Photon Energy N.V.

Financial Statements

for the year ended 31 December 2015

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Directors' report

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Directors' report

The directors present their report together with the annual financial statements of Photon Energy N.V. (the "Company") for the year ended 31 December 2015.

Photon Energy N.V. (the "Company") is a joint-stock company incorporated under the laws of the Netherlands on 9 December 2010. The statutory seat of the Company is Barbara Strozzilaan 201, 1083HN Amsterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The company is controlled by the following shareholders:

In shares	**No. of shares**	**% of capital**
Solar Power to the People Cooperatief U.A.	8,051,919	13.42%
Solar Future Cooperatief U.A.	8,590,683	14.32%
Solar Age Investments B. V.	28,263,974	47.11%
Free float	5,848,630	9.75%
Photon Energy N.V.	9,244,794	15.41%
Total	**60,000,000**	**100.0%**

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

Developments in 2015

Result

The total equity attributable to the owners of the Company as at 31 December 2015 amounts to EUR 28,389 thousand (2014: EUR 28,038 thousand). The total result for the year 2015 amounts to a loss of EUR 1,720 thousand (2014: loss EUR 5,034 thousand).

Revenues and cost of sales

Revenues in 2015 increased to EUR 13,452 thousand compared to 2014, when the revenues amounted to EUR 11,760 thousand. In 2015, cost of sales increased to 2,444 thousand from EUR 714 thousand in the financial year 2014.

The increase in revenues is a result of higher revenues in all segments of the Group's business, except of the other segment. It is influenced by the higher electricity production, and better result in the engineering and trading segment.

The gross margin equalled to 76% in 2015 compared to 88% in 2014. The lower margin in 2015 is a consequence of higher cost of sales due to a realized project in Australia.

Financial income and expenses

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

Other comprehensive income

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

Non-current assets

The decrease in fixed assets compared to 2014, is mainly influenced by the annual depreciation and sale of the Italian and German powerplants.

Current assets

Current assets increased in 2015 compared to 2014, from EUR 9,897 thousand to EUR 10,930 thousand. This increase was influenced mainly by the higher inventories, other receivables and higher cash.

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Total liabilities

The total liabilities include primarily:

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

Long-term liabilities decreased by EUR 3,435 thousand. The main driver of this decrease was primarily repayment of bank loan by EUR 3,390. The Group also managed to decrease its current payables mainly due to partial repayment of the other loan and decrease in other payables. On the other hand, liability from income tax has increased comparing to the prior year.

Financial instruments and risk management

In 2015, financial instruments were only used to mitigate risks and were not used for trading purposes. We refer to the notes in the financial statements for more details about the company's financial instruments.

Principle risks

The Group has exposure to the following risks:

- Credit risk,
- Sovereign
- Liquidity risk,
- Operational risk,
- Currency risk,
- Interest risk,
- Market risk.

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

Sovereign Risk

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

Operational risk

The economic viability of energy production using photovoltaic power plants installations depends on Feed-in-Tariff (FiT) systems. The FiT system can be negatively affected by a number of factors including, but not limited to, a reduction or elimination in the FiT or green bonus per KWh produced, an elimination or reduction of the indexation of the FiT and a shortening of the period for which the FiT applies to photovoltaic installations. On the investment side the Company faces uncertainty in relation to the approval process for the construction of photovoltaic installations, grid connection and the investment cost per KWp of installed capacity. The operating and financial results of the Company can be seriously affected by a sudden or significant change in the regulatory environment in each of the countries where the Company or its subsidiaries conduct business.

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

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

Currency risk

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

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

Credit risk

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

Trade and other receivables

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

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

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 5,297 thousand at 31 December 2015 (2014: EUR 4,631 thousand), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks and financial institution counterparties. Only those banks and financial institutions, which were approved by the members of the board of directors, can be used by the company.

Cash held by the SPVs under legal ownership of RL is restricted only for certain transactions, e.g. loan and related interest provided to those SPV's by Photon Energy N.V. (originally by Phoenix Energy a.s.) is subordinated to the loan from RL and will be paid only after the repayment of the RL loan. Total amount of the cash owned by these SPVs is EUR 4,103 thousand as at 31 December 2015 (2014: EUR 3,129 thousand).

Liquidity risk

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

Interest risk

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

Slovak SPVs, consolidated in full or by using the equity method by the Group, own interest rate derivatives used for hedging. The purpose of the derivatives is to hedge against movement of interest rates. Concluding the derivative contract was one of conditions required by financing bank as defined in the Loan contract.

The change in fair value of these derivatives is recognized via equity of the Company and the result is shown in Derivatives reserve of the Company's equity since 1 January 2012. Until then, the change in fair value of the derivatives was recorded to profit and loss.

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

Capital management

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

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

In thousand of EUR	**2015**	**2014**
Total liabilities	61,413	65,356
Less: cash and cash equivalents	5,297	4,631
Net debt	56,116	60,725
Total equity	28,541	28,185
Net debt to adjusted equity ratio at 31 December	**1,97**	**2.15**

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

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Selected indicators

Debt to assets ratio (total liabilities/total assets)

- 2015: 0.68
- 2014: 0. 69

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

- 2015: 2.16
- 2014: 2.33

Current ratio (current assets/current liabilities)

- 2015: 1.25
- 2014: 1.06

Debt to equity slightly improved in 2015 compared to 2014 due to lower non-current liabilities. The current ratio has improved due to lower current liabilities.

Research and development

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

Personnel

During the year, the number of staff employed by the Group was 59 (2014: 73). Management expects that the number of employees in 2016 will be similar to the previous year.

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

Strategy for 2016

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

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

- Customized Energy Solutions
- Decentralized Energy Production and Energy Storage Solutions
- Operations & Maintenance of PV plants and Energy Storage facilities
- Asset Management
- Investment Protection

Our next steps are:

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

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

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

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.

