.1.2 Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Income and expenses and other comprehensive income 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. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Group accounting policies.

4.1.3 Special purpose entities

The Group includes special purpose entities (SPEs). The Group does not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. SPEs controlled by the Group were established under terms that impose strict limitations on the decision-making powers of the SPEs' management and that result in the Group receiving the majority of the benefits related to the SPEs' operations and net assets, being exposed to the majority of risks incident to the SPEs' activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets.

SPEs currently include entities owned by Raiffeisen – Leasing Real Estate, s.r.o. ("RLRE"). All these SPEs are financed by RLRE.

Based on new contractual agreements, the Company has the right to apply a call option for purchase of a 100% share in the RLRE SPVs in case of full repayment of external loans, security loans, and all the other financial liabilities of PEI NV (Photon Energy Investments NV), RLRE SPEs and parent company PENV towards RLRE and the Financing bank, plus payment of the future purchase price for the transfer of share in the SPEs.

See the list of SPEs in note 30.

4.1.4 Loss of control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

4.1.5 Investments in associates and jointly controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds 20 percent or more of the voting power of another entity. Joint ventures are arrangements that the Company controls jointly with one or more other investors, and over which the Company has rights to a share of the arrangements net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity-accounted investees) and are recognized initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

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.

4.1.6 Transactions eliminated on consolidation

Regarding subsidiaries all intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Regarding equity-accounted investees (see note 4.1.5) part of a margin on sales to these entities is eliminated. This part is calculated as a percentage of margins equal to the percentage of the entity's shares owned by the Group.

4.2 Foreign currency

4.2.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments.

4.2.2 Foreign operations

The assets and liabilities of foreign operations (those in the Czech Republic and Australia as of 31 December 2014) are translated into Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated into Euro at exchange rates at the dates of the transactions.

4.2.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.3 Financial instruments

Financial instruments are only used to mitigate risks and are not used for trading purposes.

4.3.1 Non-derivative financial assets

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on bank accounts and cash on hand and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise other shares, where the Group holds less than 20% of the voting power and the Group has no control, joint control or significant influence over the investee.

4.3.2 Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

4.3.3 Share capital

Ordinary shares

Ordinary shares are classified as equity. Consideration received above the nominal value of the ordinary shares is classified in equity as Share premium. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

4.3.4. Derivative financial instruments

The Slovak SPVs own interest rate derivatives used for hedging. The purpose of the derivatives is to hedge against movement of interest rates. Concluding the derivative contract was one of conditions required by the financing bank as defined in the Loan contract. The change in value of these derivatives is recognized via the equity of the Company and the result is shown in the Derivatives reserve of the Company's equity since 1 January 2012. Until then, they were recognized via profit and loss.

The required documentation has been prepared and derivatives were successfully tested for effectiveness.

The Czech SPVs own interest rate derivatives. Concluding the derivative contract was one of conditions required by the financing bank as defined in the Loan contract with the fixed interest rate of 5.19%. The change in value of these derivatives is recognized via the Profit and loss as they do not meet criteria for hedging derivatives.

4.4 Property, plant and equipment

4.4.1 Recognition and measurement

Photovoltaic power plants are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed at sufficient regularity so that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. The need for revaluations is assessed every quarter.

For fair value determination see note 5.1.

Any revaluation surplus arising on the revaluation of such photovoltaic power plant is recognized in other comprehensive income and accumulated in equity, except to the extent that the surplus reverses a revaluation deficit on the same asset previously recognized in profit or loss. Any deficit on the revaluation of such photovoltaic power plants is recognized in profit or loss except to the extent that it reserves a previous revaluation surplus on the same asset, in which case the debit to that extent is recognized in other comprehensive income.

Photovoltaic power plants, which the Company consolidates, in the course of construction are carried at cost, less any recognized impairment loss. The cost of self-constructed assets includes the cost of materials and direct labour plus any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalized borrowing costs. Such properties are reported as Property, plant, equipment - Assets in progress and are classified to Property, plant and equipment - Photovoltaic power plants when completed and ready for use. These assets are completed and ready for use when the power plant is connected to the electricity network and all technical parameters necessary for electricity production are completed. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Additional costs capitalized in the value of the asset are included in the regular review of power plants value as done on quarterly basis.

The costs of maintenance, repairs, renewals or replacements which do not extend productive life are charged to operations as incurred. The costs of replacements and improvements which extend productive life are capitalized. The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

Included in the property plant and equipment are non separable intangible assets mainly relating to the rights to build and operate photovoltaic power plants in a specific country. Because the items are non separable, the rights are included in property, plant and equipment.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The gain or loss on disposal of an item of fixtures and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income/other expenses in profit or loss.

4.4.2 Depreciation

Depreciation is recognized so as to write off the costs or revalued amount of property, plant and equipment (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation of revalued photovoltaic power plants is recognized in profit or loss. Every quarter the amount equal to the difference between depreciation based on the revalued carrying amount of photovoltaic power plants and depreciation based on asset's original cost is transferred directly to retained earnings. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows (based on the professional judgement combining the Feed in Tariff period and useful estimated live of the components and technology used in the power plants):

- Photovoltaic power plants 20 years
- Fixtures and equipments 3–10 years

4.5 Inventories

Inventories are measured at the lower of cost and net realizable value. 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.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4.6 Impairment

4.6.1 Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognized. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognized previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

4.6.2 Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

A CGU corresponds to the individual power plant operated by the legal entity. In 2014, the legal entity owns always only one power plant.

The recoverable amount of an asset or CGU is the greater of its value in use and its selling price less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

4.7 Non-current assets held for sale or distribution

Non-current assets held for sale or distribution comprises assets and liabilities, which are expected to be recovered primarily through sale or distribution rather than through continuing use. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter, generally, the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, which continue to be measured in accordance with the Group's accounting policies.

Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated.

4.8 Provisions

A provision is recognized 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. Provisions 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.

4.8.1 Warranties

A provision for warranties is recognized when the underlying services are sold, i.e. when the construction contracts are finished. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

4.9 Revenue

4.9.1 Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement (e.g. Incoterms conditions).

4.9.2 Services

Revenue from services (e.g. maintenance, technical-administrative; installation) rendered is recognized in profit or

loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

4.9.3 Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

The stage of completion is measured by reference to the contract costs incurred up to the reporting date as a percentage of total estimated costs for each contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

4.9.4 Sale of electricity

Revenues from sale of electricity are coming from the sale of electricity produced and sold to the local electricity distributor. After the end of each month, the production reports are downloaded from the monitoring system and based on the data from the report, the invoices are issued. The revenues are recognized in accordance with the delivered electricity.

4.10 Finance income and finance costs

Finance income comprises interest income on loans and net foreign currency gains. Interest income is recognized in profit or loss using the effective interest rate method.

Finance costs comprise interest expense on borrowings, bank account fees and net foreign currency losses. Interest expense is recognized using the effective interest rate method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss. Borrowing costs incurred by the Group directly attributable to the construction of power plants is capitalized in the cost of the related asset until the date of its completion.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

4.11 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax liability is recognized for assets revaluation reported in other comprehensive income and other temporary differences. Assets revaluation represents the revaluation of photovoltaic power plants described in note 4.4.1.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.12 Earnings per share

The Group uses ordinary shares only. The Group presents basic earnings per share and total comprehensive income per share data.

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Total comprehensive income per share is calculated by dividing the total comprehensive income attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4.13 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.

Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's office premises), head office expenses, and other minor expenses non-allocable to the any of the segments.

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

5. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5.1 Property, plant and equipment

The fair value of items of plant, equipment, fixtures and fittings is based on the market approach, using quoted market prices for similar items when available, or the income approach (an internally generated discounted cash-flow model) if there is no market based evidence of the fair value. Otherwise, the depreciated replacement cost approach will be used, when appropriate. The depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

- For photovoltaic power plants market prices are not available. Therefore, the income approach is used. Under this approach the fair value of photovoltaic power plants was in previous years based on an internally generated discounted cash flow model, discounted at weighted average cost of capital. Cash flows were calculated for the period equal to the duration of the Feed-in-Tariff (period with guaranteed sales prices) in a given country and based on the expected after tax cost of debt and expected cost of equity. On a quarterly basis, management reviewed the expected debt costs of individual projects vis-a-vis actual interest cost, financial market conditions, and interest rate for a 15-year state bond. On a quarterly basis, management also reviewed expected cost of equity for the period of the cash flow model. The initial valuations were done as of the date of put in use of an individual power plant, and each model is periodically reviewed and any potential change in inputs is considered. The cash flow projections were prepared for 20 years in Czech Republic and 15 years in Slovak Republic, equal to the duration of the projects. Main inputs used in the models are the following: overall project budget, taxes, interest rates, reserve funds, feed in tariff, OPEX.
- The valuation for Czech SPVs (represented by option rights) was approximated by the current Project Value. Moreover the valuation is based on Unlevered Free Cash Flow to Firm (FCFF) basis of the SPVs. The FCFF calculation used in the valuation is consistent with the overall known definition and approaches.
- The valuation of the Slovak SPVs is based on the Unlevered Free Cash Flow to Firm (FCFF) basis of the SPVs. The discount rate is based on the Capital Asset Pricing Model ("CAPM"). The CAPM is used to determine the appropriate required rate of return of an asset, if that asset is to be added to an already well-diversified portfolio, given that asset's non-diversifiable risk.
- The valuation of Italian power plants is based on the support scheme of Italy and has various specifics, mainly in number of components of feed-in-tariff, i.e. FIT (quatro Conto Energia) that reflects also removal of asbestos from roof and Sales of electricity to the electricity grid. Duration of support scheme in Italy is 20 years. The main three taxes applicable for income of Italian company are IRES, IRAP, ICI (the principle adds up national and local tax). The tax base for particular taxes is different. The remaining valuation principles remained the same compared with Slovak model. Free Cash Flow to Firm is equal to EBITDA* - Tax. Since no debt financing is in place, the Free Cash Flow to Equity is equal to Free Cash Flow to Firm. This value was therefore discounted by the WACC, in order to achieve the total value of the project based on Entity approach valuation.

The revaluation reserve created, based on the DCF models, is annually released to the retained earnings in the amount equal to the depreciation calculated from the amount of revaluation.

Changes in valuation methodology in 2014

During summer 2014 the Group managed to change various conditions of senior bank financing at the project level. These changes consisted mainly of debt increase, changes in interest rates, changes in reserve accounts and in some cases extension of loan tenor (i.e. changes in debt repayment schedule). In addition to changes in project finance there were major changes in inputs for the SK Portfolio and the IT Portfolio that were not reflected in the old valuation models. These changes were imposing a new grid connection fee for Slovak projects and change in Feed in tariff mechanism for Italian projects.

Moreover the old methodology based on DCF Entity with not adjusting discount rates due to capital structure change tend to provide less accurate results on the value by DCF. Therefore the DCF Equity method with clear cash streams available to shareholders was chosen to provide significantly more accurate results, because all the changes in financing structure and related interest/principal payments are reflected undistorted.

Changes in the valuation methodology

The DCF Equity valuation method is based on a Discounted Cash Flow method. This method includes the future cash flows available to the shareholders/providers of equity of photovoltaic projects (i.e. after all debt repayments and interests) that are later discounted by respective discount rates. On the contrary the old model was based on DCF Entity and included future cash flows available to the company.

The new valuation of the project keeps in mind the risk profile of future cash flows and the way the project is financed. The risk profile is represented by a discount rate (cost of equity levered).

Due to existence of senior project finance the cost of equity calculated by CAPM formula is adjusted by Miller-Modigliani formula to achieve the most precise cost of equity levered for each project respecting it unique capital structure. On the contrary the old model used unchanging WACC as the cost of capital.

Another change of the valuation model is the change in discounting frequency. In the new valuation model, a quarterly discount is applied. This is based on the fact that debt repayments are happening on quarterly basis. This is effecting the overall change in financing structure and indirectly effecting cost of equity levered. On the contrary the old model discounted a yearly cash flow (mid-year convention).

Result of the revaluation based on the above described change amounted to EUR 6,581 thousand (see Note 23).

