

PHOTON ENERGY N.V. CONSOLIDATED AND ENTITY FINANCIAL REPORTS

Q2 2014

for the period from 1 April to 30 June 2014

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

14 August 2014 | Amsterdam | The Netherlands

CONSOLIDATED AND ENTITY FINANCIAL REPORTS

CONTENTS

1.	Selected financial results	3
2.	Management discussion and analysis	5
2.1.	A note from the Management Board	5
2.2.	Strategy and its execution	6
2.3.	Investment action plan and its implementation	8
2.4.	Proprietary portfolio, generation results and O&M service	8
2.5.	Financial statement analysis	10
2.6.	Financial forecasts	12
3.	General information about the Issuer	13
4.	Share capital of the Issuer	13
5.	Shareholder structure	13
6.	Statutory bodies of the Issuer	14
7.	Description of the Issuer's business	15
8.	Implementation of innovative activities in the Company	17
9.	Group structure	17
10.	Employees	18
11.	Report on the key events material for the Group's operations	19
11.1.	Summary of the key events from 1 April until 30 June 2014	19
11.2.	Summary of the key events after 30 June 2014	20
12.	Detailed consolidated financial results for Q2 2014	21
13.	Detailed accumulated consolidated financial results for Q1-Q2 2014	27
14.	Detailed entity financial results for Q2 2014	32
15.	Detailed accumulated entity financial results for Q1-Q2 2014	34
16.	Financial results per operating segments	36
17.	Summary of significant accounting policies	38
18.	Management Board declaration	43
19.	Investor Relations Contact	43

CONSOLIDATED AND ENTITY FINANCIAL REPORTS

1. Selected financial results

Selected financial results for Photon Energy Group, for the period of 1 April to 30 June 2014

<i>in Thousands</i>	EUR		PLN	
	2013 Q2	2014 Q2	2013 Q2	2014 Q2
Revenues	4 394	4 537	18 263	18 927
Gross profit	3 588	3 822	14 932	15 945
EBITDA	2 524	2 566	10 634	10 711
EBIT	904	1 029	3 914	4 300
Profit / loss before taxation	-91	-608	-214	-2 521
Total comprehensive income	58	-308	449	-1 264
Non-current assets	91 401	78 967	396 365	328 232
Current assets	14 362	11 971	62 282	49 760
Cash and cash equivalents	4 934	4 813	21 397	20 007
Total assets	105 763	90 938	458 647	377 992
Total equity	34 847	24 035	151 116	99 903
Current liabilities	16 126	17 352	69 930	72 123
Non-current liabilities	54 790	49 552	237 600	205 965
Operating cash flow	-27 595	1 309	-114 972	5 414
Investment cash flow	0	0	2	0
Financial cash flow	27 517	-241	114 846	-1 000
Net change in cash	-78	1 068	-124	4 414
<i>EUR exchange rate - low</i>	-	-	4,100	4,099
<i>EUR exchange rate - average</i>	-	-	4,199	4,166
<i>EUR exchange rate - end of period</i>	-	-	4,337	4,157
<i>EUR exchange rate - high</i>	-	-	4,349	4,209

Note: Exchange rates provided by the European Central Bank

Financial highlights:

- Revenues slightly increased to EUR 4.537 million, up by 3.3% YOY;
- EBITDA increased from EUR 2.524 million to EUR 2.566 million, up by 1.7% YOY (EUR 2.818 million without the levy);
- EBIT significantly improved from EUR 0.904 million to EUR 1.029 million, up by 13.8% (EUR 1.282 million without the 10% levy);
- Loss before taxation increased to EUR 0.608 million compared to a loss before taxation of EUR 0.091 million in Q2 2013; a total comprehensive loss of EUR 0.308 million was booked compared to a total comprehensive profit of EUR 0.058 million in Q2 2013;
- Equity declined from EUR 34.847 million in Q2 2013 to EUR 24.035 million in Q2 2014, down by 31% YOY;
- The equity ratio still remained a solid 30%¹;

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

Other highlights:

- Photon Energy Operations exceeded the threshold of 100 MWp in terms of providing O&M services; 10 MWp of PV capacities was added in Q2 and 5.5 MWp after the reporting period,
- The credit financing facilities on the Czech and Slovak power plants were increased after the reporting date, injecting an additional EUR 4.356 million into the long term liabilities,
- Photon Energy N.V. completed the merger with its fully-owned subsidiary Photon Energy Investments N.V., which has been executed as of the date of this report.

- The proprietary portfolio generated approximately 10.25 MWh of electricity; 3.5% below the energy audits,
- Italy's government proposed retroactive regulatory changes, which will negatively impact the profitability of existing Italian PV power plants.

Selected, standalone financial results for Photon Energy N.V., for the period of 1 April to 30 June 2014

<i>in Thousands</i>	EUR		PLN	
	2013 Q2	2014 Q2	2013 Q2	2014 Q2
Revenues	0	0	0	0
Gross profit	-148	-699	-652	-2 923
EBITDA	-149	-115	-652	-487
EBIT	-149	-115	-562	-487
Profit / loss before taxation	-407	-269	-1 830	-1 134
Total comprehensive income	-407	-269	-1 830	-1 134
Non-current assets	40 119	30 986	166 757	128 794
Current assets	7 500	12 101	31 176	50 299
Cash and cash equivalents	177	51	735	214
Total assets	47 619	43 087	197 933	179 093
Total equity	37 490	28 734	155 829	119 433
Current liabilities	10 130	9 633	42 105	40 041
Non-current liabilities	0	4 720	0	19 619
<i>EUR exchange rate - low</i>			4,100	4,099
<i>EUR exchange rate - average</i>			4,199	4,166
<i>EUR exchange rate - end of period</i>			4,337	4,157
<i>EUR exchange rate - high</i>			4,349	4,209

Note: Exchange rates provided by the European Central Bank

Notes:

- All data quoted in this report refer to the current reporting period i.e. from 1 April until 30 June 2014, unless specified otherwise;
- On the date of this report, the merger of Photon Energy N.V. and Photon Energy Investments N.V. has been executed. However, it will take effect only on 15 August 2014, i.e. one day after the reporting date. Therefore all the financial data, corresponding notes and explanatory comments, are presented assuming the merger had been completed and effective as of the date of this report.
- The 10% levy is a retroactively introduced levy extended for the remainder of the applicable Feed-in-Tariff period for PV plants in the Czech Republic connected in 2010 at the level of 10% of revenues payable in the year 2014 (down from 26% for the years 2011 to 2013).
- All references to growth rate percentages compare the results of the reporting period to those of the prior year comparable period;
- Total Comprehensive Income (TCI) is the sum of the profit after taxes plus Other Comprehensive income (OCI) according to IAS 16. Other comprehensive income includes revaluation of PPE in a proprietary portfolio to their fair values, share on OCI of associates and joint ventures and foreign currency translation differences.
- EPC stands for Engineering, Procurement and Construction and refers to services related to project design, engineering, procurement and construction of solar power plants
- Throughout this report Photon Energy Group is referred to as the "Group", the "Company", the "Issuer" and/or "Photon Energy".

2. Management discussion and analysis

2.1. A note from the Management Board

In Q2 2014 Photon Energy came a significant step closer towards its goal of being profitable in 2014 with financial results for H1 2014 recording a slight improvement on the top and operating line. The bottom line looks weaker than a year ago, but this is mainly due to a non-cash adjustment related to the revaluation of derivative instruments due to the continuing decline in interest rates.

Starting with the top line, the Group recorded a slight increase in consolidated revenues from EUR 4.394 million to EUR 4.537 million, up by 3.3% year-on-year. The major part of the revenues is still realised through the sale of electricity generated in proprietary power plants (approximately 10.25 GWh), which increased year-on-year by 18.5%.

The picture looks much better at the EBIT level which increased from EUR 0.904 million in Q2 2013 to EUR 1.029 million in Q2 2014, approximately 13.8% up year-on-year. This results in an operating margin expansion by 2.1 p.p. and reaching the level of 22.7%. At the EBITDA level growth looks more modest as it went up from EUR 2.524 million in Q2 2013 to EUR 2.566 million in Q2 2014, up by 1.7% year-on-year. However, the slower growth of EBITDA stems from lower depreciation allowance of EUR 1.537 million in Q2 2014 compared to EUR 1.620 million a year ago. It is worth mentioning that without the 10% solar levy on our Czech PV plants EBITDA would have even reached EUR 2.818 million. The bottom line looked weaker than a year ago and the consolidated loss from continuing operations amounted to EUR 0.693 million compared to a loss of EUR 0.244 million in Q2 2013. It is important to note though, that the deterioration of the bottom line comes mainly from the increase in financial costs, which were primarily driven by a non-cash booking of EUR 0.747 million related to the revaluation of interest rate derivatives, due to the continuing decline in interest rates.

On the operational side, the most important news for our Group in Q2 2014 include a further expansion of our O&M portfolio. We now provide operations & maintenance services to more than 100 MWp of PV plants. In Q2 2014, the Group signed new contracts to provide O&M services for approximately 10 MWp, which includes service contracts for 6.8 MWp of Satcon central inverters. Furthermore, after the reporting period, i.e. in July additional 5.5 MWp worth of contracts were added to the Satcon portfolio. It is worth explaining the importance of Satcon business and the opportunity it represents. There is an estimated 350 MWp of inverters installed across Europe by the now bankrupt manufacturer Satcon, which do already or will, in the short-term, require servicing and maintenance. Given the fact that Photon Energy Operations has secured both key personnel and access to spare parts, after Satcon closed its operations, the Group is now 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. To capture this market niche represents a top priority in the short-term.

Photon Energy had also success on the Australian market. It teamed up with Australian broadcast provider BAI Group and the German Energy Agency (dena) to design and install a pioneering solar energy storage system designed to lead the way in using solar energy in remote regions. The installation (215 kWh battery storage system and a 39 kWp solar power plant) will become a benchmark for providing complete power supply solutions for remote locations. Once successfully tested the concept could be implemented on thousands of sites across Australia and later internationally.

Also on the financing side there was a piece of news which is worth noting. The Group concluded two amendments to existing credit facilities, through its project subsidiaries, which will result in a significant improvement of the financial standing of the Group, namely:

1. A financing facility amendment signed with Raiffeisen Leasing Real Estate s.r.o. in Prague, which increased the existing credit facility on nine Czech power plants by CZK 60 million (EUR 2.156

million, PLN 9.093 million).

2. A financing facility amendment signed with Unicredit Bank Czech Republic and Slovakia a.s. in Bratislava, which increased the existing credit facility on eleven Slovak power plants by EUR 2.2 million (PLN 9.280 million).

An additional injection of long-term credit in the total amount of EUR 4.356 million, with maturity in 2023-2024, shall have a material impact on the overall financial standing of the Group and strengthen the balance sheet by improving materially the liabilities structure and duration.

On the side of the internal matters two important events are worth mentioning: a) the annual general meeting of shareholders, which took place on 11 July 2014 in Amsterdam and b) the merger with Photon Energy Investments N.V. The latter took effect on 14 August 2014 when Photon Energy completed the merger with its fully-owned subsidiary Photon Energy Investments NV and became a legal successor of all obligations towards bondholders of Photon Energy Investments NV. The merger shall result in lower operating expenses and improved Group synergies but otherwise management expects no significant changes for shareholders and bond holders and no material impact on the consolidated financial statements of Photon Energy N.V. Group, as Photon Energy Investments' financial statements were already fully consolidated.