Going concern

Management statement

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

Subsequent events

Bank refinancing

On 30 December 2015, the Group signed a contract with the bank on the refinancing of the Czech portfolio in the total amount of EUR 1,480 thousand. The actual flow of money was realized only in January 2016.

Repayment date is 1 January 2022 and the interest rate is 3M PRIBOR + 2,7% p.a.

Sale of Photon Energy Operations DE GmbH

On 7 January 2016, the Company signed an agreement on the sale of its shares in Photon Energy Operations DE GmbH to a German investor. Photon Energy has closed its office in Berlin at the end of January 2016 and will continue servicing the German market and customers from its base in Prague.

Amsterdam, 22 April 2016

The Board of Directors:

______________________________ ______________________________

Michael Gartner, Director

Georg Hotar, Director

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Consolidated Financial Statements

for the year ended 31 December 2015

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Consolidated statement of comprehensive income for the year ended 31 December

In thousand of EUR	Note	2015	2014
Revenue	10	13,321	11,760
Cost of sales	11	-2,444	-714
Energy tax	11	-743	-682
Gross profit		**10,134**	**10,364**
Other income	12	0	27
Administrative expenses	14	-1,639	-2,942
Personnel expenses	14	-2,112	-2,819
Other expenses	13	-237	-1,134
Depreciation		-5,033	-4,420
Results from operating activities		1,113	-924
Finance income	15	903	52
Interest income	15	72	166
Finance costs	15	-132	-282
Revaluation of derivatives	15	240	-2,227
Interest costs	15	-3,204	-2,935
Net finance expenses		**-2,121**	**-5,228**
Share of profit equity-accounted investments (net of tax)	24	91	70
Profit/loss before taxation		**-918**	**-6,081**
Income tax due/deferred	16	-589	-34
Profit/loss for the year from continuing operations		**-1,507**	**-6,115**
Profit for the year from discontinued operations	9	-213	1,081
Profit/loss for the year		**-1,720**	**-5,034**
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment	23	0	6,581
Share of revaluation of property, plant and equipment of associates/joint ventures	23	0	-568
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation difference - foreign operations	23	803	612
Derivates (hedging)	28	162	-125
Share of currency translation diff. Of associates / JV	23	0	0
Other comprehensive income for the year, net of tax		**965**	**6,500**
Total comprehensive income for the year		**-755**	**1,466**
Profit attributable to:			
Attributable to the owners of the company		-1,725	-5,042
Attributable to non controlling interest		5	8
Profit for the year		**-1,720**	**-5,034**
Total comprehensive income attributable to:			
Attributable to the owners of the company		-760	1,466
Attributable to non controlling interest		5	0
Total comprehensive income for the year		**-755**	**1,466**
Earnings per share			
Earnings per share (basic) (in EUR)	24	(0.034)	(0.1)
Earnings per share (diluted) (in EUR)	24	(0.029)	(0.083)

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Total comprehensive income per share (in EUR)	24	(0.015)	(0.038)

The notes on pages 18 to 67 are an integral part of these financial statements.

Consolidated statement of financial position as at 31 December

In thousand of EUR	Note	31 December 2015	31 December 2014
Assets			
Property, plant and equipment	17	76,827	81,549
Investments in equity-accounted investees	9.3	2,195	2,086
Other investments	18	1	10
Long-term receivables	21	0	0
Deferred tax assets		0	0
Non-current assets		**79,023**	**83,645**
Inventories	20	924	683
Trade receivables	21	917	1,152
Other receivables	21	3,042	2,287
Gross amount due from customers for contract work	20	0	262
Current tax receivable	21	0	63
Other loans	21	0	0
Prepaid expenses	21	688	818
Cash and cash equivalents	22	5,297	4,631
Assets classified as held for sale	8	61	0
Current assets		**10,930**	**9,897**
Total assets		**89,953**	**93,542**
Equity & Liabilities			
Equity			
Share capital	23	600	600
Share premium	23	23,760	23,760
Revaluation reserve	23	25,415	27,704
Legal reserve fund	23	10	10
Hedging reserve	23	-420	-582
Translation reserve	23	-975	-1,778
Retained earnings	23	-20,001	-21,675
Equity attributable to owners of the Company		**28,389**	**28,038**
Non-controlling interests	23	151	147
Total equity		**28,541**	**28,185**
Liabilities			
Loans and borrowings	25	38,499	41,889
Deferred tax liabilities	19	5,481	5,061
Other long-term liabilities	28	8,154	7,979
Other loans	25	538	1,178
Long-term liability from income tax	27	0	0
Non-current liabilities		**52,671**	**56,106**
Loans and borrowings	25	3,569	3,385
Trade payables	26	1,061	1,219
Other payables	26	3,047	3,900
Other Loans	25	269	649
Other short-term liabilities	27	0	97
Current tax liabilities	27	747	0
Provisions	27	0	0
Liabilities classified as held for sale	8	49	0
Current liabilities		**8,742**	**9,250**
Total liabilities		**61,413**	**65,356**
Total equity and liabilities		**89,953**	**93,542**

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The notes on pages 18 to 67 are an integral part of these financial statements.