Sensitivity analysis of change in discount rate used for calculation of equity value

In order to estimate the potential impact of the increase of this discount rate on the total equity value of Group's powerplants, a sensitivity analysis has been prepared, the results are visible below:

	Total equity value in eur	Impact in %
base case	**32 138 617**	
0,10%	31 819 938	-0,99%
0,20%	31 504 032	-1,97%
0,30%	31 190 864	-2,95%
0,40%	30 880 402	-3,91%
0,50%	30 572 612	-4,87%

From the table above can be seen, that in the case of an increase of the discount rate by 0.5% (maximum case), it would have 4.87% impact (negative) on the whole equity value.

5.2 Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

5.3 Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, but including service concession receivables, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when acquired in a business combination.

5.4 Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value (estimated at the present value of the future cash outflows discounted by effective interest rate) plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. For finance leases the market rate of interest is determined by reference to similar lease agreements.

6. Financial risk management

6.1 Risk management framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

6.2 Sovereign Risk

The Company's results can be adversely affected by political or regulatory developments negatively impacting on the income streams of projects in the portfolio. A number of countries have already succumbed to retroactive measures reneging on existing agreements, guarantees and legislation by imposing levies, cancelling contracts or renegotiating terms unilaterally or by other measures reducing or in the worst case cancelling Feed in Tariffs for renewable energy investments. Legal remedies available to compensate investors for expropriation or other takings may be inadequate. Lack of legal certainty exposes projects in the portfolio to increased risk of adverse or unpredictable actions by government officials, and also makes it more difficult for us to enforce existing contracts. In some cases these risks can be partially offset by agreements to arbitrate disputes in an international forum, but the adequacy of this remedy may still depend on the local legal system to enforce the award.

6.3 Operational risk

The economic viability of energy production using photovoltaic power plants installations depends on Feed-in-Tariff (FiT) systems. The FiT system can be negatively affected by a number of factors including, but not limited to, a reduction or elimination in the FiT or green bonus per KWh produced, an elimination or reduction of the indexation of the FiT and a shortening of the period for which the FiT applies to photovoltaic installations. On

the investment side the Company faces uncertainty in relation to the approval process for the construction of photovoltaic installations, grid connection and the investment cost per KWp of installed capacity. The operating and financial results of the Company can be seriously affected by a sudden or significant change in the regulatory environment in each of the countries where the Company or its subsidiaries conduct business.

During the fourth quarter of 2010, the Czech parliament and the Czech government approved several changes in the legal framework governing certain aspects of the photovoltaic and other industries. Those changes included mainly: (i) a 3 years tax levy, newly introduced into the Czech tax system, of 26% on the revenues of photovoltaic power plants above 30kW of installed capacity, completed in the years 2009 and 2010, (ii) the abolishment of a six-year corporate income tax exemption for photovoltaic power plants, and (iii) a tenfold increase of the contractual fees previously agreed between the photovoltaic power plant operators and the state Land Fund for the extraction of certain classes of land from the state fund.

In September 2013, additional prolongation of the tax levy was approved. The percentage was decreased to 10% and applicability of this tax prolonged till end of the useful economic life of the power plants. The Company reflected this change in the DCF models for Czech SPVs already as of 30 September 2013. The fair value decrease was reflected in the value of assets, related deferred tax and other comprehensive income in 2013 financial statements.

6.4 Currency risk

The Group is exposed to a currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

The transactions of the Group entities are denominated in CZK, CHF, EUR and AUD. There is no financial hedging used by the company against the currency risk. Company's management does not formally monitor the FX positions.

6.5 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, including the electricity distributors.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. In most cases, the Company requires advance payments (partial or 100%) for the delivery of electricity in order to minimise the credit risk. Additionally, in case of new customers, the company looks for market references of the potential customers that are available in public resources. The collections are regularly monitored by the responsible employees and any significant overdue receivables are discussed with the management of the company. Management of the company is responsible for the decision whether allowance is to be created or any other steps need to be performed.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 4,631 thousand at 31 December 2014 (2013: EUR 4,682 thousand), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks and financial institution counterparties. Only those banks and financial institutions, which were approved by the members of the board of directors, can be used by the company.

Cash held by the SPVs under legal ownership of RLRE is restricted only for certain transactions, e.g. loan and related interest provided to those SPV's by Photon Energy N.V. (originally by Phoenix Energy a.s.) is subordinated to the loan from RLRE and will be paid only after the repayment of the RLRE loan. Total amount of the cash owned by these SPVs is EUR 3,129 thousand as at 31 December 2014 (2013: EUR 3,068 thousand).

6.6 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

6.7 Interest risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. It is measured by the extent to which changes in market interest rates impact on net interest expense. The Company uses interest rate derivatives for managing the interest rate risk.

Slovak SPVs, consolidated in full or by using the equity method by the Group, own interest rate derivatives used for hedging. The purpose of the derivatives is to hedge against movement of interest rates. Concluding the derivative contract was one of conditions required by financing bank as defined in the Loan contract. The change in fair value of these derivatives is recognized via equity of the Company and the result is shown in Derivatives reserve of the Company's equity since 1 January 2012. Until then, the change in fair value of the derivatives was recorded to profit and loss.

The Czech SPVs own interest rate derivatives. Concluding the derivative contract was one of conditions required by the financing bank as defined in the Loan contract. The change in

value of these derivatives is recognized via Profit and loss as they do not meet criteria for the hedging derivatives.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy will unwind accordingly to the further negotiations with the Group's creditors.

The Group's net debt to adjusted equity ratio at the reporting date was as follows:

In thousand of EUR	**2014**	**2013**
Total liabilities	65,356	63,941
Less: cash and cash equivalents	4,631	4,682
Net debt	60,725	59,259
Total equity	28,185	26,719
Net debt to adjusted equity ratio at 31 December	**2.15**	**2.22**

There were no changes in the Group's approach to capital management during the year. A net debt to adjusted equity ratio shows lower indebtness of the Group.

7. Operating segments

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 the financial results of Photon Energy Group to be reported per segments from 1 January 2010.

As of 31 December 2013, Management Board has decided to decrease the number of segments reported to 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)
- FVE Investment – This segment represents OCI of the Group flowing from the revaluation of the FVE 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 2014 or 2013.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit after income tax, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

7. Operating segments (continued)

Information about reportable segments

Operating segments for the period from 1 January 2014 to 31 December 2014

in Thousand 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	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**

in Thousand EUR	Energy solutions	Production of electricity	Operations, maintenance and PVPP supervision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information
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**

Operating segments for the period from 1 January 2013 to 31 December 2013

in Thousand EUR	Energy solutions	Production of electricity	Operations, maintenance and PVPP supervision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information	Energy solutions
External revenues from the sale of products, goods and services	1,033	11,149	1,547	0	147	13,876	0	13,876	1,033
Revenues within segments from the sale of products, goods and services	369	4	611	0	2,151	3,135	-3,135	0	369
Cost of sale	-1,177	-977	-348	0	-272	-2,774	127	-2,647	-1,177
Energy tax	0	-1,913	-2	0	-3	-1,918	0	-1,918	0
Gross profit	**225**	**8,263**	**1,808**	**0**	**2,023**	**12,319**	**-3,008**	**9,311**	**225**
Other external income	11	7	24	0	23	65	-65	0	11
Administrative and other expenses	-495	-1,622	-2,464	0	-4,499	-9,080	3,083	-5,997	-495
Depreciation	-1	-4,815	-12	0	-10	-4,838	0	-4,838	-1
Operating income	**-260**	**1,768**	**-644**	**0**	**-2,463**	**-1,599**	**75**	**-1,524**	**-260**
Interest income	55	224	23	0	200	**502**	-362	**140**	55
Interest expenses	-33	-2,856	-50	0	-1,078	**-4,017**	362	**-3,655**	-33
Other financial revenues	0	2,285	0	0	0	**2,285**	0	**2,285**	0
Other financial expenses	0	-2,176		0	-452	**-2,628**	0	**-2,628**	0
Disposal of investments	0	-1	546	0	-36	**509**	0	**509**	0
Profit/loss share in entities in equivalency	0	0	0	154	0	**154**	0	**154**	0
Income tax	0	-263	-12	0	-1	**-276**	0	**-276**	0
Profit/loss after taxation	**-238**	**-1019**	**-137**	**154**	**-3830**	**-5,070**	**75**	**-4,995**	**-238**
Other comprehensive income	0	-4,517	0	0	0	-4,517	0	-4,517	0
Foreign currency translation diff. - foreign operations	0	0	0	0	-2,713	-2,713	0	-2,713	0
Derivatives (hedging)	0	308	0	28	0	336	0	336	0
Total comprehensive income	**-236**	**-5,228**	**-139**	**182**	**-6,543**	**-11,964**	**75**	**-11,889**	**-236**

in Thousand EUR	**Energy solu-tions**	**Production of electricity**	**Operations, maintenance and PVPP supervision**	**PV Invest.**	**Other**	**Total for segments**	**Elimination**	**Consolidated financial information**	**Energy solutions**
Assets, of which	**1,417**	**93,301**	**2,165**	**2,500**	**8,425**	**107,808**	**-17,148**	**90,660**	**1,417**
PPE – Lands	0	2,822	0	0	0	2,822	,	2,822	0
PPE – Photovoltaic power plants	0	75,042	0	0	0	75,042	,	75,042	0
PPE – Equipment	3	5	109	0	84	201	-65	136	3
PPE – Assets in progress	47	0	0	0	273	320	,	320	47
Intangibles	0	0	0	0	0	0	0	0	0
Trade and other receivables	1,076	9,875	1,957	0	7,971	**20,879**	-17,083	**3,796**	1,076
Loans	0	0	0	0	0	0	0	0	0
Gross amount due	0	0	0	0	0	0	0	0	0
Inventories – Goods	207	58	58	0	66	389	0	389	207
Investments in associates, JV, other	0	0	11	2,500	6	2,517	0	2,517	0
Deferred tax receivables	0	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0	0
Prepaid expenses	1	916	23	0	16	956	0	956	1
Assets held for sale	0	0	0	0	0	0	0	0	0
Cash and cash equivalents	83	4,583	7	0	9	4,682	0	4,682	83
Liabilities, of which	**1,916**	**61,448**	**3,401**	**0**	**14,399**	**81,164**	**-17,223**	**63,941**	**1,916**
Trade and other payables	1,898	7,464	3,282	0	8,249	20,893	-16,751	4,142	1,898
Bank Loans and other loans	0	45,615	0	0	6,000	51,615	0	51,615	0
Other long term liabilities	0	5,002	83	0	30	5,115	-472	4,643	0
Other short term liabilities	18	0	36	0	120	174	0	174	18
Current tax liabilities (income tax)	0	0	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	3,367	0	0	0	3,367	0	3,367	0

7. Operating segments (continued)

All the operational segments are managed on an international basis (not on a country level). In 2014 the Group operated in the Czech Republic, Slovak Republic, Italy, Germany, Australia, Switzerland and Netherlands with headquarters in Netherlands.

In 2014, revenues were generated in all above mentioned markets. Non-current assets are located in all countries, where the Group operated, except The Netherlands and Switzerland. However, Dutch subsidiaries own some of the SPVs, so they are operating the power plant, even when these are not physically located in the Netherlands. There is an inactive branch in Poland as well that does not generate any revenue and has no non-current assets.

For the booking of transactions between the segments, the same rules for the recognition are applied as for the third parties.

In 2014, revenues declined in all segments, except of Other segment. It has been caused mainly by lower trading activity in Energy solutions segment, in Fx rate impact in Electricity production segment and one-off project booked in revenues of 2013 in Operations & Maintenance segment.

When presenting geographical information below, segment revenue is based on the geographical location of entities generating the revenues. Segment assets are based on the geographical location of the assets.

Revenue

In thousand of EUR	**2014**	**2013**
The Czech Republic	8,049	8,734
Australia	234	1,157
Italy	406	561
Germany	491	257
Netherlands	0	0
The Slovak Republic	2,580	3,167
Consolidated revenues	**11,760**	**13,876**

Non-current assets [(i)]

In thousand of EUR	**2014**	**2013**
The Czech Republic	60,509	53,068
The Slovak Republic	18,730	20,577
Italy	1,797	4,051
Germany	489	284
Australia	24	340
Total	**81,549**	**78,320**

Note: *(i) Non-current assets presented consist mainly of property, plant and equipment (lands, photovoltaic power plants, other equipment, and assets under construction), investments in equity-accounted investees and other investments.*

Major customer

The Group has many customers. For the companies selling electricity, there is usually only one distribution company, which buys produced electricity. These local electricity distributors further deliver and resell electricity to final customers. Distributors are obliged to purchase all of the electricity production for the price based on Feed in Tariff prices and can be also exchanged for different distributor operating on the market. The Group as such is not dependent on any individual customer.