In terms of market news, there were some negative developments in Italy, where on 24 June 2014, the Italian government proposed new retroactive regulatory changes directed against the owners of PV plants. Under the proposed new law, PV power plants' investors with a capacity exceeding 200 kWp were given the choice: a) either to voluntarily accept a flat 8% reduction to the 20 year tariff for the remaining incentive period, or b) to extend the existing incentive period to a total of 24 years but accept a tariff reduction of between 17% and 25%. Additional changes proposed relate to the payment calendar of the FiT, whereby approximately 10% is delayed until June of the following year, putting additional cash flow pressure on PV plant investors. The proposed decree is subject to approval by Parliament but, should the bill be approved, it will come into force on 1 January 2015. Management believes that upon implementation, the announced measures will not leave Photon Energy's PV plants vulnerable to default but will materially decrease returns and their value. However, these shocking circumstances confirm once again that Photon Energy's investment protection concept under European Solar Holdings remains the only workable mechanism allowing investors to defend themselves against retroactive regulatory and tax measures.

To sum up, Q2 2014 was a period of constant progress towards the stated goal of becoming profitable in the current year. Despite the red bottom line, the overall operating results of the Group continued its positive, growing trend, the same as the underlying business. We expect that this trend will continue as the main focus of management now is to use the experience and know-how gained over the last few years to seize upcoming market opportunities.

2.2. Strategy and its execution

Until now PV plants under Feed-in-Tariffs or similar government support systems were mere financial investments. In the Solar Age the motivation to build PV plants will be to serve the needs of real-world energy users ranging from industrial and commercial clients to households. This fundamental paradigm shift requires a comprehensively holistic approach, starting with each customer's energy demand profile. For that reason we have initiated a fundamental review and re-think of our strategy in order to position Photon Energy as the leading *Experts for the Solar Age* globally and create higher value for all the Company's stakeholders.

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

- No more bets on government-supported support schemes for PV electricity
- PV plants are no longer merely financial assets but will be mostly built to cover on-site consumption
- Customers require sophisticated energy solutions with a PV system being ideally the main supply source

- Financing is by far the largest bottleneck for the global roll-out of PV – the solution are standardised financing solutions similar to mortgages or car leasing
- Operations & Maintenance including performance guarantees in combination with insurance solutions are the key to standardised financing
- Diversification along the value chain and by geography are crucial for risk mitigation
- Sustainable shareholder value is only created by activities generating recurring revenue streams

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

- Customised Energy Solutions – Photon Energy **Solutions**,
- Decentralised Energy Production – Photon Energy **Generation**,
- Standardised Financing – Photon Energy **Finance**,
- Operations & Maintenance – Photon Energy **Operations**,
- Asset Management – Photon Energy **Investments**.

Our next steps are:

- Our current services & products are being realigned in order to best serve the five business lines: Photon Energy Operations, Photon Energy Solutions, Photon Energy Generation, Photon Energy Finance and Photon Energy Investments
- The NPV^{max} (Net Present Value) concept is being implemented into all our services & products
- The Photon Energy Operations offering will be expanded by advisory and other new services
- A service offering for energy savings and management will be introduced in early 2015
- The Australian market is our focus for the expansion of PV generation capacity in 2014 and beyond
- The financial services team within Photon Energy will be expanded and standardised financing solutions are being developed
- European Solar Holdings N.V. ("ESH"), an investment platform for the aggregation of PV asset in the EU under an optimally protected legal structure, has been prepared as the Group's first step into asset management for external investors - investors operating PV power plants in the EU will be able to swap their investments for shares in ESH or country-specific Yield-Cos, which aim to IPO on a major European exchange in 2015.

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

The Group also intends to specialise in energy generation solutions providing hybrid-system and diesel-replacement solutions for energy-intensive industries. In this area Photon Energy intends to focus on industries such as 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 up 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 different accurate models for off-grid and on-grid systems with sufficient flexibility to adapt to a wide range of situations. In order to facilitate market penetration, the Group will selectively cooperate with local partners, if necessary or value-adding.

2.3. Investment action plan and its implementation

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

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

Proprietary portfolio

The table below presents the portfolio of power plants owned directly or indirectly by Photon Energy N.V. at the end of the reporting period i.e. as of 30 June 2014, consisted of 27 power plants in the Czech Republic, Slovakia, Italy, Australia and Germany with a total installed capacity of 27.1 MWp. More information on the Group structure and the restructuring processes can be found in chapter 8. Group structure.

Table 1. The proprietary portfolio of Photon Energy N.V. as of 30 June 2014

Nr	Proprietary portfolio	Country	Cap.(kWp)	Share	Cap. Pro-rata	Completed
1	Komorovice	CZ	2 354	100%	2 354	Dec 2010
2	Zvíkov I	CZ	2 031	100%	2 031	Nov 2010
3	Dolní Dvořiště	CZ	1 645	100%	1 645	Dec 2010
4	Svatoslav	CZ	1 231	100%	1 231	Dec 2010
5	Slavkov	CZ	1 159	100%	1 159	Dec 2010
6	Mostkovice SPV 1	CZ	210	100%	210	Dec 2010
7	Mostkovice SPV 3 ¹	CZ	926	100%	926	Dec 2009
8	Zdice I	CZ	1 499	100%	1 499	Dec 2010
9	Zdice II	CZ	1 499	100%	1 499	Dec 2010
10	Radvanice	CZ	2 305	100%	2 305	Dec 2010
11	Břeclav rooftop	CZ	137	100%	137	Dec 2010
12	Babiná II	SK	999	100%	999	Dec 2010
13	Babina III	SK	999	100%	999	Dec 2010
14	Prša I.	SK	999	60%	599	Dec 2010
15	Blatna	SK	700	70%	490	Dec 2010
16	Mokra Luka 1	SK	963	100%	963	Jun 2011
17	Mokra Luka 2	SK	963	100%	963	Jun 2011
18	Jovice 1	SK	979	100%	979	Jun 2011
19	Jovice 2	SK	979	100%	979	Jun 2011
20	Brestovec	SK	850	50%	425	Jun 2011
21	Polianka	SK	999	50%	500	Jun 2011
22	Myjava	SK	999	50%	500	Jun 2011
23	Verderio	IT	261	100%	261	Nov 2011
24	Biella, Verrone	IT	993	100%	993	Jun 2012
25	Symonston	AUS	144	100%	144	Feb 2013
26	Brandenburg	DE	75	100%	75	Apr 2012
27	Altentreptow	DE	156	100%	156	Dec 2011
Total		-	27 054	-	25 021	-

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

In the reporting period, there were no changes to the proprietary portfolio of Photon Energy N.V.

Generation results

The average performance of the power plants in the portfolio came in slightly below expectations. The accumulated average generation of the proprietary power plants connected and feeding electricity to the grid in Q2 2014 amounted to nearly 10.25 GWh and was 3.5% below the energy forecasts. However, on a year-to-date basis it performed slightly above generation estimates, by 3.5% and up by almost 19% YOY. Detailed generation results for each power plant are being published on a monthly basis in our monthly reports.

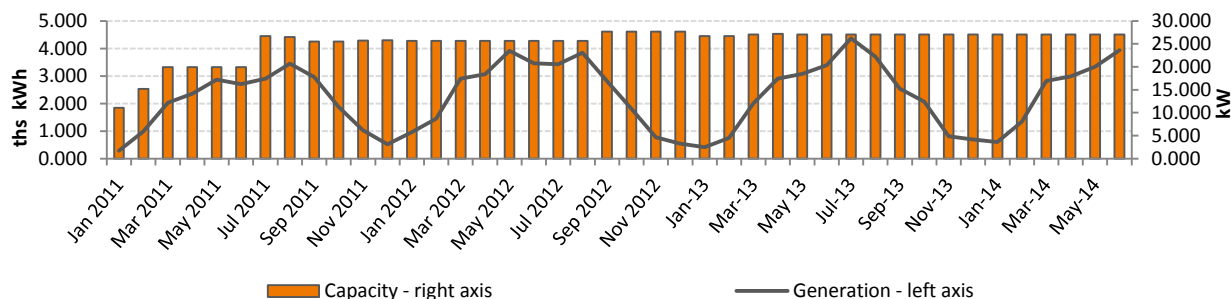
Table 2. Generation results versus projections between 1 April and 30 June 2014

Project name	Capacity	Prod. Q2	Proj. Q2	Perf.	YTD Prod.	YTD Proj.	Perf.	YOY
Unit	kWp	(kWh)	(kWh)	%	(kWh)	(kWh)	%	%
Komorovice	2 354	876,274	941,356	-6.9%	1,314,203	1,247,746	5.3%	26.2%
Zvíkov I	2 031	797,605	825,081	-3.3%	1,211,386	1,093,627	10.8%	46.2%
Dolní Dvořiště	1 645	595,428	686,376	-13.3%	918,444	909,776	1.0%	26.6%
Svatoslav	1 231	428,013	509,771	-16.0%	608,980	675,690	-9.9%	18.4%
Slavkov	1 159	469,508	485,446	-3.3%	700,612	643,447	8.9%	17.0%
Mostkovice SPV 1	210	81,280	69,808	16.4%	118,042	102,653	15.0%	16.5%
Mostkovice SPV 3 ¹	926	363,087	360,752	0.6%	522,486	484,238	7.9%	17.8%
Zdice I	1 499	595,210	593,326	0.3%	879,768	790,278	11.3%	26.4%
Zdice II	1 499	590,612	593,326	-0.5%	874,714	790,278	10.7%	26.8%
Radvanice	2 305	891,827	931,778	0.3%	1,321,051	1,235,051	7.0%	21.9%
Břeclav rooftop	137	55,136	47,248	16.7%	82,514	70,510	17.0%	18.2%
Total Czech PP	14 996	5,743,979	6,044,269	-5.0%	8,552,200	8,043,295	6.3%	25.9%
Babiná II	999	350,163	380,747	-8.0%	480,705	525,176	-8.5%	13.0%
Babina III	999	349,128	380,747	-8.3%	479,502	525,175	-8.7%	12.7%
Prša I.	999	393,714	379,905	3.6%	543,282	524,681	3.5%	7.4%
Blatna	700	270,984	275,134	-1.5%	382,062	395,191	-3.3%	9.8%
Mokra Luka 1	963	382,798	374,320	2.3%	563,148	542,070	3.9%	10.9%
Mokra Luka 2	963	384,165	374,320	2.6%	569,150	542,070	5.0%	9.4%
Jovice 1	979	327,064	385,893	-15.2%	460,810	512,453	-10.1%	3.8%
Jovice 2	979	318,831	385,893	-17.4%	450,424	512,453	-12.1%	3.0%
Brestovec	850	358,833	316,969	13.2%	532,965	459,014	16.1%	18.1%
Polianka	999	362,220	396,784	-8.7%	517,578	525,929	-1.6%	20.8%
Myjava	999	408,945	387,058	5.7%	594,171	550,656	7.9%	21.9%
Total Slovak PP	10,429	3,906,845	4,037,771	-3.2%	5,573,796	5,614,867	-0.7%	11.9%
Verderio	261	102,524	86,103	19.1%	138,065	128,178	7.7%	9.3%
Biella, Verrone	993	393,271	348,051	13.0%	561,178	524,431	7.0%	-10.8%
Total Italian PP	1 254	495,795	434,154	14.2%	699,243	652,609	7.1%	-7.4%
Symonston	144	30,370	29,120	4.3%	91,080	89,400	1.9%	NA
Total Australia PP	144	30,370	29,120	4.3%	91,080	89,400	1.9%	NA
Brandenburg	75	25,157	26,356	-4.5%	34,015	33,710	0.9%	99.5%
Altentreptow	156	52,374	56,608	-7.5%	69,301	72,640	-4.6%	-4.1%
Total Germany PP	256	77,531	82,964	-6.5%	103,316	106,350	-2.9%	-4.1%

Total	27 054	10,254,520	10,628,278	-3.5%	15,019,635	14,506,521	3.5%	18.7%
--------------	---------------	-------------------	-------------------	--------------	-------------------	-------------------	-------------	--------------

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

Chart 1. Generation results and capacity growth between Jan 2011 - Jun 2014



O&M service

The traditional PV markets with large installed capacities across the Europe remain very attractive for our operations & maintenance business unit Photon Energy Operations. The installed base across the European Union currently amounts to more than 80 GWp. We are gradually marking an ever larger footprint on this ground, expanding our portfolio to more than 100 MWp under O&M services. The total O&M portfolio can be divided into full O&M services which included approximately 56.7 MWp and can be broken down geographically into 33.8 MWp operated in the Czech Republic, 10.8 MWp in Slovakia, 7.7 MWp in Germany, 1.3 MWp in Italy, 0.3 MWp in Australia and 3 MWp in Belgium. The O&M portfolio divides into 27.1 MWp of PV capacities from the proprietary portfolio and 29.6 MWp serviced for external clients.