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

in thousand EUR	Combined equity	Share capital	Share premium	Legal reserve fund	Revaluation reserve	Currency translation reserve	Hedging reserve	Retained earnings	TOTAL	Non-controlling interests	TOTAL EQUITY
BALANCE at 1.1.2014	**-**	**600**	**23,760**	**10**	**22,835**	**-2,390**	**-457**	**-17,778**	**26,580**	**139**	**26,719**
Profit for the period 1.1.2014 – 31.12.2014	-	-	-	-	-	-	-	-5,042	**-5,042**	8	**-5,034**
Revaluation of PPE	-	-	-	-	6,581	-	-	-	**6,581**	-	**6,581**
Share on revaluation of PPE of associates, JV	-	-	-	-	-568	-	-	-	**-568**	-	**-568**
Foreign currency translation differences	-	-	-	-	-	612	-	-	**612**	-	**612**
Derivatives	-	-	-	-	-	-	-89	-	**-89**	-	**-89**
Share on derivatives JV	-		-	-	-	-	-36	-	**-36**		**-36**
Total comprehensive income for the year	-	**0**	**0**	**0**	**6,013**	**612**	**-125**	**-5,042**	**1,458**	**8**	**1,466**
new shares	-	-	-	-	-	-	-	-	**0**	-	**0**
Move from revaluation reserve to retained earnings	-	-	-	-	-1,144	-	-	1,144	**0**	-	**0**
Legal reserve fund – move to RE on entity disposal	-	-	-	-	-	-	-	-	-	-	-
BALANCE at 31.12.2014		**600**	**23,760**	**10**	**27,704**	**-1,778**	**-582**	**-21,675**	**28,038**	**147**	**28,185**
BALANCE at 1.1.2015	**-**	**600**	**23,760**	**10**	**27,704**	**-1,778**	**-582**	**-21,675**	**28,038**	**147**	**28,185**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-1,725**	**-1,725**	**5**	**-1,720**
Revaluation of PPE	-	-	-	-	-	-	-	-	**-**	-	**-**
Share on revaluation of PPE of associates, JV	-	-	-	-	-	-	-	-	**-**	-	**-**
Foreign currency translation differences	-	-	-	-	-	803	-	-	**803**	-	**803**
Derivatives	-	-	-	-	-	-	162	-	**162**	-	**162**
Share on derivatives JV	-		-	-	-	-	-	-	-	-	-
Move from revaluation reserve to retained earnings	-	-	-	-	-2,289	-	-	2,289	**2,289**	-	**2,289**
Move to RE on entity disposal	-	-	-	-	-	-	-	1,110	**1,110**	-	**1,110**
Other comprehensive income	-	**0**	**0**	**0**	**-2,289**	**803**	**162**	**1,674**	**350**	**5**	**355**
New shares	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-	-	-	-	-
BALANCE at 31.12.2015		**600**	**23,760**	**10**	**25,415**	**-975**	**-420**	**-20,001**	**28,389**	**151**	**28,540**

The notes on pages 18 to 67 are an integral part of these financial statements.

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Consolidated statement of cash flows for the year ended 31 December

In thousand of EUR	Note	2015	2014
Cash flows from operating activities			
Profit for the year before tax		**-1,131**	**-5,000**
Adjustments for:			
Depreciation	17	5,036	4,420
Net finance costs	15	2,121	5,228
Share of profit of equity-accounted investments	24	-91	-70
Gain on sale of property, plant and equipment	17	0	0
Income tax expense	16	589	34
Other non-cash items	13	0	0
Changes in:			
Trade and other receivables	21	-479	1,526
Gross amount due from customers for contract work		262	-262
Prepaid expenses	21	130	138
Inventories	20	-241	-294
Trade and other payables	26	-313	900
Other liabilities	27	-1,091	-3,679
Interest paid	15	-1,235	-1,023
Income tax paid	16	-118	-176
Net cash from operating activities		**3,621**	**1,742**
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	0	0
Acquisition of subsidiaries, associates, JV	9	0	0
Acquisition of other investments	9	0	0
Proceeds from sale of investments	9	2,141	0
Sale of investments- cash sold	9	0	0
Interest received	15	0	0
Net cash used in investing activities		**2,141**	**0**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		0	0
Proceeds from borrowings	25	0	4,267
Repayment of borrowings	25	-4,996	-6,662
Proceeds from issuing bonds	25	535	1,025
Payment of bond coupons	25	-634	-423
Net cash from (used in) financing activities		**-5,094**	**-1,793**
Net increase/decrease in cash and cash equivalents		**668**	**-51**
Cash and cash equivalents at 1 January		**4,631**	**4,682**
Effect of exchange rate fluctuations on cash held		0	0
Cash and cash equivalents at 31 December		**5,297**	**4,631**

The notes on pages 18 to 67 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015

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1. Reporting entity

Photon Energy N.V. ("Photon Energy" or the "Company") is a joint-stock company incorporated under the laws of Netherlands on 9 December 2010. The statutory seat of the Company is Barbara Strozzilaan 201, 1083HN Amsterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

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

2. Basis of preparation

2.1 Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 22 April 2016.

Going concern

Management statement

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

2.2 Basis of measurement

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

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

2.3 Functional currency

These financial statements are presented in EUR.

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

2.4 Use of estimates and judgments

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

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

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

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

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

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3. Application of new and revised EU IFRSs

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

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

IFRS 15 Revenue

Effective from annual periods beginning on or after 1 January 2017 the core principle of IFRS 15 is that an entity will recognise revenue to reflect the transfer of goods or services, measured as the amount to which the entity expects to be entitled in exchange for those goods or services. In particular, the new standard requires distinct goods or services to be accounted for separately, which may have a significant impact on the timing of revenue and profit recognition. While the overall principles will sound familiar, IFRS 15 includes a significant amount of guidance on many issues that arise in determining the appropriate timing and measurement of revenue. Finally, the new standard also requires significant disclosures relating to the reporting of revenue, and entities will need to ensure that they can gather the appropriate information in a timely manner.

IFRS 16 Leases

Effective from annual periods beginning on or after 1 January 2019 lessees are required to account for all leases on their balance sheets, including those which had previously been treated as operating leases and accounted for in the P&L account as an “in-year” expense. This will include leases of retail and commercial property, equipment and vehicles.