8. Current assets held for sale

No assets held for sale were booked as of 31 December 2014.

9. Acquisitions of subsidiary and non-controlling interests; financial information for the joint ventures and associates

9.1 Establishment of new subsidiaries

During 2014, Photon Energy N.V. (directly or via its subsidiaries) did no incorporate any new subsidiary.

During 2013, Photon Energy N.V. (directly or via its subsidiaries) incorporated the following subsidiary:

- Photon Energy Technology Europe Limited

It was incorporated with the aim to perform trading activities with solar technology within the Group, but also for third-party customers.

9.2 Acquisitions of subsidiaries

During 2014, Photon Energy N.V. (directly or via its subsidiaries) acquired the following entity:

- Global Investment Protection AG

It was acquired with the aim to provide an effective protection tools to Renewable Energy investors.

Mergers:

- Merger of Photon Energy Engineering EU GmbH with Photon DE SPV 1 GmbH
- Merger of Photon Energy N.V. and Photon Energy Investments N.V.

In 2013, no subsidiaries were acquired from third parties. The only acquisitions were performed as part of the internal Group restructuring-usually by renaming of the entity or by way of legal merger.

Mergers:

- Merger of Photon Energy Operations DE SW with Photon Energy Operations DE

Rename:

- Photon Energy AUS SPV 3 Pty Ltd. was renamed to Photon Energy Generation Australia Pty ltd
- Photon Energy FinCo B.V. was renamed to European Solar Holdings B.V.

9.3 Financial information for the joint ventures and associates

Joint ventures and associates

Investments in equity-accounted investees amounting to EUR 2,086 thousand (2013: EUR 2,500 thousand) represent the nominal share in the joint ventures and associates owned by the Group. The share of joint ventures on the revaluation of property, plant and equipment owned was in 2013 zero. Revaluation of joint ventures was performed in the financial year 2014 of EUR and equaled to minus EUR 568 thousand.

2014

In thousand of EUR	**Photon SK SPV 1**	**Solarpark Myjava**	**Solarpark Polianka**	**Fotonika**	**Total**
definition	joint venture	joint venture	joint venture	joint venture	
share	50%	50%	50%	60%	
share on equity	-578	-354	-645	-509	-2,086
revaluation performed in 2014	-2	-104	-123	-60	-293
share of profit	23	13	-1	35	70
Other comprehensive income	-211	-12	26	-286	-483
Total comprehensive income	-188	0	25	-252	-413
Cash and cash equivalents	200	229	220	222	871
current assets	225	258	255	239	977
long-term assets	3,064	2,656	3,328	3,119	12,167
current liabilities	-429	-303	-404	-424	-1,560
long-term liabilities	-1,723	-1,911	-1,888	-2,110	-7,632
expenses	316	383	363	369	1,431
revenues	-362	-408	-360	-427	-1,558

2013

In thousand of EUR	**Photon SK SPV 1**	**Solarpark Myjava**	**Solarpark Polianka**	**Fotonika**	**Total**
definition	joint venture	joint venture	joint venture	joint venture	
share	50%	50%	50%	60%	
share on equity	-766	-354	-620	-760	-2,500
revaluation performed in 2014	0	0	0	0	0
share of profit	25	39	14	52	130
Other comprehensive income	8	10	9	23	50
Total comprehensive income	58	87	36	111	292
Cash and cash equivalents	291	319	269	340	1,219
current assets	326	360	314	355	1,355
long-term assets	3,157	2,626	3,187	3,160	12,130
current liabilities	-84	-101	-99	-106	-390
long-term liabilities	-1,868	-2,178	-2,145	-2,168	-8,359
expenses	312	316	324	365	1,317
revenues	-362	-394	-351	-452	-1,559

All of the entities included in the above table are accounted for using the equity method of consolidation as at 31. December 2014 and have been accounted using the equity method also in the financial year 2013.

The joint ventures can distribute profit only after agreement of the financing bank and the approval of the co-owner of the entity (via the general meeting).

Disposals in 2014

1) Photon Energy Operations IT Srl.
2) Photon Energy Projects Srl
3) Photon Energy Projects BV
4) Photon Energy Investments IT N.V.

Disposals in 2013

List of disposed subsidiaries:

1) Sale of Solarpark Mikulov I a Solarpark Mikulov II sr.o.
2) Sale of Photon Management s.r.o.

The total profit from sale of these subsidiaries amounted in 2014 to EUR 1,081 thousand (comparing to a loss of EUR 509 thousand in 2013) by comparing the net assets of the disposed subsidiaries and sales price.

	In teur
total current assets	330
total current liabilities	-1,411

10. Revenue

In thousand of EUR	**2014**	**2013**
Sales of goods	391	1,033
Rendering of services	1,210	1,694
Sale of electricity	10,159	11,149
	11,760	**13,876**

In 2014, revenues declined in all segments, except of Other segment. It has been caused mainly by lower trading activity in Energy solutions segment, in Fx rate impact in Electricity production segment and one-off project booked in revenues of 2013 in Operations & Maintenance segment.

11. Cost of sales

Main expenses' classes represent material consumed, cost of goods sold, 3rd party services received, depreciation and other expenses, such as travelling or representation costs.

In thousand of EUR	**2014**	**2013**
Material consumed	-229	-1,375
Goods (invertors, etc)	-405	-78
Services (3rd party services received)	-11	-221
Other (representation, travelling, NBV of assets sold, etc)	-	-978
Change of allowances for receivables/reserves	-91	5
	-714	**-2,647**

Cost of sales consists mainly of material and goods necessary for construction of photovoltaic power plants and related services. Its decrease is caused mainly by a lower material consumption and lower third party services.

In 2013, the balance of change of allowances for receivables related to the allowances created at the level of companies that were sold out of the Group during the financial year 2013.In 2014, the balance consists of the reserves for the recycling fee paid by the Czech SPVs.

11.1 Tax levy

In thousand of EUR	**2014**	**2013**
10%/26% tax levy	-682	-1,918
	-682	**-1,918**

For detailed information about the tax levy refer to Note 6.2.

12. Other income

In thousand of EUR	**2014**	**2013**
Government grants	0	0
Other income	27	0
	27	**0**

Other income included revenues of companies providing O&M services to customers, as well as services provided by operating companies that do not represent their day-to-day business (e.g. insurance & sale arrangements).

13. Other expenses

Other expenses comprise of other taxes, penalties and other minor expenses.

In thousand of EUR	**2014**	**2013**
Other taxes and fees	-6	-2
Penalties and fines	-49	-4
Receivables write-off	-902	-139
Other expenses	-177	-221
	-1,134	**-366**

14. Administrative and personnel expenses

In thousand of EUR	**2014**	**2013**
Wages and salaries	-2,627	-2,619
Social and health insurance *	-192	-639
Fuel consumption	-1	-32
Consulting, legal and other administrative services	-2,941	-2,341
	-5,761	**-5,631**

*Pension costs are integral part of social security expenses

As of 31 December 2014 the Group employs 73 employees. 4 are employed in Slovakia by Slovak entities; 7 in Germany, 3 in Italy, 5 in Australia and 2 in the Netherlands, and the remaining employees are employed in the Czech Republic.

As of 31 December 2013 the Group employed 79 employees. 3 were employed in Slovakia by Slovak entities; 12 in Germany, 3 in Italy, 5 in Australia and 1 in the Netherlands, and the remaining 55 employees were employed in the Czech Republic.

Rental expenses of the Group amount to EUR 113 thousand annually. The Company is not involved in long-term rental lease contracts.

15. Finance income and finance costs

In thousand of EUR	**2014**	**2013**
Interest income on loans and receivables	52	140
Fx gains (netto)	0	0
Net disposal of associates	1,081	509
Other (2013-revaluation of derivatives)	166	2,285
Finance income	**1,298**	**2,934**
Interest expense on loans and receivables	-2,935	-3,655
Net bank account fees	-291	-37
Fx Losses (netto)	9	-703
Loss from derivatives	-2,227	-1,888
VAT related interest costs	0	0
Finance costs	**-5,453**	**-6,283**
Net finance income / costs	**-4,145**	**-3,349**

16. Income tax expense

16.1 Income tax recognized in profit or loss

In thousand of EUR	**2014**	**2013**
Current tax expense		
Current year	-13	-229
	-13	**-229**
Deferred tax expense		
Temporary differences (margin on PPV)	-21	-47
Total tax expense	**-34**	**-276**

16.2 Income tax recognized in other comprehensive income

In thousand of EUR	For the year ended 31 December 2014			For the year ended 31 December 2013		
	Before tax	**Tax expense**	**Net of tax**	**Before tax**	**Tax expense**	**Net of tax**
Revaluation of property, plant and equipment	8,125	-1,544	6,581	5,576	-1,059	-4,517
Total deferred tax for the revaluation		**-1,544**			**-1,059**	

Deferred tax related to the release of revaluation of EUR 159 thousand is recorded in Profit and Loss.

16.3 Reconciliation of effective tax rate

In thousand of EUR	**%**	**2014**
Loss before income tax		**-5,000**
Tax using the Company's domestic tax rate	25%	-1,250
Effect of tax rates difference in foreign jurisdictions	-6%	300
Non-deductible expenses		
Interest expenses	0%	0
other	0%	0
Recognition of tax effect previously unrecognized tax losses	4%	-200
Current year losses for which no deferred tax asset was recognized	-24%	1,184
Total tax expenses		**-34**

In thousand of EUR	**%**	**2013**
Loss before income tax		**-4,719**
Tax using the Company's domestic tax rate	25%	-1,180
Effect of tax rates difference in foreign jurisdictions	-6%	283
Non-deductible expenses		
Interest expenses	0%	0
other	0%	0
Recognition of tax effect previously unrecognized tax losses	5%	-232
Current year losses for which no deferred tax asset was recognized	-18%	853
Total tax expenses		**-276**

17. Property, plant and equipment

In thousand of EUR	Land	Photovoltaic power plant	Other equipment	In progress	Total
Carrying amounts					
At 31 December 2013	2,822	75,042	137	320	78,320
At 31 December 2014	2,853	79,280	672	4	82,809
Gross revalued amount					
Balance at 1 January 2013	3,047	98,751	393	254	102,445
Other Additions	0	0	74	66	140
Transfer from assets in progress	0	0	0	0	0
Disposals	-225	0	0	0	-225
Revaluation increase	0	-5,576	0	0	-5,576
Effect of movements in exchange rates	0	-4,705	0	0	-4,705
Balance at 31 December 2013	**2,822**	**88,470**	**467**	**320**	**92,079**
Balance at 1 January 2014	2,822	88,470	467	320	92,079
Other Additions	0	0	0	0	0
Transfer from assets in progress	0	315	0	-315	0
Disposals	0	0	0	0	0
Revaluation increase	0	6,581	0	0	6,581
Effect of movements in exchange rates	32	961	109	0	1,102
Balance at 31 December 2014	**2,853**	**96,327**	**576**	**5**	**99,762**
Depreciation and impairment losses					
Balance at 1 January 2013	0	8,630	290	0	8,920
Depreciation for the year	0	4,798	40	0	4,838
Impairment loss	0	0	0	0	0
Effect of movements in exchange rates	0	0	0	0	0
Balance at 31 December 2013	**0**	**13,428**	**330**	**0**	**13,758**
Balance at 1 January 2014	0	13,428	330	0	13,758
Depreciation for the year	0	4,420	34	0	4,454
Impairment loss	0	0	0	0	0
Effect of movements in exchange rates	0	0	0	0	0
Balance at 31 December 2014	**0**	**17,848**	**364**	**0**	**18,212**
Carrying amounts					
At 31 December 2013	2,822	75,042	137	320	78,320
At 31 December 2014	2,853	78,479	212	5	81,549

17. Property, plant and equipment (continued)

Revaluation details by power plants

In thousand of EUR **Photovoltaic power plants**	**kWp**	**Net book value at costs as at 31 January 2014**	**Net book value at FV as at 31 January 2014**	**Net book value at costs as at 31 January 2013**	**Net book value at FV as at 31 January 2013**
Breclav - ZS	137	676	1,072	736	1,028
Cukrovar Slavkov	1,159	1,631	4,800	2,341	4,183
Dolni Dvoriste	1,64	1,730	6,739	3,089	5,509
Komorovice	2,354	1,891	9,175	4,220	7,646
Mostkovice Mostkovice plocha	1,135	3,378	4,132	1,877	3,357
Prerov Radvanice	2,305	2,614	9,412	4,462	7,850
Svatoslav pozemek	1,231	4,204	5,087	2,054	4,373
Zdice I	1,498	3,935	5,998	2,726	4,843
Zdice II	1,498	2,430	6,124	2,792	5,040
Zvikov	2,031	2,400	8,402	3,576	6,651
Mokrá Lúka II	990	1,581	2,806	2,086	3,087
Mokrá Lúka III	990	1,909	2,799	2,090	3,086
Jovice V	990	1,919	2,557	1,913	2,991
Jovice VI	990	1,741	2,544	1,809	3,007
Babina II	999	1,638	2,875	2,734	2,945
Babina III	999	2,562	2,867	2,686	2,968
Blatná	700	2,561	1,972	1,757	2,159
Verderio	261	764	295	811	863
Biella	993	2,517	1,469	2,694	3,187
Kita Haffring	25	0	0	0	0
Feuerwehr Brandenburg	75	74	74	78	78
Halle Altentreptow	156	186	180	196	191
		42,342	**81,333**	**46,727**	**75,042**

In the Consolidated statement of comprehensive income the revaluation of property, plant and equipment of EUR 6,581 is shown net decreased by the value of deferred tax liability equal to EUR 1,544 thousand as shown in Note 16.2.