Photon Energy Operations (PEO) is also providing preventive maintenance on the basis of contracts for Satcon central inverters. At the end of Q2 2014, the total cumulative capacity of Satcon inverters amounted to 45.2 MWp, dividing regionally into France (16.5 MWp), Italy (11 MWp), Belgium (6.95 MWp), Germany (1.75 MWp), Slovakia (5.5 MWp), Czech Republic (0.5MWp) and Martinique (3 MWp). After the reporting period PEO signed additional contracts extending its portfolio by 5.5 MWp in Slovakia and bringing it up to 50.7 MWp.

2.5. Financial statement analysis

Profit and Loss statement

Consolidated revenues increased slightly in Q2 2014 compared to the same period of the previous year, from EUR 4.394 million to EUR 4.537 million, up by 3.3% YOY. The increase was driven mainly by more favourable weather conditions, with more sunny days and irradiation compared to the comparable period of 2013.

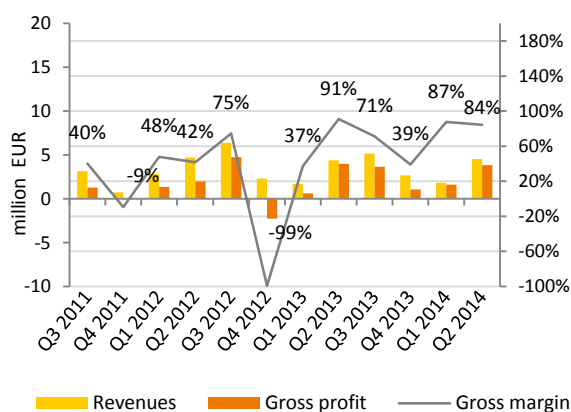
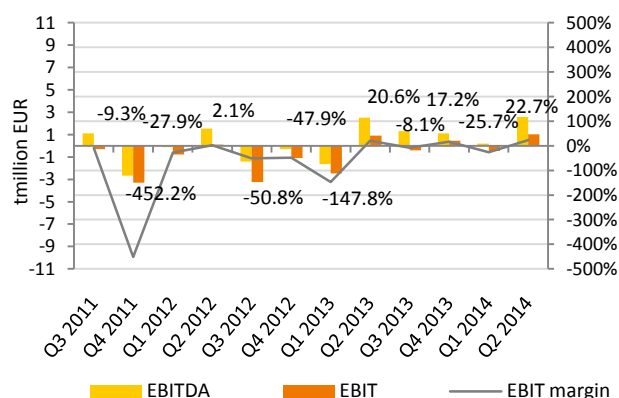
EBIT result went up from a EUR 0.904 million to EUR 1.029 million, up by 13.8% YOY (EUR 1.282 million without the Czech solar levy). The main increase are the higher revenues as described above and lower tax levy (due to decrease from 26% to 10%; in absolute figures decrease from EUR 0.737 million to EUR 0.253 million).

EBITDA improved slightly, increasing from EUR 2.524 million in Q2 2014 to EUR 2.566 million in comparable period of the previous year, up by 1.7% YOY. The increase in operating profitability was partially offset by the lower level of depreciation allowance (EUR 1.537 million in Q2 2014 compared to EUR 1.620 million in Q1 2013).

Net loss reached EUR 0.693 million the reporting period compared to a loss of EUR 0.244 million in Q2 2013 (a loss of EUR 0.440 million without the Czech solar levy).

The red bottom line was primarily driven by the higher financial expenses. Out of the total EUR 1.731 million of financial costs, EUR 0.747 million is related to the revaluation of the interest rate derivatives and has no cash impact on the profitability, but represents a purely accounting transaction. Without this transaction, net profit would be equal to a profit of EUR 0.054 million

Total comprehensive loss amounted to EUR 0.308 million in Q2 2014 comparing to EUR 0.058 million in Q2 2013.

Chart 2. Revenues, gross profit and gross margin

Chart 3. EBITDA, EBIT and EBIT margin development


Balance Sheet

Total assets amounted to EUR 90.938 million at the end of Q2 2014 and decreased by EUR 14.824 million compared to Q2 2013. The main reason for the decrease of the total assets was the fall in the value of fixed assets. Most of its value is represented by the fair value of the power plants that is reviewed on a quarterly basis. Because of the approval of the 10% solar levy for the entire useful economic life of the power plants by the Czech government, coming into effect in 2014, the value of the power plants located in the Czech Republic has been written-down as of 30 September 2013. The total impact of this revaluation including the deferred tax effect was EUR 5.576 million (EUR 4.517 million without deferred tax). The rest of the decrease in the value is caused by the annual depreciation and amortization and also the impact of a worse exchange rate caused by an intervention by the Czech National Bank reflected in the currency reserves.

Current assets decreased from EUR 14.632 million as of 30 June 2013 to EUR 11.971 million as of 30 June 2014 mainly due to lower trade and other receivables (lower by EUR 3.379 million).

Total liabilities amounted to EUR 66.903 million as of the end of the reporting period compared to EUR 70.916 million as of the end of Q2 2013. The main drivers of this decrease were a partial repayment of bank loans (lower by EUR 4.725 million of the end of Q2 2014 compared to a comparable period), however, its closing balance has been also influenced by the change of the CZK/EUR exchange rate as the major part of bank loans is denominated in CZK. The group has slightly increased the level of other payables, mainly as a result of the negative revaluation of the derivatives used for Czech and Slovak SPVs.

Chart 4. Net current assets

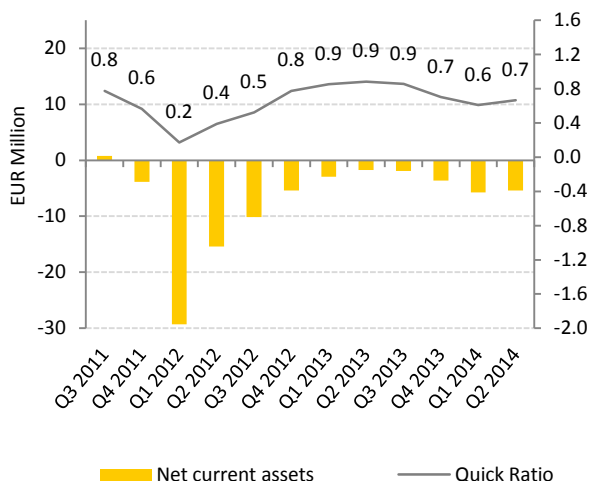
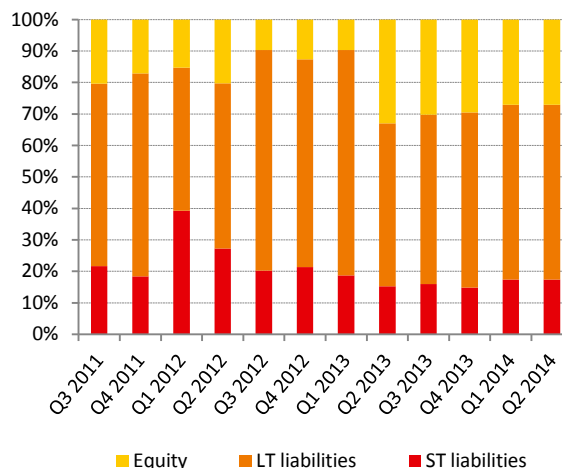


Chart 5. Break down of liabilities and equity



Cash Flow

The Group posted a positive operating cash flow in Q2 2014, which amounted to EUR 1.309 million. Financial cash flow resulted in negative EUR 0.241 million primarily due to the repayment of borrowings and the payment of the subsidiary Photon Energy Investments’ bond coupon, slightly compensated by proceeds from issuing new bonds. Overall, the net change in cash resulted in an increase of EUR 1.068 million of the cash position by EUR 4.814 million at the end of the reporting period.

Chart 6. Operating, investment and financing cash flow

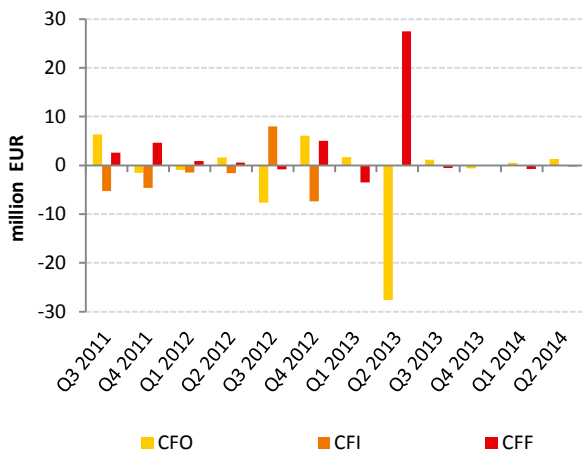
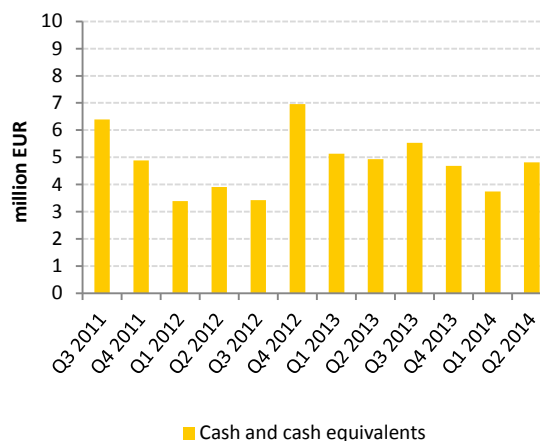


Chart 7. Cash position at the end of the period



Changes in equity

Equity decreased to EUR 23.896 million in Q2 2014 comparing to EUR 34.715 million in Q2 2013 mainly as a result of negative currency and hedging reserve, as well as negative impact of revaluation of assets in the Czech Republic performed at the end of the year 2013.