3.2 New and revised IFRSs in issue but not yet effective

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

- IAS 19 Employee Benefits (January 2016) Amendments to IFRS 7 Financial Instruments: Disclosures (January 2018) Revenue from Contracts with Customer (IFRS 15, January 2017)
- IFRS 15 Revenue
- IFRS 16 Leases

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

4. Significant accounting policies

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

4.1 Basis of consolidation

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

4.1.1 Business combinations

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

4.1.2 Subsidiaries

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

Income and expenses and other comprehensive income of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

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

4.1.3 Special purpose entities

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

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

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

See the list of SPEs in note 30.

4.1.4 Loss of control

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

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

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

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

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

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

4.1.6 Transactions eliminated on consolidation

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

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

4.2 Foreign currency

4.2.1 Foreign currency transactions

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

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

4.2.2 Foreign operations

The assets and liabilities of foreign operations (those in the Czech Republic and Australia as of 31 December 2015) are translated into Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated into Euro at exchange rates at the dates of the transactions.

4.2.3 Borrowing costs

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

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

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

4.3 Financial instruments

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

4.3.1 Non-derivative financial assets

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

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

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

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

Loans and receivables

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

Cash and cash equivalents

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

Available-for-sale financial assets

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

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

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

4.3.2 Non-derivative financial liabilities

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

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

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

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

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

4.3.3 Share capital

Ordinary shares

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

4.3.4. Derivative financial instruments

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

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

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

4.4 Property, plant and equipment

4.4.1 Recognition and measurement

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

For fair value determination see note 5.1.

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

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

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

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

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

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

4.4.2 Depreciation

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

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

Land is not depreciated.

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

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

4.5 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

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

4.6 Impairment

4.6.1 Non-derivative financial assets

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

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

Loans and receivables

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

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

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

Available-for-sale financial assets

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

4.6.2 Non-financial assets

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

A CGU corresponds to the individual power plant operated by the legal entity. In 2015, the legal entity owns always only one power plant.

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

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

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

4.7 Non-current assets held for sale or distribution

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

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

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

4.8 Provisions

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

4.8.1 Warranties

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

4.9 Revenue

4.9.1 Goods sold

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

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

4.9.2 Services

Revenue from services (e.g. maintenance, technical-administrative; installation) rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

4.9.3 Construction contracts

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

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

4.9.4 Sale of electricity

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

4.10 Finance income and finance costs

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

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

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

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

4.11 Income tax

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

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

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

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

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

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

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

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

4.12 Earnings per share

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

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

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

4.13 Segment reporting

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

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

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

5. Determination of fair values

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

5.1 Property, plant and equipment

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

For photovoltaic power plants market prices are not available. Therefore, the income approach is used. Under this approach the fair value of photovoltaic power plants was in previous years based on an internally generated discounted cash flow model, discounted at weighted average cost of capital. Cash flows were calculated for the period equal to the duration of the Feed-in-Tariff (period with guaranteed sales prices) in a given country and based on the expected after tax cost of debt and expected cost of equity. On a quarterly basis, management reviewed the expected debt costs of individual projects vis-a-vis actual interest cost, financial market conditions, and interest rate for a 15-year state bond. On a quarterly basis, management also reviewed expected cost of equity for the period of the cash flow model. The initial valuations were done as of the date of put in use of an individual power plant, and each model is periodically reviewed and any potential change in inputs is considered. The cash flow projections were prepared for 20 years in Czech Republic and 15 years in Slovak Republic, equal to the duration of the projects. Main inputs used in the models are the following: overall project budget, taxes, interest rates, reserve funds, feed in tariff, OPEX.

- The valuation for Czech SPVs (represented by option rights) was approximated by the current Project Value. Moreover the valuation was based on Unlevered Free Cash Flow to Firm (FCFF) basis of the SPVs. The FCFF calculation used in the valuation was consistent with the overall known definition and approaches.
- The valuation of the Slovak SPVs was based on the Unlevered Free Cash Flow to Firm (FCFF) basis of the SPVs. The discount rate was based on the Capital Asset Pricing Model ("CAPM"). The CAPM is used to determine the appropriate required rate of return of an asset, if that asset is to be added to an already well-diversified portfolio, given that asset's non-diversifiable risk.

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

Changes in valuation methodology in 2014

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

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

Changes in the valuation methodology

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

The new valuation of the project keeps in mind the risk profile of future cash flows and the way the project is financed. The risk profile is represented by a discount rate (cost of equity levered). Due to existence of senior project finance the cost of equity calculated by CAPM formula is adjusted by Miller-Modigliani formula to achieve the most precise cost of equity levered for each project respecting it unique capital structure. On the contrary the old model used unchanging WACC as the cost of capital.

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

Result of the revaluation based on the above described change amounted to EUR 6,581 thousand (see Note 23) in 2014.

This methodology and input parameters have not been changed in 2015.

5.2 Inventories

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

5.3 Trade and other receivables

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

5.4 Non-derivative financial liabilities

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

6. Financial risk management

6.1 Risk management framework

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

6.2 Sovereign Risk

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

6.3 Operational risk

The economic viability of energy production using photovoltaic power plants installations depends on Feed-in-Tariff (FiT) systems. The FiT system can be negatively affected by a number of factors including, but not limited to, a reduction or elimination in the FiT or green bonus per KWh produced, an elimination or reduction of the indexation of the FiT and a shortening of the period for which the FiT applies to photovoltaic installations. On the investment side the Company faces uncertainty in relation to the approval process for the construction of photovoltaic installations, grid connection and the investment cost per KWp of installed capacity. The operating and financial results of the Company can be seriously affected by a sudden or significant change in the regulatory environment in each of the countries where the Company or its subsidiaries conduct business.

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

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

6.4 Currency risk

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

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

6.5 Credit risk

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

Trade and other receivables

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

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

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 5,297 thousand at 31 December 2015 (2014: EUR 4,631 thousand), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks and financial institution counterparties. Only those banks and financial institutions, which were approved by the members of the board of directors, can be used by the company.