In 2014 the Group did not capitalize into assets any borrowing costs (2013: EUR 0 thousand).

The Group has purchased several intangible assets, however these cannot be classified as intangibles. These assets that include mainly rights to build the power plant, or rights to use land for power plant building are classified as property, plant and equipment. They are represented as an inseparable part of photovoltaic power plants. The total amount of these rights amounted to EUR 1,375 (2013: EUR 1,031).

Security

At 31 December 2014 properties with a carrying amount of EUR 79,314 thousand (2013: EUR 76,366 thousand) are subject to a registered debenture to secure bank loans (see note 25) including as at 31 December 2014:

- Property, plant and equipment – Lands in an amount of EUR 2,520 thousand pledged to RLRE and EUR 333 thousand pledged to UniCredit Bank Slovakia a.s.
- Property, plant and equipment – Photovoltaic power plants in an amount of EUR 58,375 thousand pledged to RLRE
- Property, plant and equipment – Photovoltaic power plants in an amount of EUR 18,086 thousand pledged to UniCredit Bank Slovakia a.s.

Property, plant and equipment under construction

Property, plant and equipment equaled to the amount of EUR 5 thousand (2013: EUR 320 thousand).

Sale of property, plant and equipment

In 2014, proceeds from sales of property, plant and equipment (2013: EUR 37 thousand) amounted to EUR 0 thousand.

18. Other investments

In thousand of EUR	2014	2013
Non-current investments		
Other investments measured at cost[(1)]	10	17
	10	**17**

Notes: *(1) The equity investments represent 15% shares in IPVIC GBR.*

19. Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

2014:

In thousand of EUR	**Assets**			**Liabilities**			**Net**		
	2014	**y-y change**	**2013**	**2014**	**y-y change**	**2013**	**2014**	**y-y change**	**2013**
Property plant and equipment	4,457	0	4,594	-9,991	-1,694	-8,434	-5,534	-1,694	-3,840
Inventories (allowance)	0	0	0	0	0	0	0	0	0
Construction contracts	0	0	0	0	0	0	0	0	0
Receivables (allowances)	0	0	0	0	0	0	0	0	0
Employee benefits	0	0	0	0	0	0	0	0	0
Tax loss carry-forwards	473	0	473	0	0	0	473	0	473
Tax assets (liabilities)	**4,930**	**0**	**5,067**	**-9,991**	**-1,694**	**-8,434**	**-5,061**	**-1,694**	**-3,367**
Net tax assets (liabilities)	**4,930**	**0**	**5,067**	**-9,991**	**-1,694**	**-8,434**	**-5,061**	**-1,694**	**-3,367**

2013:

In thousand of EUR	**Assets**			**Liabilities**			**Net**		
	2013	**y-y change**	**2012**	**2013**	**y-y change**	**2012**	**2013**	**y-y change**	**2012**
Property plant and equipment	4,594	2,481	2,113	-8,434	-1,106	-7,328	-3,840	1,375	-5,215
Inventories (allowance)	0	0	0	0	0	0	0	0	0
Construction contracts	0	0	0	0	0	0	0	0	0
Receivables (allowances)	0	0	0	0	0	0	0	0	0
Employee benefits	0	0	0	0	0	0	0	0	0
Tax loss carry-forwards	473	0	473	0	0	0	473	0	473
Tax assets (liabilities)	**5,067**	**2,481**	**2,586**	**-8,434**	**-1,106**	**-7,328**	**-3,367**	**1,375**	**-4,742**
Net tax assets (liabilities)	**5,067**	**2,481**	**2,586**	**-8,434**	**-1,106**	**-7,328**	**-3,367**	**1,375**	**-4,742**

19. Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year

In thousand of EUR	Balance as at 31 December 2012	Recognized in profit or loss	Recognized in OCI of which Fx translation	Recognized in OCI of which DT from revaluation	Balance as at 31 December 2013	Recognized in profit or loss	Recognized in OCI of which Fx translation	Recognized in OCI of which DT from revaluation	Balance as at 31 December 2014
Property plant and equipment	-5,215	-47	2,481	-1,059	-3,840	-21	-129	-1,544	-5,534
Inventories	0	0	0	0	0	0	0	0	0
Construction contracts	0	0	0	0	0	0	0	0	0
Receivables	0	0	0	0	0	0	0	0	0
Employee benefits	0	0	0	0	0	0	0	0	0
Tax loss carry-forwards	473	0	0	0	473	0	0	0	473
Total	**-4,742**	**-47**	**2,481**	**-1,059**	**-3,367**	**-21**	**-129**	**-1,544**	**-5,061**

20. Inventories

In thousand of EUR	2014	2013
Goods	683	389
Gross amount due from customers	262	0
	945	**389**

Goods consist mainly of photovoltaic panels, inverters and other system components.

The cost of inventories recognized as an expense in cost of sales during the year in respect of continuing operations amounted to EUR 573 thousand (31 December 2013: EUR 78 thousand).

21. Trade and other receivables

Trade receivables

In thousand of EUR	Note	2014	2013
Trade receivables	28.2	1,152	874
Allowance for doubtful debts	28.2	0	-1
		1,152	**873**

The average credit period on sales of goods and services is 28 days. No interest is charged. The Group recognizes an allowance for doubtful debts according to individual assessment. If the receivables are individually not significant the Company recognizes a potential allowance for doubtful debts based on the collective assessment. However the Company usually does not create allowances as the receivables are usually overdue 1-2 months.

During 2014 receivables in the total amount of EUR 0 thousand were written-off (2013: EUR 146 thousand were written-off).

Other receivables

In thousand of EUR	Note	2014	2013
Paid advances		156	146
Loans to directors	29.1	81	105
Loans to associates joint ventures	29.1	0	0
Other receivables		2,113	2,631
Other loans		0	0
		2,350	**2,882**

Prepaid expenses amounted to EUR 818 thousand in 2014 (2013: EUR 956 thousand) and include mainly bond-related costs (EUR 657 thousand). Other receivables includes mainly a VAT receivable (EUR 401 thousand); advances paid (EUR 156 thousand); deferred revenue (EUR 104 thousand) and loans provided to companies originally included in the Group (EUR 939 thousand).

Advances paid represent advances paid to suppliers mainly for photovoltaic panels.

In 2014 there is a receivable of EUR 142 thousand resulting from advances paid compensated by reserve created in the total amount of EUR 63 thousand.

22. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows cash and cash equivalents include cash on hand and at banks. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

In thousand of EUR	**2014**	**2013**
Bank balances	4,631	4 679
Cash on hand	0	3
Cash and cash equivalents	**4,631**	**4 682**

Cash held by the SPVs under legal ownership of the RLRE is restricted only for certain transactions e.g. loan and related interest provided to those SPV's by Photon Energy N.V. (originally by Photon Energy a.s.) is subordinated to the loan from RLRE and will be paid only after the repayment of the RLRE loan. Total amount of the cash owned by these SPVs is EUR 3,128 thousand at 31 December 2014 (2013: EUR 3,068 thousand).

23. Capital and reserves

During 2014 any specific transactions were performed within the capital structure of the Group.

In 2013 the following transactions were performed:

On 12 April 2013 in relation to the announcement of a tender offer to buy 5,895,408 shares of Phoenix Energy a.s. ("PEAS") a company incorporated under Czech law ("Tender Offer"). Solar Age Investments BV ("SAI BV"; originally Minority Shareholders Photon Energy B.V.) a Dutch company owned by two Dutch cooperatives: Solar Future Coöperatief U.A. controlled by Michael Gartner and Solar Power to the People Coöperatief U.A. controlled by Georg Hotar initiated a public offering of 5,895,408 ordinary registered shares of the nominal value of EUR 0.01 each issued by Photon Energy N.V. and representing in total 25.63% of the share capital of the Company for the price of EUR 0.01 per share and the total value of the offer calculated on the basis of the selling price that amounted to EUR 58,954.08 ("Public Offering").

The intention of the share swap was to enable the minority shareholders who had owned shares in PEAS for shares in Photon Energy N.V. and to introduce the Company's shares to trading on the NewConnect market of the Warsaw Stock Exchange.

On 30 June 2013 the Company executed a capital increase which raised the total number of common shares outstanding to 50,000,000. SAI BV subscribed for 27,000,000 newly-issued shares (par value EUR 0.01 each) at an issue price of EUR 0.89 (PLN 3.85) per share for a total investment of EUR 24,03 million (PLN 104,031 million). SAI BV realised its investment by offsetting its corresponding receivable against Photon Energy N.V. This receivable relates to the Group restructuring completed in 2012 and thus Photon Energy N.V. has no further liabilities related to the restructuring. Part of the transaction has been transferred into share capital (EUR 370 thousand) and part to the share premium (EUR 23,760 thousand).

With a total holding of 28,263,074 shares SAI BV became the Company's majority shareholder with a 56.53% stake. Through Solar Future Coöperatief U.A. Solar Power to the People Coöperatief U.A. and SAI BV Michael Gartner and Georg Hotar own 44,890,386 shares representing a combined 89.78% equity stake in Photon Energy N.V. Correspondingly the Company's free float post-transaction is 10.22%.

On 21 November 2013 the management board of Photon Energy N.V. resolved to issue to the SAI BV 10,000,000 shares in the share capital of the Company with a nominal value of EUR 0.01 each for a total subscription value of EUR 100,000. SAI BV settled the subscription consideration by offsetting its existing receivable against the Issuer. Subsequently SAI BV transferred to PENV 10,000,000 existing shares (the "Treasury shares") free of payment out of its total shareholding of 38,263,074 shares. The net result of this transaction is that the Company's equity increased by 100,000 EUR. The number of issued shares of the Company increased from 50,000,000 to 60,000,000 while the number of outstanding shares remained unchanged at 50,000,000.

Share capital and share premium

Ordinary shares

In thousand of shares	**2014**
On issue at 1 January 2014	**60,000,000**
On issue at 31 December – fully paid	**60,000,000**

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.

Ordinary shares

All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders' meetings of the Company.

As of 31 December 2014 the shareholder structure was as follows.

Shareholder	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Age Investments B.V.	28,263,074	47.10%	28,263,074	55.9%
Solar Future Cooperatief U.A.	8,590,739	14.3%	8,590,739	17%
Solar Power to the People Cooperatief U.A.	8,036,573	13.4%	8,036,573	15.9%
Photon Energy N.V.	9,434,910	16.7%	0	0.0%
Free float	5,674,504	8.5%	5,674,504	11.2%
Total	**60,000,000**	**100%**	**50,000,000**	**100%**

As of 31 December 2013 the shareholder structure was as follows.