2.6. Financial forecasts

The Company did not publish any financial forecasts.

3. General information about the Issuer

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

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

4. Share capital of the Issuer

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

Share capital as of 30 June 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						

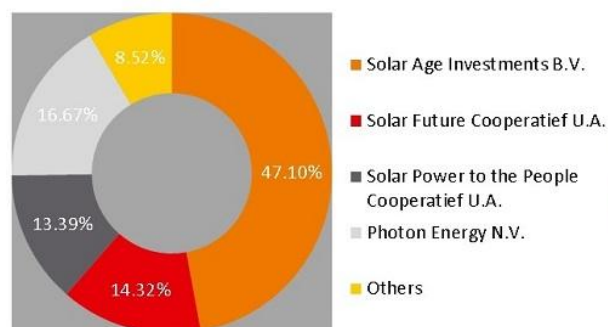
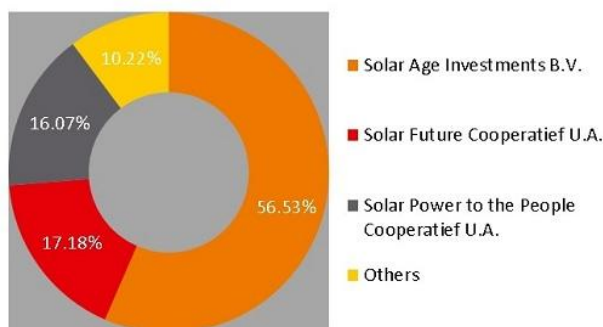
In the reporting period there were no changes to the share capital.

5. Shareholder structure

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

Shareholder	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Age Investments B.V.	28,263,274	47.10%	28,263,274	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.	10,000,025	16.67%	0	0%
Free float	5,109,389	8.52%	5,109,414	10.22%
Total	60,000,000	100.00%	50,000,000	100.00%

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

Chart 8. Graphical presentation of the Company's shareholders structure
By the number of shares:

By the number of votes:


6. Statutory bodies of the Issuer

Board of Directors

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

Board of Directors as of 31 March 2014

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

Supervisory Board

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

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

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

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

7. Description of the Issuer's business

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

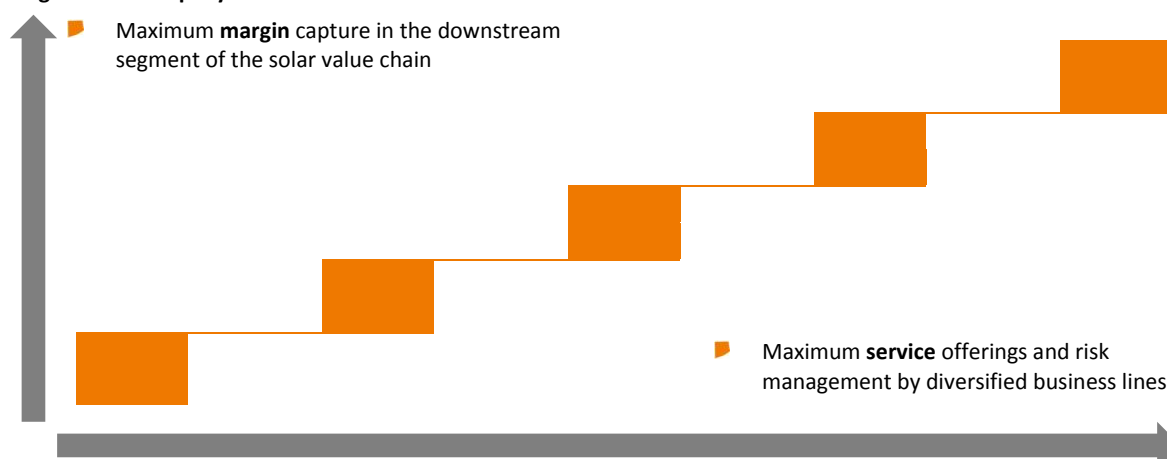
The Group is vertically integrated in the downstream segment of the photovoltaic industry. Through **its five divisions** of expertise the Company serves the needs of clients with extensive know-how in:

- Project development, EPC services and technology solutions – Photon Energy **Solutions**
- Asset management – Photon Energy **Investments**
- Project finance and insurance – Photon Energy **Finance**
- Energy production on site – Photon Energy **Generation**
- Operations and Maintenance (O&M) – Photon Energy **Operations**

The Company has a vast experience and a proven track record of completing photovoltaic projects for its own portfolio as well as for the third parties. It develops, builds and operates brownfield, greenfield and rooftop installations. The Company's power solutions provide solar and solar-hybrid power for a wide-range of **customers and applications**:

- Commercial and residential buildings
- Municipalities and public buildings
- Remote communities
- Agricultural and industrial processes
- Remote mining operations
- Airports
- Telecom infrastructure
- Utility power grids
- Institutional and individual solar investors

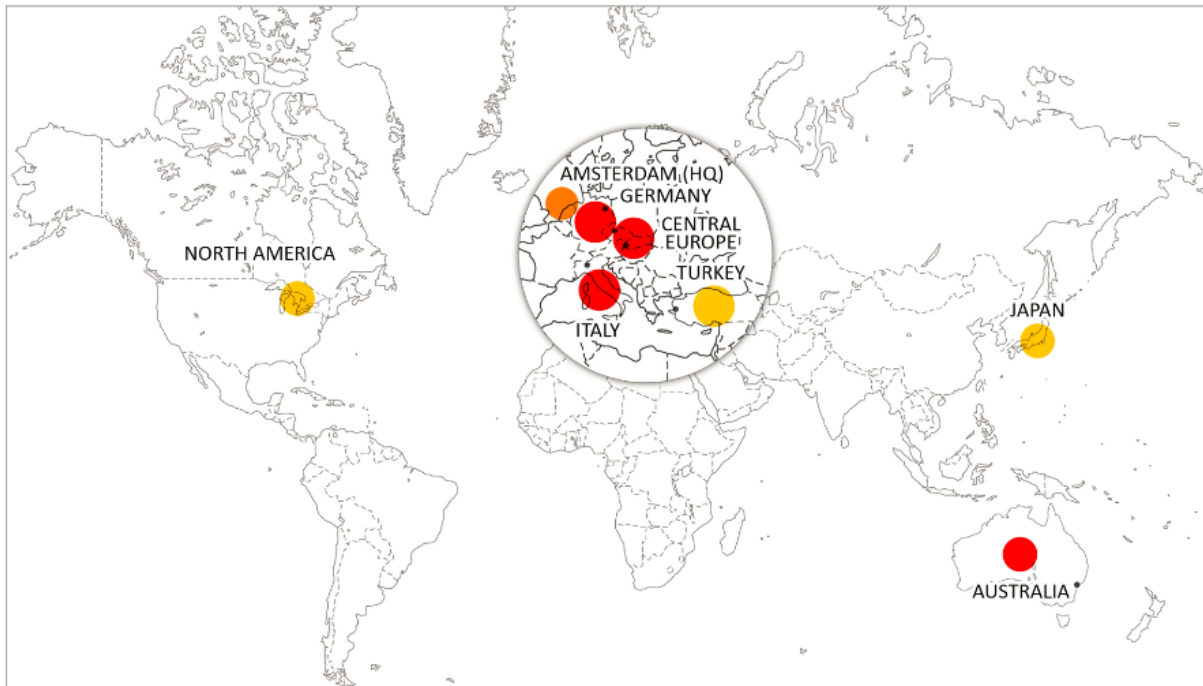
Image 1. The Company's business model



SOLUTIONS.	INVESTMENTS.	FINANCE.	GENERATION.	OPERATIONS.
Energy solutions and project development from concept to completion.	Solar power asset creation and management.	Total solar power system packages and top quality components.	Solar power generation on-site with no up-front costs for customers.	Fully integrated power plant monitoring and O&M services.

Photon Energy’s **business model** is designed to extract the most value from the downstream segment of the solar industry supply chain and diversify risks across synergistic business lines.

Image 2. Country-specific references



Currently Photon Energy Group with 70+ professionals is active in eight countries across three continents (headquartered in Amsterdam). With a track of 50 MWp of grid-connected PV plants across 5 countries and more than 80 MWp of PV power plants under O&M management across two continents Photon Energy is one of the 20 global PV companies and among the leading public downstream PV companies in the world.

8. Implementation of innovative activities in the Company

Among innovative activities it is worth mentioning a new pioneering project, designed at solar electricity generation in off-grid locations, combined with a battery storage system. Once completed, it will become a benchmark for providing complete power supply solutions for remote locations. More informations can be found in EBI report 20/2014 published on 15 July 2014.

9. Group structure

The following table presents the Group's structure (subsidiaries and joint-ventures) and the holding company's stake in the entities comprising the Group as of 30 June 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 Energy Technology CEE s.r.o.	100%	100%	CZ	Full Cons.	PET BV
3 Photon SPV 5 s.r.o.	100%	100%	CZ	Full Cons.	PEI CZ NV
4 Photon SPV 1 s.r.o.	100%	100%	CZ	Full Cons.	PEI NV
5 Photon SK SPV 1 s.r.o.	50%	50%	SK	Equity	PEI NV
6 Photon SK SPV 2 s.r.o.	100%	100%	SK	Full Cons.	PEI NV
7 Photon SK SPV 3 s.r.o.	100%	100%	SK	Full Cons.	PEI NV
8 EcoPlan 2 s.r.o.	100%	100%	SK	Full Cons.	PEI NV
9 EcoPlan 3 s.r.o.	100%	100%	SK	Full Cons.	PEI NV
10 SUN4ENERGY ZVB, s.r.o.	100%	100%	SK	Full Cons.	PEI NV
11 SUN4ENERGY ZVC, s.r.o.	100%	100%	SK	Full Cons.	PEI NV
12 Fotonika, s.r.o.	60%	50%	SK	Equity	PEI NV
13 ATS Energy, s.r.o.	70%	70%	SK	Full Cons.	PEI NV
14 Solarpark Myjava s.r.o.	50%	50%	SK	Equity	PEI NV
15 Solarpark Polianka s.r.o.	50%	50%	SK	Equity	PEI NV
16 Photon Energy Investments CZ N.V.	100%	100%	NL	Full Cons.	Photon Energy
17 Photon Energy Polska Sp. z o.o.	100%	100%	PL	Full Cons.	Photon Energy
18 Photon Energy Australia Pty Ltd.	100%	100%	AUS	Full Cons.	Photon Energy
19 Photon Energy Operations IT	100%	100%	IT	Full Cons.	PEO NV
20 IPVIC GbR	18.5%	18.5%	DE	Not Cons	PEI CZ
21 Photon Energy Operations SK s.r.o.	100%	100%	SK	Full Cons.	PEO NV
22 Photon Energy Operations CZ s.r.o.	100%	100%	CZ	Full Cons.	PEO NV
23 Photon Energy Operations DE GmbH	100%	100%	DE	Full Cons.	PEO NV
24 Photon Energy Operations Australia Pty.Ltd.	100%	100%	AUS	Full Cons.	PEO NV
25 Photon Energy Engineering Australia Pty Ltd	100%	100%	AUS	Full Cons.	PEE BV
26 Photon Energy Engineering Europe GmbH	100%	100%	DE	Full Cons.	PEE BV
27 Photon DE SPV 3 GmbH	100%	100%	DE	Full Cons.	PEI DE
28 Photon IT SPV 1 s.r.l.	100%	100%	IT	Full Cons.	PEI NV
29 Photon IT SPV 2 s.r.l.	100%	100%	IT	Full Cons.	PEI NV
30 Photon Energy Projects s.r.l.	100%	100%	IT	Full Cons.	PEP NV
31 Photon Energy Investments IT N.V.	100%	100%	NL	Full Cons.	Photon Energy
32 Photon Energy Investments DE N.V.	100%	100%	NL	Full Cons.	Photon Energy