Cash held by the SPVs under legal ownership of RL is restricted only for certain transactions, e.g. loan and related interest provided to those SPV's by Photon Energy N.V. (originally by Phoenix Energy a.s.) is subordinated to the loan from RL and will be paid only after the repayment of the RL loan. Total amount of the cash owned by these SPVs is EUR 4,103 thousand as at 31 December 2015 (2014: EUR 3,129 thousand).

6.6 Liquidity risk

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

6.7 Interest risk

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

Slovak SPVs, consolidated in full or by using the equity method by the Group, own interest rate derivatives used for hedging. The purpose of the derivatives is to hedge against movement of interest rates. Concluding the derivative contract was one of conditions required by financing bank as defined in the Loan contract.

The change in fair value of these derivatives is recognized via equity of the Company and the result is shown in Derivatives reserve of the Company's equity since 1 January 2012. Until then, the change in fair value of the derivatives was recorded to profit and loss.

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

Capital management

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

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

In thousand of EUR	**2015**	**2014**
Total liabilities	61,413	65,356
Less: cash and cash equivalents	5,297	4,631
Net debt	56,116	60,725
Total equity	28,541	28,185
Net debt to adjusted equity ratio at 31 December	**1,97**	**2.15**

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

7. Operating segments

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

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

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

The Management identified the following segments:

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

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

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

7. Operating segments (continued)

Information about reportable segments

Operating segments for the period from 1 January 2015 to 31 December 2015

in Thousand EUR	Energy Solutions	Production of electricity	Operations, maintenance and PVPP supervision	FVE Investments	Other	Total for segments	Elimination	Consolidated financial information
External revenues from the sale of products, goods and services	1,793	10,600	782	0	147	13,321	0	13,321
Revenues within segments from the sale of products, goods and services	481	48	1,167	0	3,357	5,052	-5,052	0
Cost of sale	-1,507	-578	-790	0	-274	-3,150	705	-2,444
Energy tax	0	-743	0	0	0	-743	0	-743
Gross profit	**767**	**9,326**	**1,159**	**0**	**3,229**	**14,481**	**-4,347**	**10,134**
Other external income	0	0	0	0	0	0	0	0
Administrative and other expenses	-1,296	-500	-2,319	0	-4,218	-8,334	4,325	-4,009
Depreciation	0	-4,980	-19	0	-35	-5,033	0	-5,033
Operating income	**-530**	**3,847**	**-1,180**	**0**	**-1,024**	**1,113**	**0**	**1,113**
Interest income	19	134	36	0	280	470	-397	72
Interest expenses	-31	-2,388	-56	0	-1,126	-3,602	397	-3,204
Other financial revenues	0	0	0	0	903	903	0	903
Other financial expenses	-16	-13	-12	0	-91	-132	0	-132
Revaluation of derivatives	0	220	0	0	0	220	20	240
Profit/loss share in entities in equivalency	0	0	0	91	0	91	0	91
Income tax	0	-589	0	0	0	-589	0	-589
Profit/loss after taxation from continuing operations	**-559**	**1,210**	**-1,212**	**91**	**-1,057**	**-1,526**	**20**	**-1,507**
Profit/loss from discontinued operations	0	181	-394	0	0	-213	0	-213
Profit/loss for the year	**-559**	**1,391**	**-1,606**	**91**	**-1,057**	**-1,739**	**20**	**-1,720**
Revaluation of property, plant and equipment	0	0	0	0	0	0	0	0
Foreign currency translation diff. - foreign operations	0	0	0	0	803	803	0	803
Share of revaluation of PPE of associates /joint venture	0	0	0	0	0	0	0	0
Share of currency translation diff. Of associates / JV	0	0	0	0	0	0	0	0

in Thousand EUR	**Energy Solutions**	**Production of electricity**	**Operations, maintenance and PVPP supervision**	**FVE Investments**	**Other**	**Total for segments**	**Elimination**	**Consolidated financial information**
Derivatives (hedging)	0	162	0	0	0	162	0	162
Total comprehensive income	**-559**	**1,552**	**-561**	**91**	**-1,279**	**-775**	**20**	**-755**
Assets, of which	**1,524**	**87,740**	**1,860**	**2,195**	**11,027**	**104,346**	**-14,394**	**89,953**
PPE – Lands	0	2,859	0	0	0	2,859	0	2,859
PPE – Photovoltaic power plants	0	73,818	0	0	0	73,818	0	73,818
PPE - Equipment	1	0	51	0	88	140	0	140
PPE – Assets in progress	0	7	3	0	0	9	0	9
Intangibles	0	0	0	0	0	0	0	0
Trade and other receivables	1,328	5,165	1,527	0	10,341	18,362	14,381	3,981
Loans	0	0	0	0	0	0	0	0
Gross amount due from customers for contract work	0	0	0	0	0	0	0	0
Inventories – Goods	172	532	189	0	31	924	0	924
Investments in associates, JV, other	0	0	1	2,195	0	2,196	0	2,196
Deferred tax receivables	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0
Prepaid expenses	8	160	29	0	504	701	13	688
Assets held for sale	0	0	39	0	0	39	0	39
Cash and cash equivalents	15	5,199	21	0	63	5,297	0	5,297

Liabilities, of which	**-2,827**	**-51,556**	**-4,737**	**0**	**-16,685**	**-75,805**	**14,392**	**-61,413**
Trade and other payables	-2,815	-3,424	-4,565	0	-7,744	-18,549	14,392	-4,157
Bank Loans and other loans	0	-42,068	0	0	-808	-42,875	0	-42,875
Other long term liabilities	0	0	-94	0	-8,060	-8,154	0	-8,154
Other short term liabilities	0	0	0	0	0	0	0	0
Current tax liabilities (income tax)	-13	-583	-78	0	-73	-747	0	-747
Provisions	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	-5,481	0	0	0	-5,481	0	-5,481