Shareholder	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Age Investments B.V.	28,263,074	47.10%	28,263,074	56.53%
Solar Future Cooperatief U.A.	8,590,739	14.32%	8,590,739	17.18%
Solar Power to the People Cooperatief U.A.	8,036,573	13.39%	8,036,573	16.07%
Photon Energy N.V.	10,000,000	16 67%	0	0%
Free float	5,109,614	8.52%	5,109,614	10.22%
Total	**60,000,000**	**100%**	**50,000,000**	**100%**

Reserves

The reserves relate to the legal reserve the revaluation of property, plant and equipment – photovoltaic power plants the hedging reserve and the currency translation reserve. Refer below.

In thousand of EUR	**2014**	**2013**
Legal reserve	10	10
Revaluation reserve	27,704	22,835
Foreign currency translation reserve	-1,778	-2,390
Hedging derivatives	-582	-457
	25,354	**19,998**

Legal reserve

The legal reserve is a reserve required by the Czech commercial law and Slovak commercial law. It has been created from the prior years' profit of the Czech and Slovak entities based on the approval of the general meeting.

The legal reserve amounts to EUR 10 thousand at 31 December 2014 (2013: EUR 10 thousand).

23. Capital and reserves (continued)

Revaluation reserve

In thousand of EUR	2014	2013
Balance at beginning of year	22,835	28,818
Increase arising on revaluation of properties net of deferred tax	6,581	0
Share on revaluation of PPE of associates JV	-568	0
Share of non-controlling interest	0	0
Increase arising on revaluation of properties-associates JV	0	0
Share on non-controlling interest	0	0
Impairment losses	0	-4,517
Reversals of impairment losses	0	0
Move from revaluation reserve to retained earnings	-1,144	-1,466
NCI release	0	0
Balance at end of year	**27,704**	**22,835**

The revaluation reserve arises on the revaluation of photovoltaic power plants. The revaluation reserve is being released to the retained earnings during the duration of Feed-in-Tariff-currently 20 years. The amount equal to the amount of depreciation coming from revaluation released in 2014 is equal to EUR 1,144 thousand (2013: EUR 1,466 thousand). The revaluation for the year amounts to negative EUR 6,581 thousand net of tax (2013: negative EUR 4,517 thousand). See note 16 and 17; 2014: EUR 8 125 thousand gross, 2013: EUR 5,576 thousand gross.

For NCI release description refer to statement of changes in equity.

The revaluation reserve as such cannot be distributed only the amounts released to retained earnings can be distributed to the shareholder.

Foreign currency translation reserve

In thousand of EUR	2014	2013
Balance at beginning of year	-2,390	323
Foreign currency translation differences for foreign operations	612	-2,713
Balance at end of year	**-1,778**	**-2,390**

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of operations using different currency from Euro. It relates to Czech Republic and Australia.

Derivatives hedging reserve

In thousand of EUR	2014	2013
Balance at beginning of year	-457	-794
Derivatives	-89	310
Share on non-controlling interest	0	-1
Share on derivatives joint ventures	-36	28
Share on non-controlling interest	0	0
Release of non-controlling interest	0	0
Balance at end of year	**-582**	**-457**

Dividends

There were no dividends declared and paid by the Company in 2014 and 2013.

24. Earnings per share

In EUR	2014	2013
Basic earnings per share	(0.1)	(0.099)
Diluted earnings per share	(0.083)	(0.08)
Total comprehensive income per share	(0.038)	(0.316)

Basic earnings per share

The calculation of basic earnings per share at 31 December 2014 was based on the loss attributable to ordinary shareholders of EUR 5,042 thousand (2013: loss EUR 5,011 thousand) and a weighted average number of ordinary shares outstanding of 50,000 thousand (2013: 37,707 thousand). The calculation of diluted earnings per share as 31 December 2014 was based on the loss attributable to ordinary shareholders of EUR 5,042 thousand (2013: loss EUR 5,011 thousand) and a weighted average number of total shares outstanding of 60,000 thousand.

Profit (loss) attributable to ordinary shareholders

In thousand of EUR	Profit (loss) attributable to ordinary shareholders	
	2014	2013
Profit (loss) for the year	-5,034	-4,995
Profit (loss) attributable to ordinary shareholders	-5,042	-5,011

Weighted average number of ordinary shares

There were 37,000,000 new shares issued in 2013. Weighted average number of shares was 37,707,000.

There were no new shares issued in 2014. The number of shares at the year-end 2014 and 2013 was 60,000,000.

Share on profit of equity-accounted investees amounted to EUR 70 thousand (2013: EUR 154 thousand).

Basic and diluted total comprehensive income per share

The calculation of total comprehensive earnings per share (the calculation is the same for the diluted EPS) at 31 December 2014 and 2013 was based on the total comprehensive income (loss) attributable to ordinary shareholders of EUR 2,288 thousand (2013: EUR -11,905 thousand) and a weighted average number of ordinary shares outstanding of 60,000 thousand (2013: 37,707 thousand).

25. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings which are measured at amortised cost.

In thousand of EUR	2014	2013
Non-current liabilities		
Long-term secured bank loans	41,889	42,500
Long-term portion of other loans	1,178	-
Total	**43,067**	**42,500**
Current liabilities		
Current portion of long-term secured bank loans	3,385	3,115
Short-term secured bank loans	0	0
Current portion of other loans	649	6,000
Total	**4,034**	**9,115**
Total loans & borrowings	**47,101**	**51,615**

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

In thousand of EUR	Currency	Nominal interest rate	Year of maturity	31.12.2014		31.12.2013	
				Credit limit	Credit limit	Credit limit	Carrying amount
Secured bank loan*	CZK	5 19%	5.1.2021	32,082	32,082	32,646	32,646
Secured bank loan	EUR	3M EURIBOR+2.9%	31.12.2023			3,889	3,889
Secured bank loan	EUR	3M EURIBOR+2.7%	30.6.2024	5,519	5,519	9,080	9,080
Secured bank loan	EUR	3M EURIBOR+2.7%	31.12.2024	7,673	7,673	-	-
Other loan	EUR	3%	12.3.2018	1,277	1,277	6,000	6,000
Other loan	EUR	3%	31.12.2017	550	550	0	0
Total interest bearing liabilities				**47,101**	**47,101**	**51,615**	**51,615**

In July/August 2014 refinancing of the Slovak portfolio has been performed with additional release of DSRA accounts. Based on the new contractual conditions the interest rate was agreed to 3M EURIBOR + 2.7% and due dates have been also adjusted (see table above). Total increase for the fully consolidated SPVs was equal to EUR 1,645 thousand.

In July 2014 an additional increase of the loans on the Czech SPVs was performed. Total amount of the increase equaled to CZK 60,000 thousand. The increase is not hedged and is on float of PRIBOR 3M + 4.3 % p.a. This increase was distributed to PEINV (merged with PENV) in the form of loan (SPVs to PEINV) with interest rate of 3M PRIBOR + 5.3% p.a.

All secured bank loans are secured by SPVs assets of power plants including real estate if any and technology receivables generated by power plants. In case of secured bank loans de-nominated in CZK nearly all power plants are cross-collateralized.

Covenants

The project financing sets certain operational conditions to be met by each power plant with Debt Service Coverage Ratio (DSCR) typically above 1.20.

All power plants met the DSCR criteria as of 31 December 2014.

26. Trade and other payables

Trade payables

In thousand of EUR	2014	2013
Payables to suppliers	1,219	2,079
	1,219	**2,079**

Other payables

In thousand of EUR	2014	2013
Advances received	14	17
Accrued expenses	365	1,073
Deferred revenues	0	0
Payables to employees	489	180
Payables to health and social authorities	231	280
Derivatives	1,838	135
Other payables-loans	963	343
Other	0	35
	3,900	**2,063**

Accrued expenses include mainly not invoiced deliveries of goods (technology) and services provided.

Other payables-loans represented loans provided by originally intercompany companies that were sold out of the group during 2012 and have been eliminated in the prior period. An interest charge of 3% was applied to the outstanding balances. These are not classified as loans and borrowing as they have not been provided by financial institution or bank but former subsidiaries.

At 31 December 2014 retentions held by customers for contract work amounted to EUR 21 thousand (31 December 2013: EUR 0 thousand). Advances received from customers for contract work amounted to EUR 44 thousand (31 December 2013: EUR 17 thousand).

27. Other long-term and short-term liabilities

27.1 Other long term liabilities

In thousand of EUR	**2014**	**2013**
VAT payables	0	0
Long term liability from income tax	0	0
Other long-term loans	0	0
Other long-term liabilities	454	430
Bond	7,525	4,213
	7,979	**4,643**

In February and March 2013 PEINV placed an 8% corporate bond in Germany, Austria, the Czech Republic, Slovakia and Poland. The bond is listed on the stock exchanges in Frankfurt Berlin, Hamburg, Bremen and Vienna.

The bond coupon is paid quarterly and the bond is due in 5 years from issuance. Bond related costs in the amount of approximately EUR 850 thousand have been accrued for a period of 5 years and are regularly released in the P&L. The outstanding balance as of 31 December 2014 (EUR 657 thousand) is included in Prepaid expenses.

27.2 Other short term liabilities

In thousand of EUR	**2014**	**2013**
VAT liability	0	174
Other liabilities	97	0
	97	**174**

27.3 Current tax liability

Other liabilities in amount of EUR 97 thousand represent payable for other taxes.

28. Financial instruments

The major financial risks faced by the Company are those related to credit exposures exchange change risk interest rate risk and tax levy risk. These risks are managed in the following manner.

28.1 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities including estimated interest payments and excluding the impact of netting agreements:

31 December 2014

In thousand of EUR	Carrying amount	Contractual cash flows	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Non-derivative financial liabilities						
Secured bank and other loans	45,274	55,913	4,568	4,418	12,969	33,958
Other loans	1,827	1,943	702	488	752	0
Trade payables	1,219	1,219	1,219	0	0	0
Tax payables	0	0	0	0	0	0
	48,319	59,075	6,489	4,906	13,721	33,958

31 December 2013

In thousand of EUR	Carrying amount	Contractual cash flows	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Non-derivative financial liabilities						
Secured bank and other loans	45,615	57,433	5,541	5,303	15,130	31,459
Other loans	6,000	6,540	6,540	0	0	0
Trade payables	2,079	2,079	2,079	0	0	0
Tax payables	0	0	0	0	0	0
	53,694	**66,052**	**14,160**	**5,303**	**15,130**	**31,459**

In 2014, other loans consisted of loan provided by the non-bank financial institution therefore it is classified as other loan. The interest rate charged was 3%.

28. Financial instruments (continued)

28.1 Liquidity risk (continued)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Effective interest rates and re-pricing analysis

In respect of interest-bearing financial liabilities the following tables indicate their effective interest rates at the reporting date and the periods in which they re-price. The table includes only loans with variable interest rate and the balance is shown in a period within 6 months as the interest rate is changed within this period.

For 2014, none of the bank loans have a variable interest rate (the Czech portfolio has a fixed interest rate and the Slovak portfolio interest rates are hedged) therefore the table below includes only those hedged (Slovak SPVs).

2014:

In thousand of EUR	Effective interest rate	Total	6 months or less	6–12 months	1–5 years	Fixed interest rate
Bank loans	2.82%	-13,192	-13,192	0	0	0
Total		**-13,192**	**-13,192**	**0**	**0**	**0**

2013:

In thousand of EUR	Effective interest rate	Total	6 months or less	6–12 months	1–5 years	Fixed interest rate
Bank loans	3.12%	-12,969	-12,969	0	0	0
Total		**-12,969**	**-12,969**	**0**	**0**	**0**

28.2 Credit risk

Exposure to credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Company.

The Company's exposure to credit risk is disclosed in the tables below that show the analysis of credit quality of financial assets:

Trade and other receivables

In thousand of EUR	2014	2013
Financial assets		
Not due yet	538	3 475
Overdue 180 days or less	541	252
Overdue over 180 days	73	69
Total	**1,152**	**3 796**
Out of which		
Overdue 180 days or less	0	0
Overdue over 180 days	0	1
Impairment loss to trade receivables overdue 360 days	0	-1
Total overdue impaired	**0**	**1**
Total overdue not impaired	**576**	**320**
Total financial assets after impairment	**1,152**	**3 796**

In thousand of EUR	**2014**
Allowance for receivables as at 31. 12. 2013	1
Creation of allowance in 2014	-1
Allowance for receivables as at 31. 12. 2014	0

The Group believes that the other unimpaired amounts that are past due by more than 30 days are still collectible based on historic payment behavior business relationships or management judgment.