33	Photon Directors B.V.	100%	100%	NL	Full Cons.	Photon Energy
34	Photon Energy Operations N.V.	100%	100%	NL	Full Cons.	Photon Energy
35	Photon Energy Finance Europe GmbH	100%	100%	NL	Full Cons.	Photon Energy
36	Photon Energy Projects B.V.	100%	100%	NL	Full Cons.	Photon Energy
37	Photon Energy AUS SPV 1 Pty. Ltd.	100%	100%	NL	Full Cons.	PEI NV
38	Photon Energy AUS SPV 2 Pty. Ltd.	100%	100%	NL	Full Cons.	PEP BV
39	Photon Energy Generation Australia Pty. Ltd.	100%	100%	NL	Full Cons.	PEI NV
40	Photon Energy Investments N.V.	100%	100%	NL	Full Cons.	Photon Energy
41	Photon Energy Engineering B.V.	100%	100%	NL	Full Cons.	Photon Energy
42	Photon Energy Technology B.V.	100%	100%	NL	Full Cons.	Photon Energy
43	European Solar Holdings B.V.	100%	100%	NL	Full Cons.	Photon Energy
44	Photon Energy Technology Europe Ltd	100%	100%	IR	Full Cons.	PET BV
45	Photon Energy Corporate Services DE GmbH	100%	100%	DE	Full Cons.	Photon Energy
46	Photon Energy Corporate Services CZ s.r.o.	100%	100%	CZ	Full Cons.	Photon Energy

Notes:**Country of registration**

NL – the Netherlands

SK – Slovakia

CZ – the Czech Republic

DE – Germany

IT – Italy

AUS – Australia

IR – Ireland

PL – Poland

Consolidation method:

Full Cons. - Full Consolidation

Not Cons. – Not Consolidated

Equity – Equity Method

After the reporting, in August 2014, there was the following change to the Group structure:

Name	Structure Change	Country of registration
1 Photon DE SPV 1 GmbH	Merged with Photon Energy Engineering Europe GmbH	DE

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

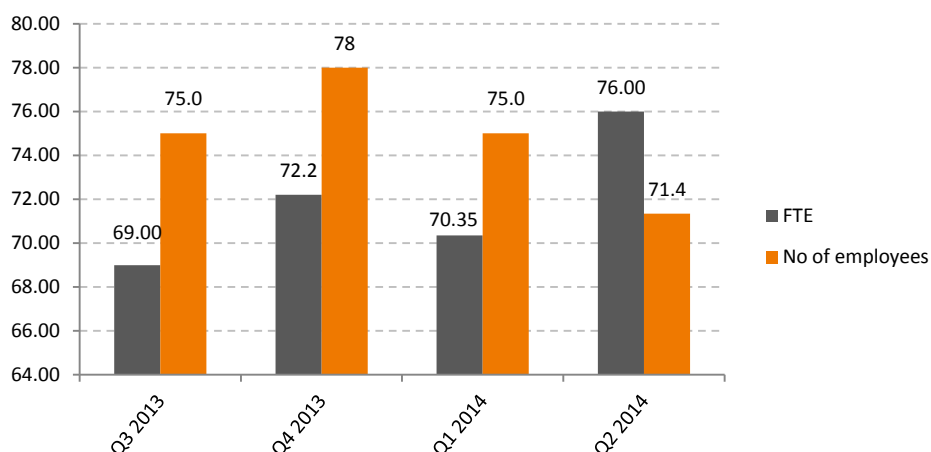
Name	% of Consolidated share	% of Ownership share	Country of registration	Consolidation method	Legal Owner
1 Photon SPV 3 s.r.o.	100%	0	CZ	Full Cons.	RLRE
2 Photon SPV 8 s.r.o.	100%	0	CZ	Full Cons.	RLRE
3 Exit 90 SPV s.r.o.	100%	0	CZ	Full Cons.	RLRE
4 Photon SPV 4 s.r.o.	100%	0	CZ	Full Cons.	RLRE
5 Photon 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.

10. Employees

By the end of Q2 2014 the Photon Energy Group had 75 employees (compared to 75 employees in Q1 2014) which amounted to 71.4 FTE¹ (compared to 70.35 FTE in Q4 2013).

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

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

Employee Share Purchase Programme

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

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

11.1. Summary of the key events from 1 April until 30 June 2014

Below is a summary of the key events which were important for the Issuer's business from 1 April until 30 June 2014 and which were reported in the EBI system:

No. 7/2014 published on 14 April 2014: Monthly report for March 2014

No. 8/2014 published on 14 May 2014: Monthly report for April 2014

No. 9/2014 published on 15 May 2014: Quarterly report for Q1 2014 / Raport kwartalny za I kw 2014r.

No. 10/2014 published on 23 May 2014: Change of the reporting date of the annual report / Zmiana terminu publikacji raportu rocznego

No. 11/2014 published on 27 May 2014: Change in the application of Good Practices/ Zmiana zakresu stosowania

No. 12/2014 published on 27 May 2014: Annual report for the year 2013 / Raport roczny za rok 2013

No. 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.

No. 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.

No. 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.

No. 16/2014 published on 13 June 2014: Monthly report for May 2014 / Raport miesięczny za maj 2014 r.

11.2. Summary of the key events after 30 June 2014

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

No. 17/2014 published on 3 July 2014: Comments on the proposed retroactive regulatory changes in Italy / Komentarz w sprawie zaproponowanych zmian regulacyjnych we Włoszech

No. 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.

No. 19/2014 published on 14 July 2014: Monthly report for June 2014 / Raport miesięczny za czerwiec 2014 r.

No. 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.

12. Detailed consolidated financial results for Q2 2014

The tables below present the **consolidated** and **un-audited** financial statements of Photon Energy N.V. for the three-month period starting on 1 April 2014 and ending on 30 June 2014 and the corresponding period of the previous year. The reported data is presented in accordance with **International Financial and Reporting Standards (IFRS)**.

Statement of Comprehensive Income

<i>in Thousands</i>	EUR		PLN	
	2013 Q2	2014 Q2	2013 Q2	2014 Q2
Revenues from the sale of products, goods and services	4 394	4 537	18 263	18 927
Cost of sales	-69	-462	-261	-1 928
Tax levy	-737	-253	-3 070	-1 054
Gross profit	3 588	3 822	14 932	15 945
Salaries and compensation - administration expenses	-820	-635	-3 381	-2 645
Other administrative expenses	-189	-789	-688	-3 290
Other income	5	0	20	0
Other expenses	-60	167	-248	701
EBITDA	2 524	2 566	10 634	10 711
Depreciation	-1 620	-1 537	-6 721	-6 411
EBIT	904	1 029	3 914	4 300
Interest income	0	23	0	97
Interest cost	-589	-952	-2 431	-3 967
Financial income	-58	0	-246	0
Financial expenses	-440	-802	-1 808	-3 345
Disposal of investment	0	0	-30	0
Net finance expenses	-1 087	-1 731	-4 514	-7 216
Share of profit from associates / J-Vs	92	95	386	395
Profit / loss before taxation	-91	-608	-214	-2 521
Income tax – current	-33	-15	-138	-65
Income tax – deferred	-120	-70	-504	-291
Profit/loss from continuing operations	-244	-693	-856	-2 877
Other comprehensive income for the period	302	385	1 305	1 613
Total comprehensive income for the period	58	-308	449	-1 264
Profit/loss from continuing operations	-244	-693	-856	-2 877
Attributable to minority interest	5	1 796	21	7 515
Attributable to the equity holders	-249	-2 489	-877	-10 391
Total comprehensive income for the period	58	-308	449	-1 264
Attributable to minority interest	11	2 376	46	9 942
Attributable to the equity holders	47	-2 684	403	-11 206
Average no. of shares in thousand	50 000	60 000	50 000	60 000
Earnings per share	-0,005	-0,012	-0,017	-0,048

Comprehensive income per share	0,001	-0,005	0,009	-0,021
EUR exchange rate - low	-	-	4,100	4,099
EUR exchange rate - average	-	-	4,199	4,166
EUR exchange rate - high	-	-	4,349	4,209

Note: Exchange rate provided by the European Central Bank

Statement of Financial Position

in Thousands	EUR		PLN	
	30/06/2013	30/06/2014	30/06/2013	30/06/2014
PPE – Lands	2 964	2 820	12 853	11 721
PPE – Photovoltaic power plants	85 739	72 775	371 811	302 496
PPE – Other equipment	48	631	207	2 621
PPE – Assets in progress	305	305	1 324	1 266
Intangible assets	0	0	0	0
Investments in associates	2 328	2 427	10 096	10 087
Other investments	17	10	74	41
Goodwill	0	0	0	0
Deferred tax assets	0	0	0	0
Assets held for sale	0	0	0	0
Long term loans and other receivables	0	0	0	0
Other assets	0	0	0	0
Non-current assets	91 401	78 967	396 365	328 232
Cash and cash equivalents	4 934	4 813	21 397	20 007
Trade and other receivables	9 182	5 803	39 818	24 121
Gross amount due from customers for contract work	0	0	0	0
Inventories – Goods	145	412	629	1 714
Assets held for sale	0	0	0	0
Prepaid expenses	101	943	438	3 919
Current assets	14 362	11 971	62 282	49 760
Total assets	105 763	90 938	458 647	377 992
Issued share capital	500	600	2 168	2 494
Share premium	23 760	23 760	103 037	98 760
Legal Reserve fund	10	27	43	111
Retained earnings	-13 371	-17 282	-57 984	-71 832
Fund for currency conversions	-772	0	-3 348	0
Other comprehensive income from previous periods	27 154	19 475	117 755	80 947
Other comprehensive income	614	-195	2 663	-811
Profit/loss-current year	-3 180	-2 489	-13 790	-10 345
Equity in associates, joint ventures	0	0	0	0
Equity attributable to equity holders	34 715	23 896	150 544	99 325
Minority interests	132	139	572	578
Total equity	34 847	24 035	151 116	99 903
Non-current liabilities	54 790	49 552	237 600	205 965
Bank loan	45 910	41 149	199 092	171 037
Other long-term liabilities	4 166	4 892	18 066	20 334
Deferred tax liabilities	4 714	3 511	20 443	14 594
Current liabilities	16 126	17 352	69 930	72 123

Trade and other payables	6 891	8 065	29 882	33 520
Bank loan	3 167	3 203	13 734	13 312
Other Loans	6 000	6 000	26 019	24 939
Other short-term liabilities	68	0	295	0
Tax liabilities (CIT)	0	84	0	351
Total Liabilities	70 916	66 903	307 531	278 088
in Thousands	EUR		PLN	
TOTAL EQUITY AND LIABILITIES	105 763	90 938	458 647	377 991
No. of shares in thousand	50 000	60 000	50 000	60 000
Book value per share	0.694	0.398	3.011	1.655