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

in Thousand EUR	Energy Solutions	Production of electricity	Operations, maintenance and PVPP supervision	FVE Investments	Other	Total for segments	Elimination	Consolidated financial information
External revenues from the sale of products, goods and services	470	10,159	898	0	233	11,760	0	11,760
Revenues within segments from the sale of products, goods and services	164	0	909	0	4,366	5,440	-5,440	0
Cost of sale	-360	-159	-220	0	-283	-1,023	308	-714
Energy tax	0	-682	0	0	0	-682	0	-682
Gross profit	**275**	**9,318**	**1,587**	**0**	**4,316**	**15,496**	**-5,132**	**10,364**
Other external income	0	0	8	0	20	27	0	27
Administrative and other expenses	-530	-1,784	-2,620	0	-7,763	-11,796	5,803	-6,895
Depreciation	-2	-4,375	-9	0	-34	-4,420	0	-4,420
Operating income	**-257**	**3,159**	**-1,035**	**0**	**-2,560**	**-693**	**671**	**-923**
Interest income	20	68	30	0	709	827	-775	52
Interest expenses	-32	-2,640	-50	0	-1,107	-3,840	895	-2,935
Other financial revenues	151	0	0	0	15	166	0	166
Other financial expenses	-16	-2,298	-12	0	-184	-2,510	0	-2,510
Disposal of investments	0	0	0	0	1,081	1,081	0	1,081
Profit/loss share in entities in equivalency	0	0	0	70	0	70	0	70
Income tax	0	-45	11	0	0	-34	0	-34
Profit/loss after taxation	**-134**	**-1,756**	**-1,056**	**70**	**-2,057**	**-5,824**	**790**	**-5,034**
Revaluation of property, plant and equipment	0	6,581	**0**	**0**	**0**	6,581	0	6,581
Foreign currency translation diff. - foreign operations	**0**	612	**0**	**0**	**0**	612	0	612
Share of revaluation of PPE of associates /joint venture	0	-568	0	0	0	-568	0	-568
Share of currency translation diff. Of associates / JV	0	0	0	0	0	0	0	0
Derivatives (hedging)	0	-125	0	0	0	-125	0	-125
Total comprehensive income	**-134**	**4,744**	**-1,056**	**70**	**-2,057**	**676**	**790**	**1,466**

in Thousand EUR	**Energy Solutions**	**Production of electricity**	**Operations, maintenance and PVPP supervision**	**FVE Investments**	**Other**	**Total for segments**	**Elimination**	**Consolidated financial information**
Assets, of which	**710**	**90,884**	**1,682**	**2,086**	**12,591**	**107,953**	**-14,411**	**93,542**
PPE – Lands	0	2,853	0	0	0	**2,853**	0	**2,853**
PPE – Photovoltaic power plants	0	78,479	0	0	0	**78,479**	0	**78,479**
PPE - Equipment	0	0	110	0	102	**212**	0	**212**
PPE – Assets in progress	0	5	0	0	0	**5**	0	**5**
Intangibles	0	0	0	0	0	**0**	0	**0**
Trade and other receivables	605	4,570	1,383	0	11,355	**17,913**	-14,411	**3,502**
Loans	0	0	0	0	0	**0**	0	**0**
Gross amount due from customers for contract work	51	0	0	0	212	**262**	0	**262**
Inventories – Goods	21	394	133	0	135	**683**	0	**683**
Investments in associates, JV, other	0	0	10	2,086	0	**2,096**	0	**2,096**
Deferred tax receivables	0	0	0	0	0	**0**	0	**0**
Long term receivables	0	0	0	0	0	**0**	0	**0**
Prepaid expenses	9	93	11	0	706	**818**	0	**818**
Assets held for sale	0	0	0	0	0	**0**	0	**0**
Cash and cash equivalents	25	4,489	36	0	81	**4,631**	0	4,631

Liabilities, of which	**-1,229**	**-57,802**	**-3,384**	**0**	**-17,353**	**-79,768**	**14,411**	**-65,356**
Trade and other payables	-1,229	-6,908	-3,347	0	-8,047	**-19,530**	14,411	**-5,119**
Bank Loans and other loans	0	-45,823	0	0	-1,277	**-47,101**	0	**-47,101**
Other long term liabilities	0	0	0	0	-7,979	**-7,979**	0	**-7,979**
Other short term liabilities	0	0	0	0	0	**0**	0	**0**
Current tax liabilities (income tax)	0	-10	-38	0	-50	**-97**	0	**-97**
Provisions	0	0	0	0	0	**0**	0	**0**
Deferred tax liabilities	0	-5,061	0	0	0	**-5,061**	0	**-5,061**

7. Operating segments (continued)

All the operational segments are managed on an international basis (not on a country level). In 2015 the Group operated in the Czech Republic, Slovak Republic, Italy, Germany, Australia, Switzerland and Netherlands with headquarters in Netherlands.

In 2015, revenues were generated in all above mentioned markets, except of Netherlands. Non-current assets (powerplants) are located in the Czech Republic, Slovak Republic and Australia.

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

In 2015, revenues increased in all segmentsThe increase has been caused mainly by higher trading and engineering activity in Energy solutions segment and higher production in Production of electricity segment. Decrease in Operations & Maintenance segment is minimal.

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

Revenue

In thousand of EUR	2015	2014
The Czech Republic	9,636	8,049
Australia	822	234
Italy	57	406
Germany	161	491
Netherlands	0	0
The Slovak Republic	2,776	2,580
Consolidated revenues	**13,452**	**11,760**

Non-current assets (i)

In thousand of EUR	2015	2014
The Czech Republic	59,201	60,509
The Slovak Republic	17,604	18,730
Italy	0	1,797
Germany	0	489
Australia	22	24
Total	**76,827**	**81,549**

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

Major customer

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

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8. Current assets held for sale

Assets classified as held for sale

As of 31 December 2015, Photon Energy Operations GmbH was classified as held for sale. The carrying amounts of assets, liabilities and profit&loss are summarized below:

In thousand of EUR	2015
Assets	61
Liabilities	-49
Total	**12**

In thousand of EUR	2015
Revenues	131
Administrative expenses	-134
Personnel expenses	-389
Depreciation	-3
Total	**-395**

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

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

9.1 Establishment of new subsidiaries

During 2015, Photon Energy N.V. (directly or via its subsidiaries) did no incorporate any new subsidiary.