Based on historic default rates the Group believes that apart from the above no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days.

28.3 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. It is measured by the extent to which changes in market interest rates impact on net interest expense.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

In thousand of EUR	**Carrying amount**	
	2014	**2013**
Interest rate instruments		
Financial assets	0	0
Financial liabilities	-47,101	-51,615
	-47,101	**-51,615**

Financial liabilities comprise short-term and long-term bank loans (see note 25).

In respect of interest-bearing financial liabilities the following table indicates their effective interest rates at the balance sheet date and also due date of loans based on the valid repayment schedules:

Interest bearing financial liabilities

31 December 2014

In thousand of EUR	**Effective interest rate**	**Total**	**Less than 1 year**	**2–5 years**	**More than 5 years**
Bank loans	4.53%	47,101	6,381	18,627	33,958
Total		**47,101**	**6,381**	**18,627**	**33,958**

31 December 2013

In thousand of EUR	**Effective interest rate**	**Total**	**Less than 1 year**	**2–5 years**	**More than 5 years**
Bank loans	5. 25%	51,615	9,320	10,836	31,459
Total		**51,615**	**9,320**	**10,836**	**31,459**

Loans and borrowings with variable rate

Below analysis includes only loans with a variable interest rate.

For 2014, any of the bank loans have a variable interest rate (the Czech portfolio has a fixed interest rate and the Slovak portfolio interest rates are hedged) therefore the table below includes only those hedged (Slovak SPVs).

2014:

In thousand of EUR	Effective interest rate	Total	6 months or less	6–12 months	1–5 years	Fixed interest rate
Bank loans	2.82%	-13,192	-13,192	0	0	0
Total		**-13,192**	**-13,192**	**0**	**0**	**0**

2013:

In thousand of EUR	Effective interest rate	Total	6 months or less	6–12 months	1–5 years	Fixed interest rate
Bank loans	3.12%	-12,969	-12,969	0	0	0
Total		**-12,969**	**-12,969**	**0**	**0**	**0**

Loans and borrowings with variable rate –Slovak portfolio

Slovak loans interest rate is hedged by the interest derivatives.

Total amount of derivatives reserve amounted to EUR 582 thousand as of 31 December 2014 (2013: EUR 457 thousand).

Loans and borrowings with variable rate

2014:

In EUR thousand	Carrying amount	Contractual cash flow					
Derivatives financial liabilities		Total	1 year	2 years	3 year	4 years	5 years
Interest rate swaps used for hedging	733	893	229	205	178	152	128

2013:

In EUR thousand	Carrying amount	Contractual cash flow					
Derivatives financial liabilities		Total	1 year	2 years	3 year	4 years	5 years
Interest rate swaps used for hedging	645	817	226	197	164	130	100

The effect on equity would be the same as the effect on profit or loss. In the calculation the assumptions that current debt maturing in 2015 will be rolled over in that period.

Actual interest expenses related to bank loans and borrowings incurred by the Company in 2014 were EUR 2,945 thousand (2013: EUR 3,655 thousand) coming from the carrying value of loans drawn in the amount of EUR 47,101 thousand as at 31 December 2014 (2013: EUR 51,615 thousand).

An increase/decrease of interest rates by 1% at the reporting date would have decreased/increased the profit before tax by EUR 22 thousand as shown in the following table. This analysis assumes that all other variables remain constant.

31.12.2014	Effective interest rate	Total	Interest (calculated)	Effective interest rate	Interest (calculated)	Additional PL effect	Effective interest rate	Interest (calculated)	Additional PL effect
Bank loans with variable rate	4,61	47 101	2 170	4,65	2 192	-22	4,56	2 148	22
Total		**47 101**	**2 170**			**-22**			**22**

28.4 Exchange rate risk

The Company's functional currency of its major subsidiaries is EUR and CZK. Foreign exchange risk is associated with sales and purchases of goods and services and loans received denominated in local currencies.

An increase/decrease of exchange rates by 10% at the reporting date would have decreased/increased the profit before tax by EUR 110 thousand (EUR 134 thousand respectively) as shown in the following table. This analysis assumes that all other variables remain constant.

2014

	31 December 2014	+ 10%	- 10%
exchange rate CZK/EUR	27.735	30.5085	24.9615

31.12.2014	Currency	in Currency	teur	Teur +10%	change	teur -10%	change
Trade receivables	tczk	26,868	969	881	-88	1,076	108
Total TCZK					-88		108

31.12.2014	Currency	in Currency	teur	Teur +10%	change	teur -10%	change
Trade payables, loans	tczk	-60,287	-2,174	-1,976	198	-2,415	-242
Total TCZK					198		-242

2013

	31 December 2013	+ 10%	- 10%
exchange rate CZK/EUR	27.427	30.1697	24.6843

31.12.2013	Currency	in Currency	teur	Teur +10%	change	teur -10%	change
Trade receivables	tczk	8,941	326	296	-30	362	36
Total TCZK					**-30**		**36**

31.12.2013	Currency	in Currency	teur	Teur +10%	change	teur -10%	change
Trade payables loans	tczk	-51,422	-1,875	-1,704	170	-2,083	-208
Total TCZK					**170**		**-208**

28.6 Accounting classifications and fair values

Fair values vs. carrying amounts

The fair values of financial assets and liabilities together with the carrying amounts shown in the statement of financial position are as follows.

31 December 2014

In thousand of EUR	Note	Fair value – hedging instruments	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Cash and Cash equivalents	23	0	4,631	0	4,631	4,631
Loans and receivables	21	0	3,502	0	3,502	3,502
Secured bank loans	26	0		45,274	45,274	45,274
Other loans	26	0		1,827	1,827	1,827
Trade payables	27	0		1,219	1,219	1,219
Interest rate derivatives	4.3.2	733	0	0	0	733

31 December 2013

In thousand of EUR	Note	Fair value – hedging instruments	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Cash and Cash equivalents	23	0	4,682	0	4,682	4,682
Loans and receivables	21	0	3,796	0	3,796	3,796
Secured bank loans	26	0	0	45,615	45,615	45,615
Other loans	26	0	0	6,000	6,000	6,000
Trade payables	27	0	0	4,142	4,142	4,142
Interest rate derivatives	4.3.2	645	0	0	0	645

The interest rates used to discount estimated cash flows where applicable are based on the government yield curve at the end of the reporting period plus an appropriate credit spread discount rate used equalled to 5.52% for 2014.

Fair value hierarchy

The table above analyses financial instruments carried at fair value by the levels in the fair value hierarchy. The different levels have been defined as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2014

In thousand of EUR	Level 1	Level 2	Level 3	Total
Interest rate derivatives	0	733	0	**733**

31 December 2013

In thousand of EUR	Level 1	Level 2	Level 3	Total
Interest rate derivatives	0	645	0	**645**

Interest rate derivatives (refer to Note 4.3.4) have been defined to Level 2.

29. Related parties

Balances and transactions between the Company and its subsidiaries which are related parties of the Company have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

29.1 Parent and ultimate controlling party

The Company is jointly controlled by Mr. Michael Gartner (via Solar Future Coöperatief U.A. and Solar Age Investments B.V.) and Mr. Georg Hotar (via Solar Power to the People Coöperatief U.A. and Solar Age Investments B.V.) who are the Company's directors.

The original lender (provided to the Directors) has been sold out of the Group in December 2012. However the Group has provided the following loans to the above directors in compliance with the arm-length principle:

In thousand of EUR	**2014**	**2013**
Balance at beginning of year	52	34
Transferred due to the sale	0	0
Loan provided to Mr. Hotar	29	18
Unpaid interests (Mr. Hotar)	0	0
Loan provided to Mr. Gartner	0	0
Unpaid interests (Mr. Gartner)	0	0
Effect of the movement of Fx rate	0	0
Carrying amount at 31 December	**81**	**52**

Members of the board of directors did not receive for their board of directors related duties for the Group entities any compensation in 2014 and in 2013. There were no trade relations between the Group and members of the board of directors of the Company.

Other related party transactions

In thousand of EUR	**transaction value for the year-ended**		**balance outstanding at the year-end**	
	2014	**2013**	**2014**	**2013**
Sale of goods and services				
Joint ventures – sale of services	0	0	0	0
Joint ventures – construction contracts revenues	0	0	0	0
(SK SPV1 Solarpark Myjava Solarpark Polianka Fotonika)				
Purchase of goods and services				
Joint ventures – purchase of services	77	0	0	0
Current assets				
Loans	0	0	0	0

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

30. Group entities

Subsidiaries

The following subsidiaries are consolidated as at 31 December 2014.

	Name	% of share capital held by the holding company	% of votes held by the holding company	Country of registration	Legal Owner
1	Photon Energy N.V.	Holding Company		NL	
2	Photon Energy Technology CEE s.r.o.	100%	100%	CZ	PET BV
3	Photon SPV 5 s.r.o.	100%	100%	CZ	PEI CZ NV
4	Photon SPV 1 s.r.o.	100%	100%	CZ	Photon Energy
5	Photon SK SPV 1 s.r.o.	50%	50%	SK	Photon Energy
6	Photon SK SPV 2 s.r.o.	100%	100%	SK	Photon Energy
7	Photon SK SPV 3 s.r.o.	100%	100%	SK	Photon Energy
8	EcoPlan 2 s.r.o.	100%	100%	SK	Photon Energy
9	EcoPlan 3 s.r.o.	100%	100%	SK	Photon Energy
10	SUN4ENERGY ZVB, s.r.o.	100%	100%	SK	Photon Energy
11	SUN4ENERGY ZVC, s.r.o.	100%	100%	SK	Photon Energy
12	Fotonika, s.r.o.	60%	50%	SK	Photon Energy
13	ATS Energy, s.r.o.	70%	70%	SK	Photon Energy
14	Solarpark Myjava s.r.o.	50%	50%	SK	Photon Energy
15	Solarpark Polianka s.r.o.	50%	50%	SK	Photon Energy
16	Photon Energy Investments CZ N.V.	100%	100%	NL	Photon Energy
17	Photon Energy Polska Sp. z o.o.	100%	100%	PL	Photon Energy
18	Photon Energy Australia Pty Ltd.	100%	100%	AUS	Photon Energy
19	IPVIC GbR	18.5%	18.5%	DE	PEI CZ
20	Photon Energy Operations SK s.r.o.	100%	100%	SK	PEO NV
21	Photon Energy Operations CZ s.r.o.	100%	100%	CZ	PEO NV
22	Photon Energy Operations DE GmbH	100%	100%	DE	PEO NV
23	Photon Energy Operations Australia Pty.Ltd.	100%	100%	AUS	PEO NV
24	Photon Energy Engineering Australia Pty Ltd	100%	100%	AUS	PEE BV
25	Photon Energy Engineering Europe GmbH	100%	100%	DE	PEE BV
26	Global Investment Protection AG	100%	100%	CH	Photon Energy
27	Photon DE SPV 3 GmbH	100%	100%	DE	PEI DE
28	Photon IT SPV 1 s.r.l.	100%	100%	IT	Photon Energy
29	Photon IT SPV 2 s.r.l.	100%	100%	IT	Photon Energy
30	Photon Energy Investments DE N.V.	100%	100%	NL	Photon Energy
31	Photon Directors B.V.	100%	100%	NL	Photon Energy
32	Photon Energy Operations N.V.	100%	100%	NL	Photon Energy
33	Photon Energy Finance Europe GmbH	100%	100%	NL	Photon Energy
34	Photon Energy AUS SPV 1 Pty. Ltd.	100%	100%	NL	Photon Energy
35	Photon Energy AUS SPV 2 Pty. Ltd.	100%	100%	NL	PEP BV
36	Photon Energy Generation Australia Pty. Ltd.	100%	100%	NL	Photon Energy
37	Photon Energy Engineering B.V.	100%	100%	NL	Photon Energy
38	Photon Energy Technology B.V.	100%	100%	NL	Photon Energy
39	European Solar Holdings B.V.	100%	100%	NL	Photon Energy
40	Photon Energy Corporate Services DE GmbH	100%	100%	DE	Photon Energy
41	Photon Energy Corporate Services CZ s.r.o.	100%	100%	CZ	Photon Energy

The following subsidiaries are consolidated as at 31 December 2013.