Cash Flow Statement

<i>in Thousands</i>	EUR		PLN	
	2013 Q2	2014 Q2	2013 Q2	2014 Q2
Profit for the year	-244	-693	-856	-2 877
Adjustments for:				
Depreciation	1 620	1 537	6 721	6 411
Net finance costs	1 087	1 731	4 514	7 216
Share of profit of equity accounted investees	-92	-95	-386	-395
Profit /Loss on sale of property, plant and equipment	0	0	0	0
Receivables write-off	49	4	207	17
Income tax expense	104	81	434	339
Changes in:				
Trade and other receivables	2 899	-882	12 028	-3 678
Gross amount due from customers for contract work	0	0	0	0
Prepaid expenses	-2	-57	-28	-232
Inventories	-6	-51	-26	-215
Trade and other payables	-9 070	6	-38 129	55
Other assets	0	0	0	0
Other liabilities	-23 392	-91	-97 162	-382
Interests paid	-383	-131	-1 600	-637
Income tax paid	-165	-50	-689	-209
Operating cash flow	-27 595	1 309	-114 972	5 414
Acquisition of property, plant and equipment	0	0	0	0
Acquisition of subsidiary (net of cash acquired), associates, joint ventures	0	0	0	0
Acquisition of other investments	0	0	0	0
Proceeds from sale of investments	0	0	2	0
Sale of investment	0	0	0	0
Proceeds from sale of property, plant and equipment, other investments	0	0	0	0
Other investments	0	0	0	0
Interest received	0	0	0	0
Investment cash flow	0	0	2	0
Proceeds from borrowings	1 114	0	4 716	0
Proceeds from issuing bonds	4035	447	16 856	1 866
Payment of bond coupons	-80	-94	-334	-390
Proceeds from issuing of ordinary shares	24 260	0	101 045	0
Repayment of borrowings	-1 812	-595	-7 436	-2 477
Financial cash flow	27 517	-241	114 846	-1 000
Net change in cash	-78	1 068	-124	4 414
Cash at the beginning of the period	5 130	3 746	21 715	15 629
Effect of exchange rate fluctuation	-118	0	-195	-36
Cash at the end of the period	4 934	4 814	21 397	20 007
<i>EUR exchange rate - low</i>	-	-	4,100	4,099
<i>EUR exchange rate - average</i>	-	-	4,199	4,166
<i>EUR exchange rate - high</i>	-	-	4,349	4,209

Note: Exchange rate provided by the European Central Bank

Statement of Changes in Equity

in thousand EUR	Combined equity	Share capital	Share premium	Legal reserve Fund	Revaluation reserve	Currency translation reserve	Hedging reserve	Retained earnings	TOTAL	Non-controlling interests	TOTAL EQUITY
BALANCE at 10.1.2008	89	0	0	0	0	0		0	89	0	89
Profit	-302								-302	0	-302
Currency translation reserve						-27			-27	0	-27
Total comprehensive income for the year	-302	0	0	0	0	-27		0	-329	0	-329
Photon Energy a.s. Share premium	592								592	0	592
BALANCE at 31.12.2008	379	0	0	0	0	-27		0	352	0	352
BALANCE at 1.1.2009	379	0	0	0	0	-27		0	352	0	352
Profit	1 263								1 263	0	1 263
Revaluation of PPE	978								978	0	978
Currency translation reserve	8					4			12	0	12
Total comprehensive income for the year	2 249	0	0	0	0	4		0	2 253	0	2 253
BALANCE at 31.12.2009	2 628	0	0	0	0	-23		0	2 605	0	2 605
BALANCE at 1.1.2010	2 628	0	0	0	0	-23		0	2 605	0	2 605
Profit	1 896								1 896	11	1 907
Profit JV investments	-60								-60		-60
Foreign currency translation differences	-9								-9		-9
Revaluation of PPE	14 084								14 084		14 084
Total comprehensive income for the year	15 911	0	0	0	0	0		0	15 911	11	15 922
Legal reserve fund	-9			9					0		0
Acquisitions (non-controlling interests)									0	1	1
BALANCE at 22.12.2010	18 530	0	0	9	0	-23		0	18 516	12	18 528
BALANCE at 23.12.2010	18 530	0	0	9	0	-23		0	18 516	12	18 528
Profit								-135	-135	-52	-187
Profit JV investments								-5	-5	-1	-6
Foreign currency translation differences						219			219	86	305
Revaluation of PPE					1 072				1 072	422	1 494
Total comprehensive income for the year	0	0	0	0	1 072	219		-140	1 151	455	1 606
Share capital		46							46		46
Contribution in kind 23.12.2010	-18 530				14 084	-9		-780	-5 235	5 235	0
BALANCE at 31.12.2010	0	46	0	9	15 156	187		-920	14 478	5 702	20 180
BALANCE at 1.1.2011	0	46	0	9	15 156	187		-920	14 478	5 702	20 180
Profit								-5 303	-5 303	-1 751	-7 054
Revaluation of PPE					2 590				2 590	1 116	3 706
Share on revaluation of PPE of associates, JV					492				492	194	686
Foreign currency translation differences						-358			-358	60	-298
Share on currency translation diff. of associates, JV						37			37	15	52
Total comprehensive income for the year	0	0	0	0	3 082	-321		-5 303	-2 542	-366	-2 908
Deferred tax related to FA revaluation decrease					159				159	63	222
Move from revaluation reserve to retained earnings					-839			839	0	0	0
BALANCE at 31.12.2011	0	46	0	9	17 558	-134		-5 384	12 095	5 399	17 494

BALANCE at 1.1.2012	0	46	0	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	
Derivatives							-430	-430	-169	-599	
Share on derivatives JV							-140	-140	-55	-195	
Total comprehensive income for the year	0	0	0	0	7 277	457	-570	-10 674	-3 510	529	-2 981
share capital increase		184	-184						0	0	0
Move from revaluation reserve to retained earnings					-885		885	0	0	0	
Legal reserve fund				9			-9	0	0	0	
Dividends								0	-35	-35	
Disposal of NCI - move to other components of equity			184		4 868		-224	941	5 769	-5 769	0
BALANCE at 31.12.2012	0	230	0	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	0	0	0	0	-4 517	-2 713	337	-5 011	-11 904	15	-11 889
new shares		370	23 760						24 130	0	24 130
Move from revaluation reserve to retained earnings					-1 466		1 466	0	0	0	
Legal reserve fund - move to RE on entity disposal				-8				8	0	0	0
BALANCE at 31.12.2013	0	600	23 760	10	22 835	-2 390	-457	-17 778	26 580	139	26 719
Loss for the period											
1.1.2014 - 30.6.2014								-2 489	-2 489	0	-2 489
Revaluation of PPE					23				23		23
Foreign currency translation differences						146			146		146
Derivatives							-273		-273	0	-273
Share on derivatives JV							-91		-91		-91
Total comprehensive income for the year	0	0	0	0	23	146	-364	-2 489	-2 684	0	-2 684
new shares									0	0	0
Move from revaluation reserve to retained earnings					-513		513	0	0	0	
Legal reserve fund - move to RE on entity disposal				17				-17	0	0	0
BALANCE at 31.3.2014	0	600	23 760	27	22 345	-2 244	-821	-19 770	23 896	139	24 035

13. Detailed accumulated consolidated financial results for Q1-Q2 2014

The tables below present the **consolidated** and **un-audited** financial statements of Photon Energy N.V. for the six-month period starting on 1 January 2014 and ending on 30 June 2014 and the corresponding period of the previous year. The reported data is presented in accordance with **International Financial and Reporting Standards (IFRS)**.

Statement of Comprehensive Income

<i>in Thousands</i>	EUR		PLN	
	2013Q1-Q2	2014 Q1-Q2	2013Q1-Q2	2014Q1- Q2
Revenues from the sale of products, goods and services	6 067	6 367	25 345	26 584
Cost of sales	-562	-565	-2 348	-2 359
Tax levy	<u>-894</u>	<u>-379</u>	<u>-3 735</u>	<u>-1 582</u>
Gross profit	4 611	5 423	19 262	22 644
Salaries and compensation - administration expenses	-1 614	-1 421	-6 742	-5 934
Other administrative expenses	-2 010	-1 092	-8 397	-4 558
Other income	18	0	75	0
Other expenses	<u>-110</u>	<u>-143</u>	<u>-460</u>	<u>-598</u>
EBITDA	895	2 767	3 739	11 554
Depreciation	<u>-2 464</u>	<u>-2 209</u>	<u>-10 293</u>	<u>-9 223</u>
EBIT	-1 569	558	-6 554	2 331
Interest income	<u>0</u>	<u>59</u>	<u>0</u>	<u>247</u>
Interest cost	-1 119	-1 798	-4 675	-7 506
Financial income	0	3	0	12
Financial expenses	-983	-1 321	-4 106	-5 515
Disposal of investment	535	0	2 235	0
Net finance expenses	-1 567	-3 056	-6 546	-12 762
Share of profit from associates / J-Vs	<u>60</u>	<u>91</u>	<u>251</u>	<u>378</u>
Profit / loss before taxation	-3 076	-2 408	-12 850	-10 052
Income tax – current	-33	-15	-138	-65
Income tax – deferred	<u>-71</u>	<u>-66</u>	<u>-297</u>	<u>-274</u>
Profit/loss from continuing operations	-3 180	-2 489	-13 284	-10 391
Other comprehensive income for the period	<u>-481</u>	<u>-195</u>	<u>-2 009</u>	<u>-814</u>
Total comprehensive income for the period	-3 661	-2 684	-15 294	-11 206
Profit/loss from continuing operations	-3 180	-2 489	-13 284	-10 391
Attributable to minority interest	2	0	8	0
Attributable to the equity holders	-3 182	-2 489	-13 293	-10 391
Total comprehensive income for the period	-3 661	-2 684	-15 294	-11 206
Attributable to minority interest	8	0	33	0
Attributable to the equity holders	-3 669	-2 684	-15 327	-11 206
Average no. of shares in thousand	50 000	60 000	50 000	60 000

Earnings per share	-0.064	-0.041	-0.266	-0.173
Comprehensive income per share	-0.073	-0.045	-0.306	-0.187
EUR exchange rate - low	-	-	4.072	4.099
EUR exchange rate - average	-	-	4.177	4.175
EUR exchange rate - high	-	-	4.349	4.250

Note: Exchange rate provided by the European Central Bank

Cash Flow Statement

in Thousands	EUR		PLN	
	2013Q1- Q2	2014Q1- Q2	2013Q1- Q2	2014Q1- Q2
Profit for the year	-3 180	-2 489	-13 284	-10 391
Adjustments for:			0	0
Depreciation	2 464	2 209	10 293	9 223
Net finance costs	1 567	3 056	6 546	12 762
Share of profit of equity accounted investees	-60	-91	-251	-378
Profit /Loss on sale of property, plant and equipment	0	0	0	0
Receivables write-off	0	0	0	0
Income tax expense	104	81	434	339
Changes in:			0	0
Trade and other receivables	-2 564	-1 194	-10 711	-4 986
Gross amount due from customers for contract work	0	0	0	0
Prepaid expenses	357	-800	1 491	-3 339
Inventories	8	-23	33	-98
Trade and other payables	-4 761	1 439	-19 889	6 006
Other assets	0	0	0	0
Other liabilities	-19 281	75	-79 761	313
Interests paid	-383	-368	-1 600	-1 630
Income tax paid	-165	-95	-689	-397
Operating cash flow	-25 894	1 800	-107 386	7 423
Acquisition of property, plant and equipment	0	0	0	0
Acquisition of subsidiary (net of cash acquired), associates, joint ventures	0	0	0	0
Acquisition of other investments	0	0	0	0
Proceeds from sale of investments	-42	0	-175	0
Sale of investment	0	0	0	0
Proceeds from sale of property, plant and equipment, other investments	0	0	0	0
Other investments	0	0	0	0
Interest received	0	0	0	0
Investment cash flow	-42	0	-175	0
Proceeds from borrowings	0	0	0	0
Proceeds from issuing bonds	4 035	477	16 856	1 992
Payment of bond coupons	-80	-179	-334	-746
Proceeds from issuing of ordinary shares	24 260	0	101 345	0
Repayment of borrowings	-4 212	-1 264	-17 595	-5 276
Financial cash flow	24 003	-965	100 271	-4 030