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

9.2 Acquisitions of subsidiaries

During 2015, Photon Energy N.V. (directly or via its subsidiaries) did not acquire any new subsidiary.

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

- Global Investment Protection AG

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

Other developments in 2015

During 2015, Photon Energy N.V. did not merge any of its subsidiaries. Photon Energy Technology B.V. was liquidated as of 1 December 2015.

Photon SPV 5 s.r.o. was renamed to Photon Energy Control s.r.o.

Mergers 2014:

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

9.3 Financial information for the joint ventures and associates

Joint ventures and associates

Investments in equity-accounted investees amounting to EUR 2,195 thousand (2014: EUR 2,086 thousand) represent the nominal share in the joint ventures and associates owned by the Group. Revaluation of joint ventures was performed in the financial year 2014 of EUR and equaled to a loss of EUR 568 thousand.

2015:

In thousand of EUR	Photon SK SPV 1	Solar-park Myjava	Solar-park Polianka	Fotonika	Total
definition	joint venture	joint venture	joint venture	joint venture	
share	50%	50%	50%	60%	
share on equity	-586	-366	-669	-575	-2,195
share of profit	23	13	-1	35	70
Other comprehensive income	-211	-12	26	-286	-483
Total comprehensive income	-188	0	25	-251	-413
Cash and cash equivalents	243	256	243	338	1,081
current assets	268	283	270	347	1,168
long-term assets	2,904	2,489	3,161	2,944	11,498
current liabilities	-449	-318	-395	-441	-1,603
long-term liabilities	-1,571	-1,730	-1,719	-1,916	-6,936
expenses	346	380	352	397	1,475
revenues	-387	-427	-376	-455	-1,646

2014

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

All of the entities included in the above table are accounted for using the equity method of consolidation as at 31. December 2015 and have been accounted using the equity method also in the financial year 2014.

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

Disposals in 2015

1) Photon Energy Polska
2) Photon DE SPV 3 GmbH
3) Photon IT SPV1 s.r.l.
4) Photon IT SPV2 s.r.l.

In thousand of EUR	IT SPV 1	IT SPV 2	DE SPV 3	PE Polska	Total
cash&cash held	4	2	10	0	16
net assets	-8	-32	6	-12	-46
local cost of FI	114	-124	72	1	63
sales price	42	66	55	1	164
loss/profit from the sale	148	-90	133	-10	181
total consideration received in cash	312	1772	56	1	2141

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Disposals in 2014

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

The total profit from sale of these subsidiaries amounted in 2015 to EUR 181 thousand (comparing to a profit of EUR 1,081 thousand in 2014) by comparing the net assets of the disposed subsidiaries and sales price.

10. Revenue

In thousand of EUR	2015	2014
Sales of goods	880	391
Rendering of services	1,841	1,210
Sale of electricity	10,600	10,159
	13,321	**11,760**

In 2015, revenues increased in all segments, except of Operations & Maintenance. The increase has been caused mainly by higher trading and engineering activity in Energy solutions segment and higher production in Production of electricity segment. Decrease in Operations & Maintenance segment is minimal.

11. Cost of sales

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

In thousand of EUR	2015	2014
Material consumed	-87	-229
Goods (invertors, etc)	-1,507	-405
Services (3rd party services received)	-486	-11
Other (representation, travelling, NBV of assets sold, etc)	-224	-
Change of allowances for receivables/reserves	-140	-91
	-2,444	**-714**

Cost of sales consists mainly of material and goods necessary for construction of photovoltaic power plants and related services. Its increase is caused mainly by higher consumption of material, goods and subcontracted services for the project realized during 2015.

11.1 Tax levy

In thousand of EUR	**2015**	**2014**
10%/26% tax levy	-743	-682
	-743	**-682**

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

12. Other income

In thousand of EUR	**2015**	**2014**
Other income	0	27
	0	**27**

Other income included revenues of companies providing O&M services to customers, as well as services provided by operating companies that do not represent their day-to-day business (e.g. insurance & sale arrangements). In 2015, there was no such income.

13. Other expenses

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

In thousand of EUR	**2015**	**2014**
Other taxes and fees	-1	-6
Penalties and fines	-	-49
Receivables write-off	-194	-902
Other expenses	-42	-177
	-237	**-1,134**

14. Administrative and personnel expenses

In thousand of EUR	**2015**	**2014**
Wages and salaries	-1,921	-2,627
Social and health insurance *	-191	-192
Fuel consumption	-	-1
Consulting, legal and other administrative services	-1,639	-2,941
	-3,751	**-5,761**

*Pension costs are integral part of social security expenses

As of 31 December 2015 the Group employs 59 employees. 4 are employed in Slovakia by Slovak entities; 3 in Germany, 5 in Australia and 2 in the Netherlands. The remaining employees are employed in the Czech Republic.

As of 31 December 2014 the Group employed 73 employees. 4 were employed in Slovakia by Slovak entities; 8 in Germany, 4 in Italy, 5 in Australia and 2 in the Netherlands. The remaining employees were employed in the Czech Republic.

Rental expenses of the Group amount to EUR 80 thousand annually. The Company is not involved in long-term rental lease contracts.