	Name	% of share capital held by the holding company	% of votes held by the holding company	Country of registration	Legal Owner
1	Photon Energy N.V.	Holding Company		NL	
2	Photon Energy Technology CEE s.r.o.	100%	100%	CZ	PET BV
3	Photon SPV 5 s.r.o.	100%	100%	CZ	PEI CZ NV
4	Photon SPV 1 s.r.o.	100%	100%	CZ	PEI NV
5	Photon SK SPV 1 s.r.o.	50%	50%	SK	PEI NV
6	Photon SK SPV 2 s.r.o.	100%	100%	SK	PEI NV
7	Photon SK SPV 3 s.r.o.	100%	100%	SK	PEI NV
8	EcoPlan 2 s.r.o.	100%	100%	SK	PEI NV
9	EcoPlan 3 s.r.o.	100%	100%	SK	PEI NV
10	SUN4ENERGY ZVB, s.r.o.	100%	100%	SK	PEI NV
11	SUN4ENERGY ZVC, s.r.o.	100%	100%	SK	PEI NV
12	Fotonika, s.r.o.	60%	50%	SK	PEI NV
13	ATS Energy, s.r.o.	70%	70%	SK	PEI NV
14	Solarpark Myjava s.r.o.	50%	50%	SK	PEI NV
15	Solarpark Polianka s.r.o.	50%	50%	SK	PEI NV
16	Photon Energy Investments CZ N.V.	100%	100%	NL	Photon Energy
17	Photon Energy Polska Sp. z o.o.	100%	100%	PL	Photon Energy
18	Photon Energy Australia Pty Ltd.	100%	100%	AUS	Photon Energy
19	Photon Energy Operations IT, s.r.l.	100%	100%	IT	PEO NV
20	IPVIC GbR	18.5%	18.5%	DE	PEI CZ
21	Photon Energy Operations SK s.r.o.	100%	100%	SK	PEO NV
22	Photon Energy Operations CZ s.r.o.	100%	100%	CZ	PEO NV
23	Photon Energy Operations DE GmbH	100%	100%	DE	PEO NV
24	Photon Energy Operations Australia Pty.Ltd.	100%	100%	AUS	PEO NV
25	Photon Energy Engineering Australia Pty Ltd	100%	100%	AUS	PEE BV
26	Photon Energy Engineering Europe GmbH	100%	100%	DE	PEE BV
27	Photon DE SPV 1 GmbH	100%	100%	DE	Photon Energy
28	Photon DE SPV 3 GmbH	100%	100%	DE	PEI DE
29	Photon IT SPV 1 s.r.l.	100%	100%	IT	PEI NV
30	Photon IT SPV 2 s.r.l.	100%	100%	IT	PEI NV
31	Photon Energy Projects s.r.l.	100%	100%	IT	PEP NV
32	Photon Energy Investments IT N.V.	100%	100%	NL	Photon Energy
33	Photon Energy Investments DE N.V.	100%	100%	NL	Photon Energy
34	Photon Directors B.V.	100%	100%	NL	Photon Energy
35	Photon Energy Operations N.V.	100%	100%	NL	Photon Energy
36	Photon Energy Finance Europe GmbH	100%	100%	NL	Photon Energy
37	Photon Energy Projects B.V.	100%	100%	NL	Photon Energy
38	Photon Energy AUS SPV 1 Pty. Ltd.	100%	100%	NL	PEI NV
39	Photon Energy AUS SPV 2 Pty. Ltd.	100%	100%	NL	PEP BV
40	Photon Energy Generation Australia Pty. Ltd.	100%	100%	NL	PEI NV
41	Photon Energy Investments N.V.	100%	100%	NL	Photon Energy
42	Photon Energy Engineering B.V.	100%	100%	NL	Photon Energy
43	Photon Energy Technology B.V.	100%	100%	NL	Photon Energy
44	European Solar Holdings B.V.	100%	100%	NL	Photon Energy
45	Photon Energy Technology Europe Ltd	100%	100%	IR	PET BV
46	Photon Energy Corporate Services DE GmbH	100%	100%	DE	Photon Energy
47	Photon Energy Corporate Services CZ s.r.o.	100%	100%	CZ	Photon Energy

Other consolidated subsidiaries (special purpose entities) exist as at 31 December 2014, where the holding company has control but does not have any ownership or direct voting rights. The following entities are included:

Name	% of Consolidated share	% of Ownership share	Country of registration	Legal Owner
Photon SPV 3 s.r.o.	100%	0%	CZ	RLRE
Photon SPV 8 s.r.o.	100%	0%	CZ	RLRE
Exit 90 SPV s.r.o.	100%	0%	CZ	RLRE
Photon SPV 4 s.r.o.	100%	0%	CZ	RLRE
Photon SPV 6 s.r.o.	100%	0%	CZ	RLRE
Onyx Energy s.r.o.	100%	0%	CZ	RLRE
Onyx Energy projekt II s.r.o.	100%	0%	CZ	RLRE
Photon SPV 10 s.r.o.	100%	0%	CZ	RLRE
Photon SPV 11 s.r.o.	100%	0%	CZ	RLRE

CZ = Czech Republic, SK = Slovak Republic, NL = Netherlands, PL = Poland, CH-Switzerland, AUS- Australia

100% share in the above entities is owned by Raiffeisen – Leasing Real Estate, s.r.o. ("RLRE"). Although those companies are legally owned by RLRE, the Group consolidates them under IFRS rules. Photon Energy N.V. is considered the beneficial owner as it is owner of economic benefits and is directly exposed to economic risks of those companies.

2013 transactions

On 12 November 2012, the subsidiary PEINV (in 2014, merged with PENV) signed contracts with RLRE on the releveraging of the CZ portfolio based on these contracts. Based on the new contractual agreements, PENV has the right to apply a call option for the purchase of 100% of the shares in the RLRE SPVs in case of full repayment of the external loans, security loans, and all the other financial liabilities of PENV, RLRE SPVs and parent company PENV towards RLRE and the Financing bank, plus payment of future purchase price for the transfer of shares in the SPVs. When all the above conditions are met, PENV can apply a call option for the purchase of 100% of the shares in the RLRE subsidiaries.

31. Subsequent events

Sale of Italian SPVs

In February 2015, the management of the Group launched negotiations with potential buyers for the Italian SPVs. Final Sales Agreements were signed on 8 May 2015, with an effective date of transfer of 1 April 2015.

32. Contingent assets and liabilities

There are no significant contingent assets or liabilities that need to be disclosed.

Stand alone Financial Statements

for the year ended 31 December 2014

Company balance sheet as at 31 December 2014

(before profit appropriation)

In thousand of EUR	Note	31 December 2014	31 December 2013
Fixed assets			
Financial fixed assets	36	37,548	34,792
Intangible assets	36	33	31
Loans	37	0	0
Total fixed assets		**37,581**	**34,823**
Current assets			
Trade and other receivables	38	1,369	197
Loans	37	8,384	5,414
Inventory	38	0	2
Cash and cash equivalents	38	67	2
Total current assets		**9,820**	**5,615**
Total assets		**47,401**	**40,438**
Shareholders' equity	39		
Issued share capital		600	600
Share premium		36,871	36,871
Revaluation reserve		17,166	10,869
Derivatives reserve		-581	-457
Currency translation reserve		-1,778	-2,577
Unappropriated result		-5,042	-5,011
Retained Earnings		-19,198	-13,715
Total equity		**28,038**	**26,580**
Non-current liabilities	40	**8,333**	**0**
Other loans		808	0
Other long-term liability		7,525	0
Current liabilities	41	**11,030**	**13,857**
Trade and other liabilities		7,626	1,147
Other loans		3,404	12,711
Total equity and liabilities		**47,401**	**40,438**

The notes on pages 108 to 116 are an integral part of these financial statements.

Company income statement for the financial year ended 31 December 2014

In thousand of EUR	**1 January 2014 – 31 December 2014**	**1 January 2013 – 31 December 2013**
Share in results from participating interests, after taxation	-2,136	-1,985
Other result after taxation	-2,906	-3,026
Net result	**-5,042**	**-5,011**

The notes on pages 108 to 116 are an integral part of these financial statements.

Notes to the Company Financial Statements

for the year ended 31 December 2014

34. General

The company financial statements are part of the 2014 financial statements of Photon Energy N.V. (the 'Company'). With reference to the income statement of the company, use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

35. Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and endorsed by the European Union (hereinafter referred to as EU-IFRS). Please see pages 23 to 37 for a description of these principles. The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealised.

36. Financial fixed assets

In thousand of EUR	**31 December 2014**	**31 December 2013**
Participating interests in group companies	37,548	34,792
	37,548	**34,792**

The movements of the financial fixed assets can be shown as follows:

In thousand of EUR	**Note**	**Participating interests in group companies**	**Total**
Balance at 1 January 2014		**34,792**	**34,792**
Capital contribution existing subsidiaries	36	3,073	3,073
Merger transfer	36	-7,689	-7,689
Share in result of participating interests	43	-2,136	-2,136
Share in revaluation of assets in participating interest	36	6,297	6,297
Share in foreign currency translation differences in participating interest	36	612	612
Dividend payment	36	-223	-223
Derivatives	36	-124	-124
Acquisition of subsidiaries		85	85
Balance at 31 December		**34,687**	**34,687**
Provision for negative equity subsidiaries	36	2,861	2,861
Final balance at 31 December		**37,548**	**37,548**

2014

A participating legal Company is under Dutch law a participation which exercises significant influence over the operating and financial policies (hereinafter: participation), valued using the equity method. This method means that the carrying amount of the investment is increased or decreased by the share in the results and changes in equity of the associate, less the dividend from the participation. The carrying amount, the share in the results and changes in equity are determined according to the principles of the holding.

Therefore the direct changes in equity in the participations of PE NV are included in the standalone financial statements of the Company.

The direct equity movements of the subsidiaries of PE NV consist of:

1) Revaluation of assets valued at fair value in the participations (decrease of value of assets)
2) Foreign currency translation differences in the participations
3) Effective portion of hedging derivatives in the participations

The Company, with statutory seat in Amsterdam, is the holding company and has the following financial interests:

	Name	% of share capital held by the holding company	Country of registration
1	Photon Energy N.V.	NL	Full Cons.
2	Photon Energy Technology CEE s.r.o.	100%	CZ
3	Photon SPV 5 s.r.o.	100%	CZ
4	Photon SPV 1 s.r.o.	100%	CZ
5	Photon SK SPV 1 s.r.o.	50%	SK
6	Photon SK SPV 2 s.r.o.	100%	SK
7	Photon SK SPV 3 s.r.o.	100%	SK
8	EcoPlan 2 s.r.o.	100%	SK
9	EcoPlan 3 s.r.o.	100%	SK
10	SUN4ENERGY ZVB, s.r.o.	100%	SK
11	SUN4ENERGY ZVC, s.r.o.	100%	SK
12	Fotonika, s.r.o.	60%	SK
13	ATS Energy, s.r.o.	70%	SK
14	Solarpark Myjava s.r.o.	50%	SK
15	Solarpark Polianka s.r.o.	50%	SK
16	Photon Energy Investments CZ N.V.	100%	NL
17	Photon Energy Polska Sp. z o.o.	100%	PL
18	Photon Energy Australia Pty Ltd.	100%	AUS
19	IPVIC GbR	18.5%	DE
20	Photon Energy Operations SK s.r.o.	100%	SK
21	Photon Energy Operations CZ s.r.o.	100%	CZ
22	Photon Energy Operations DE GmbH	100%	DE
23	Photon Energy Operations Australia Pty.Ltd.	100%	AUS
24	Photon Energy Engineering Australia Pty Ltd	100%	AUS
25	Photon Energy Engineering Europe GmbH	100%	DE
26	Photon DE SPV 3 GmbH	100%	DE
27	Photon IT SPV 1 s.r.l.	100%	IT
28	Photon IT SPV 2 s.r.l.	100%	IT
29	Photon Energy Investments IT N.V.	100%	NL
30	Photon Energy Investments DE N.V.	100%	NL
31	Photon Directors B.V.	100%	NL
32	Photon Energy Operations N.V.	100%	NL
33	Photon Energy Finance Europe GmbH	100%	NL
34	Photon Energy AUS SPV 1 Pty. Ltd.	100%	NL
35	Photon Energy AUS SPV 2 Pty. Ltd.	100%	NL
36	Photon Energy Generation Australia Pty. Ltd.	100%	NL
37	Photon Energy Engineering B.V.	100%	NL
38	Photon Energy Technology B.V.	100%	NL
39	European Solar Holdings B.V.	100%	NL
40	Photon Energy Corporate Services DE GmbH	100%	DE
41	Photon Energy Corporate Services CZ s.r.o.	100%	CZ

As of 31 December 2014, the revaluation of the whole portfolio has been performed. Total impact of this revaluation gained EUR 6,297 thousand (in 2013, the revaluation of the fair value of the Czech power plants has been performed with a total negative impact of EUR 4,517 thousand due to prolongation of tax levy).