Net change in cash	-1 933	835	-7 290	3 393
Cash at the beginning of the period	6 953	3 979	29 046	16 614
Effect of exchange rate fluctuation	-86	0	-359	0
Cash at the end of the period	4 934	4 814	21 397	20 007
<i>EUR exchange rate - low</i>	-	-	4.072	4.099
<i>EUR exchange rate - average</i>	-	-	4.177	4.175
<i>EUR exchange rate - high</i>	-	-	4.349	4.250

Note: Exchange rate provided by the European Central Bank

Statement of Changes in Equity

in thousand EUR	Combined equity	Share capital	Share premium	Legal reserve Fund	Revaluation reserve	Currency translation reserve	Hedging reserve	Retained earnings	TOTAL	Non-controlling interests	TOTAL EQUITY
BALANCE at 10.1.2008	89	0	0	0	0	0		0	89	0	89
Profit	-302								-302	0	-302
Currency translation reserve						-27			-27	0	-27
Total comprehensive income for the year	-302	0	0	0	0	-27		0	-329	0	-329
Photon Energy a.s. Share premium	592								592	0	592
BALANCE at 31.12.2008	379	0	0	0	0	-27		0	352	0	352
BALANCE at 1.1.2009	379	0	0	0	0	-27		0	352	0	352
Profit	1 263								1 263	0	1 263
Revaluation of PPE	978								978	0	978
Currency translation reserve	8					4			12	0	12
Total comprehensive income for the year	2 249	0	0	0	0	4		0	2 253	0	2 253
BALANCE at 31.12.2009	2 628	0	0	0	0	-23		0	2 605	0	2 605
BALANCE at 1.1.2010	2 628	0	0	0	0	-23		0	2 605	0	2 605
Profit	1 896								1 896	11	1 907
Profit JV investments	-60								-60		-60
Foreign currency translation differences	-9								-9		-9
Revaluation of PPE	14 084								14 084		14 084
Total comprehensive income for the year	15 911	0	0	0	0	0		0	15 911	11	15 922
Legal reserve fund	-9			9					0		0
Acquisitions (non-controlling interests)									0	1	1
BALANCE at 22.12.2010	18 530	0	0	9	0	-23		0	18 516	12	18 528
BALANCE at 23.12.2010	18 530	0	0	9	0	-23		0	18 516	12	18 528
Profit								-135	-135	-52	-187
Profit JV investments								-5	-5	-1	-6
Foreign currency translation differences						219			219	86	305
Revaluation of PPE					1 072				1 072	422	1 494
Total comprehensive income for the year	0	0	0	0	1 072	219		-140	1 151	455	1 606
Share capital		46							46		46
Contribution in kind											
23.12.2010	-18 530				14 084	-9		-780	-5 235	5 235	0
BALANCE at 31.12.2010	0	46	0	9	15 156	187		-920	14 478	5 702	20 180
BALANCE at 1.1.2011	0	46	0	9	15 156	187		-920	14 478	5 702	20 180
Profit								-5 303	-5 303	-1 751	-7 054
Revaluation of PPE					2 590				2 590	1 116	3 706
Share on revaluation of PPE of associates, JV					492				492	194	686

Foreign currency translation differences						-358		-358	60	-298
Share on currency translation diff. of associates, JV						37		37	15	52
Total comprehensive income for the year	0	0	0	0	3 082	-321	-5 303	-2 542	-366	-2 908
Deferred tax related to FA revaluation decrease					159			159	63	222
Move from revaluation reserve to retained earnings					-839		839	0	0	0
BALANCE at 31.12.2011	0	46	0	9	17 558	-134	-5 384	12 095	5 399	17 494
BALANCE at 1.1.2012	0	46	0	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
Derivatives							-430	-430	-169	-599
Share on derivatives JV							-140	-140	-55	-195
Total comprehensive income for the year	0	0	0	0	7 277	457	-570	-10 674	-3 510	529
share capital increase		184	-184					0	0	0
Move from revaluation reserve to retained earnings					-885		885	0	0	0
Legal reserve fund				9			-9	0	0	0
Dividends								0	-35	-35
Disposal of NCI - move to other components of equity			184		4 868		-224	941	5 769	-5 769
BALANCE at 31.12.2012	0	230	0	18	28 818	323	-794	-14 241	14 354	124
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	0	0	0	0	-4 517	-2 713	337	-5 011	-11 904	15
new shares		370	23 760					24 130	0	24 130
Move from revaluation reserve to retained earnings					-1 466		1 466	0	0	0
Legal reserve fund – move to RE on entity disposal				-8			8	0	0	0
BALANCE at 31.12.2013	0	600	23 760	10	22 835	-2 390	-457	-17 778	26 580	139
Loss for the period 1.1.2014 - 30.6.2014							-2 489	-2 489	0	-2 489
Revaluation of PPE					23			23		23
Foreign currency translation differences						146		146		146
Derivatives							-273	-273	0	-273
Share on derivatives JV							-91	-91		-91
Total comprehensive income for the year	0	0	0	0	23	146	-364	-2 489	-2 684	0
new shares								0	0	0

Move from revaluation reserve to retained earnings					-513		513	0	0	0	
Legal reserve fund – move to RE on entity disposal				17			-17	0	0	0	
BALANCE at 31.3.2014	0	600	23 760	27	22 345	-2 244	-821	-19 770	23 896	139	24 035

14. Detailed entity financial results for Q2 2014

The tables below present the **entity** and **un-audited** financial statements of Photon Energy N.V. for the three-month period`

Income Statement

<i>in Thousands (except EPS)</i>	EUR		PLN	
	2013Q2	2014Q2	2013Q2	2014Q2
Revenues from the sale of products, goods and services	0	0	0	0
Cost of sales	-322	-1 061	-1 344	-4 431
Other administrative expenses	-322	-1 061	-1 344	-4 431
Other income	-1	0	-3	0
Other expenses	0	3	0	11
EBITDA	-322	-1 059	-1 347	-4 421
Amortization&depreciation	0	0	0	0
EBIT	-322	-1 059	-1 346	-4 421
Financial income	92	344	384	1 437
Financial costs	-664	-793	-2 772	-3 312
Profit / loss before taxation	0	0	0	0
Income tax	-894	-1 508	-3 734	-6 296
Profit/loss for the period (net income)	92	344	384	1 437

Balance Sheet

<i>in Thousands</i>	EUR		PLN	
	30/06/2013	30/06/2014	30/06/2013	30/06/2014
Non-current assets	40 119	30 986	166 757	128 794
PPE – Lands	0	0	0	0
PPE – Other equipment	0	0	0	0
PPE – Assets in progress	0	0	0	0
Intangible assets	31	42	130	175
Goodwill	0	0	0	0
Investments in associates	40 088	30 944	166 628	128 620
Other investments	0	0	0	0
Deferred tax assets	0	0	0	0
Assets held for sale	0	0	0	0
Other assets	0	0	0	0
Current assets	7 500	12 101	31 176	50 299
Cash and cash equivalents	177	51	735	214
Inventories	2	0	7	0
Trade and other receivables	7 322	11 291	30 434	46 932
Prepaid expenses	0	759	0	3 153
TOTAL ASSETS	47 619	43 087	197 933	179 093
Issued share capital	500	600	2 078	2 494
Share premium	36 871	36 871	153 257	153 257
Legal Reserve fund	0	0	0	0
Retained earnings	1 013	-19 217	4 211	-79 877
Reserves	0	8 972	0	37 292
Profit/loss for the current period	-894	1 508	-3 717	6 268
Total equity	37 490	28 734	155 829	119 433
Non-current liabilities	0	4 720	0	19 619
Bank loan	0	0	0	0
Other long-term liabilities	0	4 720	0	19 619
Provisions	0	0	0	0
Current liabilities	10 130	9 633	42 105	40 041
Trade and other payables	10 130	3 365	42 105	13 988
Other loan	0	6 268	0	26 052
Tax payables	0	0	0	0
TOTAL EQUITY AND LIABILITIES	47 619	43 087	197 933	179 093

15. Detailed accumulated entity financial results for Q1-Q2 2014

The tables below present the **entity** and **un-audited** financial statements of Photon Energy N.V. for the six-month period starting on 1 January 2014 and ending on 30 June 2014 and the corresponding period of the previous year. The reported data is presented in accordance with **International Financial and Reporting Standards** (IFRS).

Data presented in the table below for the year 2014 represent merged data for the Photon Energy N.V. and Photon Energy Investments N.V. However, the comparable data for Q2 2013 include only Photon Energy N.V. figures.

Income Statement

<i>in Thousands (except EPS)</i>	EUR		PLN	
	2013Q1-Q2	2014Q1-Q2	2013Q1-Q2	2014Q1-Q2
Revenues from the sale of products, goods and services	0	0	0	0
Cost of sales	-322	-1 061	-1 344	-4 431
Other administrative expenses	-322	-1 061	-1 344	-4 431
Other income	-1	0	-3	0
Other expenses	0	3	0	11
EBITDA	0	0	0	0
Amortization&depreciation	-322	-1 059	-1 347	-4 421
EBIT	0	0	0	0
Financial income	-322	-1 059	-1 346	-4 421
Financial costs	92	344	384	1 437
Profit / loss before taxation	-894	-1 508	-3 734	-6 296
Income tax	0	0	0	0
Profit/loss for the period (net income)	-894	-1 508	-3 734	-6 296

Balance Sheet

<i>in Thousands</i>	EUR		PLN	
	30/06/2013	30/06/2014	30/06/2013	30/06/2014
Non-current assets	40 119	30 986	166 757	128 794
PPE – Lands	0	0	0	0
PPE – Other equipment	0	0	0	0
PPE – Assets in progress	0	0	0	0
Intangible assets	31	42	130	175
Goodwill	0	0	0	0
Investments in associates	40 088	30 944	166 628	128 620
Other investments	0	0	0	0
Deferred tax assets	0	0	0	0
Assets held for sale	0	0	0	0
Other assets	0	0	0	0
Current assets	7 500	12 101	31 176	50 299
Cash and cash equivalents	177	51	735	214
Inventories	2	0	7	0
Trade and other receivables	7 322	11 291	30 434	46 932
Prepaid expenses	0	759	0	3 153
TOTAL ASSETS	47 619	43 087	197 933	179 093
Issued share capital	500	600	2 078	2 494
Share premium	36 871	36 871	153 257	153 257
Legal Reserve fund	0	0	0	0
Retained earnings	1 013	-19 217	4 211	-79 877
Reserves	0	8 972	0	37 292
Profit/loss for the current period	-894	1 508	-3 717	6 268
Total equity	37 490	28 734	155 829	119 433
Non-current liabilities	0	4 720	0	19 619
Bank loan	0	0	0	0
Other long-term liabilities	0	4 720	0	19 619
Provisions	0	0	0	0
Current liabilities	10 130	9 633	42 105	40 041
Trade and other payables	10 130	3 365	42 105	13 988
Other loan	0	6 268	0	26 052
Tax payables	0	0	0	0
TOTAL EQUITY AND LIABILITIES	47 619	43 087	197 933	179 093

16. Financial results per operating segments

The tables below present the **consolidated** and **un-audited** financial results per operating segment of Photon Energy N.V. for the period starting on 1 January 2014 and ending on 30 June 2014 and the corresponding period of the previous year. The reported data is presented in accordance with **International Financial and Reporting Standards (IFRS)**.