The Slovak SPVs use hedging derivatives for hedging of interest rates on received loans. Total impact into equity from their revaluation at the year-end amounted to loss of EUR 125 thousand (2013: EUR 337 thousand).

The impact of foreign currency translation differences in participating interest resulted in a loss of EUR 1,778 thousand (2013: EUR 3,035 thousand).

The company booked a provision for negative equity in subsidiaries in the amount of EUR 2,861 thousand (2013: EUR 1,670 thousand) as the Company's management has intention to maintain and support the related subsidiaries within the structure and support them by providing the required cash-flow and settle their liabilities.

Intangible assets include the value of trademark originally owned by Photon Energy a.s. in the value of EUR 33 thousand.

During 2014, Photon Energy N.V. (directly or via its subsidiaries) did no incorporate any new subsidiary.

During 2013, Photon Energy N.V. (directly or via its subsidiaries) incorporated the following new subsidiary:

- Photon Energy Technology Europe Limited

It was incorporated with the aim to perform trading activities with solar technology within the Group, but also for third-party customers.

During 2014, Photon Energy N.V. (directly or via its subsidiaries) acquired the following entity:

- Global Investment Protection AG

It was acquired with the aim to provide an effective protection tools to Renewable Energy investors.

Mergers:

- Merger of Photon Energy Engineering EU GmbH with Photon DE SPV 1 GmbH
- Merger of Photon Energy N.V. and Photon Energy Investments N.V.

In 2013, no subsidiaries were acquired from third parties. The only acquisitions were performed as part of the internal Group restructuring-usually by renaming of the entity or by way of legal merger.

Mergers:

- Merger of Photon Energy Operations DE SW with Photon Energy Operations DE

Rename:

- Photon Energy AUS SPV 3 Pty Ltd. was renamed to Photon Energy Generation Australia Pty ltd
- Photon Energy FinCo B.V. was renamed to European Solar Holdings B.V.

The total amount invested into capital contributions (by capitalization of entity's receivables from subsidiaries) to subsidiaries in 2014 amounted to EUR 3,073 thousand (refer to Movement schedule above).

Increase of value resulting from the revaluation of subsidiaries amounted to EUR 6,297 thousand. Impact of derivatives revaluation equaled to EUR 124 thousand (negative); of dividend payment to EUR 223 thousand (negative); of currency retranslation to EUR 612 thousand. Entity created allowance to its financial assets in the amount of EUR 2,861 thousand during 2014. Total result from participations gained loss of EUR 2,136 thousand. Entity also acquired new subsidiary with the acquisition value of EUR 85 thousand. Impact of merger with Photon Energy Investments N.V. had impact of negative EUR 7,689 thousand in the value of financial participations.

37. Loans

In thousand of EUR	**31 December 2014**	**31 December 2013**
Loans provided	8,384	5,414
	8,384	**5,414**

The balance of loans provided consists of the loans provided primarily to the companies within the Group and its increase is caused by the merger of the entity with its daughter Photon Energy Investments N.V. Interest charge is 3% and the loans have a short-term character.

38. Current assets

In thousand of EUR	**31 December 2014**	**31 December 2013**
Trade and other receivables	1,369	197
Inventory	0	2
Cash	67	2
	1,436	**201**

39. Shareholders' equity

39.1 Reconciliation of movement in capital and reserves

In thousand of EUR	Issued share capital	Share premium	Currency translation reserve	Derivatives	Revaluation reserve	Retained earnings	Unappropriated result	Total equity
Balance at 1 January 2013	**230**	**13111**	**136**	**-794**	**15,386**	**-2,916**	**-10,799**	**14,354**
Revaluation of assets in participating interest	-	-	-	-	-4,517	-	-	-4,517
Foreign currency translation differences in participating interest	-	-2,713	-	-	-	-	-2,713	-
Transfer to retained earnings	-	-	-	-	-	-10,799	10,799	-
Derivatives	-	-	-	337		-	-	337
Capitalization of payable	370	23,760	-	-	-	-	-	24,130
Actual result	-	-	-	-	-	-	-5,011	-5,011
Balance at 31 December 2013	**600**	**36,871**	**-2,577**	**-457**	**10,869**	**-13,715**	**-5,011**	**26,580**
Balance at 1 January 2014	**600**	**36,871**	**-2,577**	**-457**	**10,869**	**-13,715**	**-5,011**	**26,580**
Revaluation of assets in participating interest	-	-	-	-	6,297	-	-	6,297
Foreign currency translation differences in participating interest	-	-	835	-	-	-	-	817
Transfer to retained earnings	-	-	-	-	-	-5,011	5,011	0
Derivatives	-	-	-	-126	-	-	-	-126
Merger impact	-	-	-	-	-	-472	-	-472
Actual result	-	-	-	-	-		5,042	-5,042
Balance at 31 December 2014	**600**	**36,871**	**-1,778**	**-581**	**17,166**	**-19,198**	**-4,150**	**28,038**

39.2 Share capital and share premium

39.2.1 Ordinary shares

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. Each of the 50,000,000 shares represent one vote at the General Meeting of Shareholders.

The holders of ordinary shares (except of Treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders' meetings of the Company.

Reserves

Reserves of the Company consist of the revaluation reserve, the currency translation reserve and the derivatives reserve.

The revaluation reserve arises on the revaluation of photovoltaic power plant owned by the participation(s) and it amounted to EUR 17,166 thousand as of 31 December 2014 (31 December 2013: EUR 10,869 thousand).

Currency translation reserve includes all foreign translation exchange differences in the participations and amounted to a loss EUR 1,778 thousand as of 31 December 2014 (31 December 2013: EUR 2,577 thousand).

The derivatives reserve includes results from hedging derivatives in the participations and amounted to a loss of EUR 581 thousand in 2014 (2013: EUR 457 thousand).

39.2.2 Unappropriated result

To the General Meeting of Shareholders the following appropriation of the result 2014 will be proposed: the loss of EUR 5,042 thousand to be transferred and added to the retained earnings item in the shareholders' equity.

39.2.3 Reconciliation of consolidated group equity with company equity

In thousand of EUR	**31 December 2014**	**31 December 2013**
Group equity	**28,185**	**26,719**
Minority interest of third parties in subsidiary:		
Non-controlling interest	147	-139
Shareholders' equity (company)	**28,038**	**26,580**
Group result	**-5,134**	**-4,995**
Minority interest of third parties in result:		
Non-controlling interest	8	-16
Net result (company)	**-5,042**	**-5,011**

40. Long-term liabilities

In thousand of EUR	31 December 2014	31 December 2013
Loans	808	0
Other long-term liabilities	7,525	0
	8,333	**0**

Long-term loan represent long-term portion of loan provided by private financing company as described in chapter 41. Other long-term liabilities include bond issued originally by entity Photon Energy Investments N.V. that was merged with the entity in 2014.

41. Current liabilities

In thousand of EUR	31 December 2014	31 December 2013
Loans	3,404	8,861
Trade payables	474	1,111
Accruals and deferred income	86	36
Other payables	356	0
Provision for 2012 negative equity subsidiaries	6,710	3,849
	11,030	**13,857**

Loan provided by private financing company in the original amount of EUR 8,000 thousand was gradually repaid and re-structured, so its outstanding balance as of the year-end 2014 is EUR 1,277 thousand, out of which EUR 808 thousand is long-term based on the contractual conditions.

Other payables consisted of Company's liabilities from VAT, towards employees, or resulting from the cash transfers within the Group.

The company booked a provision for negative equity in subsidiaries in the amount of EUR 6,710 thousand (2013: EUR 3,849 thousand) as the Company's management has the intention to maintain and support the related subsidiaries within the structure and support them by providing the required cash-flow and settle their liabilities.

42. Financial instruments

42.1 General

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk.

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the company financial statements of Photon Energy N.V.

No derivative financial instruments are being used at parent company level.

42.2 Fair value

The fair value of the financial instruments stated on the balance sheet, including cash at bank and in hand and current liabilities, is close to the carrying amount.

43. Share in results from participating interests

An amount of EUR 2,136 thousand (loss) of share in results from participating interests relates to group companies (2013: loss of EUR 5,011 thousand).

44. Fees of the auditor

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by Grant Thornton Accountants en Adviseurs B.V. to the Company in 2014:

2014:

In thousand of EUR	**Grant Thornton Accountants en Adviseurs B.V.**	**Other Grant Thornton member firms and affiliates**	**Total**
Statutory audit of annual accounts	33	-	33
	33	**-**	**33**

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year 2013 have been charged by Grant Thornton Accountants en Adviseurs B.V. to the Company:

2013:

In thousand of EUR	**Grant Thornton Accountants en Adviseurs B.V.**	**Other Grant Thornton member firms and affiliates**	**Total**
Statutory audit of annual accounts	42	-	42
	42	**-**	**42**

45. Related parties

45.1 Transactions with key management personnel

45.1.1 Key management personnel compensation

Key management personnel did not obtain any compensation for their activity for PE NV in 2014.

45.1.2 Key management personnel and director

The directors of the Company control 89.78% of the voting shares of the Company. The Directors hold positions in other group entities that result in having control or significant influence over the financial or operating policies of these entities.

45.1.3 Emoluments of directors and supervisory directors

No emoluments, including pension obligations as intended in Section 2:383(1) of the Netherlands Civil Code were charged in the financial period to the Company.

Amsterdam, 20 May 2015

The Board of Directors:

Michael Gartner, Director

Georg Hotar, Director

Other information

Other information

I. Emoluments of directors and supervisory directors

No emoluments, including pension obligations as intended in Section 2:383(1) of the Netherlands Civil Code were charged in the financial period to the Company.

II. Provisions in the Articles of Association governing the appropriation of profit

According to article 20 of the company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate the profit wholly or partly to the general or specific reserve funds.

The Company can only make payments to the shareholders and other parties entitled to the distributable profit for the amount the shareholders' equity are greater than the paid-up and called-up part of the capital plus the legally required reserves.

III. Proposal for profit appropriation

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2014 loss: an amount of EUR 5,042 thousand to be added to the retained earnings.

IV. Subsequent events

Please refer to note 31 of the consolidated financial statements.

For Photon Energy N.V. there were no other subsequent events affecting the situation at balance sheet date.

V. Subsidiaries

The Company has subsidiaries in Czech Republic, Slovak Republic, Italy, Germany, Poland, Ireland, Cyprus and Australia. For the list of all subsidiaries refer to the Note 30 of the Consolidated financial statements.

VI. Independent auditor's report

The independent auditor's report is set forth on the next pages.

To: the General Meeting of Shareholders of Photon Energy N.V.

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INDEPENDENT AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements 2014 of Photon Energy N.V. , Amsterdam. The financial statements include the consolidated financial statements and the stand alone financial statements. The consolidated financial statements comprise the consolidated statements of financial position as at 31 December 2014, the consolidated statement of comprehensive income, changes in equity and cash flow for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The standalone financial statements comprise the company balance sheet as per 31 December 2014, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the director's report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, Management is responsible for such internal control as it determines necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Grant Thornton

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Photon Energy N.V. as at December 31, 2014 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the financial statements

In our opinion, the stand alone financial statements give a true and fair view of the financial position of Photon Energy N.V. as at December 31, 2014 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 20 May 2015

Grant Thornton Accountants en Adviseurs B.V.

M.J.J. Welsink
Registeraccountant

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