Results of the operating segments for the period from 1 January 2014 to 30 June 2014

Operating segments for the period from 1 January 2014 to 30 June 2014

in Thousands EUR	Energy solutions	Production of electricity	Operations, maintenance and PVPP supervision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information
External revenues from the sale of products, goods and services	167	5 738	431	0	5	6 341	0	6 341
Revenues within segments from the sale of products, goods and services	7	0	795	0	914	1 716	-1 691	26
Cost of sale	-228	-257	-136	0	-63	-685	120	-565
Energy tax	0	-379	0	0	0	-379	0	-379
Gross profit	-54	5 102	1 090	0	855	6 994	-1 571	5 423
Other external income	0	0	0	0	0	0	0	0
Administrative and other expenses	-127	-429	-922	0	-2 338	-3 817	1 160	-2 656
Depreciation	-2	-2 194	-5	0	-8	-2 209	0	-2 209
Operating income	-182	2 480	162	0	-1 491	969	-410	558
Interest income	1	10	10	0	346	367	-308	59
Interest expenses	-13	-1 443	-15	0	-634	-2 105	308	-1 798
Other financial revenues	0	3	0	0	0	3	0	3
Other financial expenses	-5	-1 148	-6	0	-162	-1 321	0	-1 321
Disposal of investments	0	0	0	0	0	0	0	0
Profit/loss share in entities in equivalency	0	0	0	91	0	91	0	91
Income tax	0	-34	-11	0	-36	-81	0	-81
Profit/loss after taxation	-199	-133	140	91	-1 977	-2 078	-410	-2 489
Other comprehensive income	0	23	0	0	0	23	0	23
Foreign currency translation diff. - foreign operations	0	146	0	0	0	146	0	146
Derivatives (hedging)	0	-273	0	-91	0	-364	0	-364
Total comprehensive income	-199	-237	140	0	-1 977	-2 273	-410	-2 684
Assets, of which	1 471	91 712	1 885	2 427	10 120	107 614	-16 675	90 938
PPE – Lands	0	2 820	0	0	0	2 820	0	2 820
PPE – Photovoltaic power plants	0	72 775	0	0	0	72 775	0	72 775
PPE - Equipment	4	0	559	0	68	631	0	631
PPE – Assets in progress	66	0	0	0	239	305	0	305
Intangibles	0	0	0	0	0	0	0	0
Trade and other receivables	1 122	10 459	1 187	0	9 811	22 579	-16 775	5 803
Loans	0	0	0	0	0	0	0	0
Gross amount due from customers for contract work	0	0	0	0	0	0	0	0
Inventories – Goods	272	58	111	0	-128	312	100	412
Investments in associates, JV, other	0	0	10	2 427	0	2 437	0	2 437
Deferred tax receivables	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0
Prepaid expenses	0	861	9	0	72	943	0	943
Assets held for sale	0	0	0	0	0	0	0	0
Cash and cash equivalents	7	4 738	10	0	58	4 813	0	4 813
Liabilities, of which	-2 126	-62 248	-3 113	0	-16 231	-83 717	16 815	-66 903
Trade and other payables	-2 090	-7 498	-2 922	0	-11 896	-24 406	16 342	-8 064
Bank Loans and other loans	0	-44 351	0	0	-6 000	-50 351	0	-50 351
Other long term liabilities	0	-5 280	-84	0	0	-5 364	472	-4 892
Other short term liabilities	-19	-0	-60	0	-97	-176	0	-176
Current tax liabilities (income tax)	-16	170	-47	0	-15	92	0	92
Provisions	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	-5 288	0	0	1 777	-3 511	0	-3 511

Results of the operating segments for the period from 1 January 2013 to 30 June 2013

in Thousands EUR	Wholesale and import of PVPP components	Engineering and construction services	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	0	353	5 259	431	0	24	6 067	0	6 067
Revenues within segments from the sale of products, goods and services	0	331	45	194	0	55	625	-625	0
Cost of sale	0	-3	-548	-142	0	-109	-802	240	-562
Energy tax	0	0	-891	-1	0	-2	-894	0	-894
Gross profit	0	681	3 865	482	0	-32	4 996	-385	4 611
Other external income	0	0	0	2	0	16	18	0	18
Administrative and other expenses	-1	-786	-302	-1 171	0	-1 772	-4 032	298	-3 734
Out of that depreciation	0	-1	-2 451	-7	0	-5	-2 464	0	-2 464
Operating income	-1	-106	1 112	-694	0	-1 793	-1 482	-87	-1 569
Interest income	0	16	0	0	0	0	16	-6	10
Interest expenses	0	0	-525	-14	0	-590	-1 129	0	-1 129
Other financial revenues	0	3	0	6	0	0	9	0	9
Other financial expenses	0	0	-904	0	0	-88	-992	0	-992
Disposal of investment	0	0	0	535	0	0	535	0	535
Profit/loss share in entities in equivalency	0	0	0	0	60	0	60	0	60
Income tax	0	0	-104	0	0	0	-104	0	-104
Profit/loss after taxation	-1	-87	-421	-167	60	-2 471	-3 087	-93	-3 180
Other comprehensive income	0	0	0	0	0	0	0	0	0
Foreign currency translation diff. - foreign operations	0	0	0	0	0	-1 095	-1 095	0	-1 095
Derivatives hedging	0	0	603	0	11	0	614	0	614
Total comprehensive income	-1	-87	182	-167	71	-3 566	-3 568	-93	-3 661
Assets, of which	18	2 035	104 039	1 612	2 328	9 781	119 813	-14 050	105 763
PPE – Lands	0	0	2 964	0	0	0	2 964	0	2 964
PPE – Photovoltaic power plants	0	0	85 832	0	0	0	85 832	-93	85 739
PPE - Equipment	0	3	0	30	0	15	48	0	48
PPE – Assets in progress	0	19	0	0	0	286	305	0	305
Intangibles	0	0	0	0	0	0	0	0	0
Trade and other receivables	17	2 008	10 493	1 496	0	9 125	23 139	-13 957	9 182
Loans	0	0	0	0	0	0	0	0	0
Gross amount due from customers for contract work	0	0	0	0	0	0	0	0	0
Inventories – Goods	0	0	0	28	0	117	145	0	145
Investments in associates, JV, other	0	0	6	11	2 328	0	2 345	0	2 345
		0	0	0	0	0	0	0	0
Deferred tax receivables	0	0	0	0	0	0	0	0	0
Long term receivables	0	0	81	16	0	4	101	0	101
Prepaid expenses	0	0	0	0	0	0	0	0	0
Assets held for sale	1	5	4 663	31	0	234	4 934	0	4 934
Cash and cash equivalents	53	2 358	66 526	2 275	0	13 661	84 873	-13 957	70 916
Liabilities, of which	53	2 358	8 151	2 244	0	7 576	20 382	-13 491	6 891
Trade and other payables	0	0	49 077	0	0	6 000	55 077	0	55 077
Bank Loans and other loans	0	0	4 587	8	0	37	4 632	-466	4 166
Other long term liabilities	0	0	-3	23	0	48	68	0	68
Other short term liabilities	0	0	0	0	0	0	0	0	0
Current tax liabilities (income tax)	0	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	0	4 714	0	0	0	4 714	0	4 714

17. Summary of significant accounting policies

Basis of preparation

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

The following main standards are applied by Group:

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

Use of estimates and judgments

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

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

Provisions

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

Presentation of Financial information

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

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

Consolidation

(a) Subsidiaries

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

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

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

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

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

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

(b) Associates

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

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

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

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

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

Segment reporting

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

performance, and for which discrete financial information is available.

The Company's Management has assessed the Group's business from the segment reporting perspective and decided that they financial results of Photon Energy Group to be reported per segments from the objective perspective from 01.01.2010.

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

The Management identified the following segments:

- Energy Solutions (wholesale and import of FVE components, engineering and construction services - turn-key photovoltaic systems' installations for external clients and Photon Energy),
- Production of electricity (includes SPE that finished building of photovoltaic power plants and those are connected to the distribution network and produce the electricity)
- PV Investment – This segment represents OCI of the Group flowing from the revaluation of the PV producing the electricity and it is related to project companies that generate the revenues as shown in segment Production of electricity.
- Operations, maintenance and PVPP supervision
- Other, not related to any of the above mentioned segments.

Other operations include the financing and insurance solutions for PV investors, intermediating investments in rooftop photovoltaic projects and other less significant activities. None of these operations meets any of the quantitative thresholds for determining reportable segments in 2014 or 2013.

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

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

Foreign currency translation

(a) Functional and presentation currency

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

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

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

	PLN	
	2013 Q2	2014 Q2
EUR exchange rate – low	4.072	4.099
EUR exchange rate – high	4.349	4.250
EUR exchange rate – average	4.177	4.175
EUR exchange rate – end of period	4.337	4.157

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at

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

(c) Group companies

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

Property, plant and equipment

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

Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Revenue recognition

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

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

Trade receivables

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

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

Cash and cash equivalents

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

Share capital

Ordinary shares are classified in equity as Issued share capital. Consideration received above the nominal value

of the ordinary shares is classified in equity as Share premium.

Trade payables

Trade payables are recognised at nominal value.

Loans and Borrowings

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

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

Current and deferred income tax

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

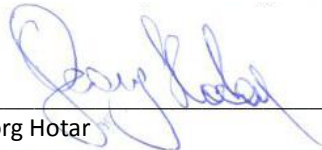
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company's subsidiaries and associates operate and generate taxable income.

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

18. Management Board declaration

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

Amsterdam, 14 August 2014

A handwritten signature in blue ink, appearing to read 'Georg Hotar', written over a horizontal line.

Georg Hotar
Member of the Board of Directors

A handwritten signature in black ink, appearing to read 'Michael Gartner', written over a horizontal line.

Michael Gartner
Member of the Board of Directors

19. Investor Relations Contact

Photon Energy N.V.
Barbara Strozilaan 201
1083 HN Amsterdam
The Netherlands

Phone: +420 277 002 910
Fax: +420 277 002 911
E-mail: ir@photonenergy.com
Web: www.photonenergy.com



MATERIAL	THINFILM	INSPECTION 1000	TOLERANCE NORM ISO 8015:	PRECISION ISO...	CONCEPT	DESIGN	NORM.REF.	EXAMINED	APPROVED	INDEX	AMEND.
			YES							X	X
										X	X
										X	X
										X	X