15. Finance income and finance costs

In thousand of EUR	**2015**	**2014**
Interest income on loans and receivables	72	52
Net disposal of associates	-	1,081
Release of allowances	903	-
Revaluation of derivatives	240	166
Finance income	**1,215**	**1,298**
Interest expense on loans and receivables	-3,204	-2,935
Net bank account fees	-76	-291
Fx Losses (netto)	-56	9
Loss from derivatives	-	-2,227
VAT related interest costs	-	-
Finance costs	**-3,336**	**-5,453**
Net finance income / costs	**-2,121**	**-4,145**

16. Income tax expense

16.1 Income tax recognized in profit or loss

In thousand of EUR	**2015**	**2014**
Current tax expense		
Current year	-542	-13
	-542	**-13**
Deferred tax expense		
Temporary differences (margin on PPV)	-47	-21
Total tax expense	**-47**	**-34**

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16.2 Income tax recognized in other comprehensive income

In thousand of EUR	For the year ended 31 December 2015			For the year ended 31 December 2014		
	Before tax	**Tax expense**	**Net of tax**	**Before tax**	**Tax expense**	**Net of tax**
Revaluation of property, plant and equipment	-	-	-	8,125	-1,544	6,581
Total deferred tax for the revaluation		**-**			**-1,544**	

Deferred tax related to the release of revaluation of EUR 384 thousand is recorded in Profit and Loss.

16.3 Reconciliation of effective tax rate

In thousand of EUR	**%**	**2015**
Loss before income tax		**-1,131**
Tax using the Company's domestic tax rate	25%	-283
Effect of tax rates difference in foreign jurisdictions	-6%	68
Non-deductible expenses		
Interest expenses	0%	0
other	25%	-280
Recognition of tax effect previously unrecognized tax losses	11%	-130
Current year losses for which no deferred tax asset was recognized	-3%	35
Total tax expenses		**-589**

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

17. Property, plant and equipment

In thousand of EUR	Land	Photovoltaic power plant	Other equipment	In progress	Total
Carrying amounts					
At 31 December 2014	2,853	79,280	672	4	82,809
At 31 December 2015	2,859	73,749	209	9	76,827
Gross revalued amount					
Balance at 1 January 2014	2,822	88,470	467	320	92,079
Other Additions	0	0	0	0	0
Transfer from assets in progress	0	315	0	-315	0
Disposals	0	0	0	0	0
Revaluation increase	0	6,581	0	0	6,581
Effect of movements in exchange rates	32	961	109	0	1,102
Balance at 31 December 2014	**2,853**	**96,327**	**576**	**5**	**99,762**
Balance at 1 January 2015	**2,853**	**96,327**	**576**	**5**	**99,762**
Other Additions	0	0	50	4	54
Transfer from assets in progress	0	0	0	0	0
Disposals	0	-1,800	0	0	-1,800
Revaluation increase	0	0	0	0	0
Effect of movements in exchange rates	6	2,053	0	0	2,059
Balance at 31 December 2015	**2,859**	**96,580**	**626**	**9**	**100,075**
Depreciation and impairment losses					
Balance at 1 January 2014	0	13,428	330	0	13,758
Depreciation for the year	0	4,420	34	0	4,454
Impairment loss	0	0	0	0	0
Effect of movements in exchange rates	0	0	0	0	0
Balance at 31 December 2014	**0**	**17,848**	**364**	**0**	**18,212**
Balance at 1 January 2015	0	17,848	364	0	18,212
Depreciation for the year	0	4,983	50	0	5,033
Impairment loss	0	0	0	0	0
Effect of movements in exchange rates	0	0	0	0	0
Balance at 31 December 2015	**0**	**22,831**	**414**	**0**	**23,245**
Carrying amounts					
At 31 December 2014	2,853	78,479	212	5	81,549
At 31 December 2015	2,859	73,749	209	9	76,827

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17. Property, plant and equipment (continued)

Revaluation details by power plants

In thousand of EUR **Photovoltaic power plants**	**kWp**	**Net book value at costs as at 31 December 2015**	**Net book value at FV as at 31 December 2015**	**Net book value at costs as at 31 December 2014**	**Net book value at FV as at 31 December 2014**
Breclav - ZS	137	627	1,048	676	1,072
Cukrovar Slavkov	1,159	1,473	4,693	1,631	4,800
Dolni Dvoriste	1,64	1,522	6,549	1,730	6,739
Komorovice	2,354	1,606	8,901	1,891	9,175
Mostkovice Mostkovice plocha	1,135	3,251	4,052	3,378	4,132
Prerov Radvanice	2,305	2,309	9,206	2,614	9,412
Svatoslav pozemek	1,231	4,063	4,931	4,204	5,087
Zdice I	1,498	3,750	5,807	3,935	5,998
Zdice II	1,498	2,240	5,990	2,430	6,124
Zvikov	2,031	2,158	8,162	2,400	8,402
Mokrá Lúka II	990	1,452	2,629	1,581	2,806
Mokrá Lúka III	990	1,780	2,623	1,909	2,799
Jovice V	990	1,801	2,404	1,919	2,557
Jovice VI	990	1,628	2,393	1,741	2,544
Babina II	999	1,471	2,690	1,638	2,875
Babina III	999	2,397	2,683	2,562	2,867
Blatná	700	2,452	1,848	2,561	1,972
Verderio	261	0	0	764	295
Biella	993	0	0	2,517	1,469
Kita Haffring	25	0	0	0	0
Feuerwehr Brandenburg	75	0	0	74	74
Halle Altentreptow	156	0	0	186	180
		35,980	**76,608**	**42,342**	**81,333**

In 2014, in the Consolidated statement of comprehensive income the revaluation of property plant and equipment of EUR 6,581 is shown net decreased by the value of deferred tax liability equal to EUR 1,544 thousand as shown in Note 16.2.

In 2015 the Group did not capitalize into assets any borrowing costs (2014: EUR 0 thousand).

The Group has purchased several intangible assets, however these cannot be classified as intangibles. These assets that include mainly rights to build the power plant, or rights to use land for power plant building are classified as property plant and equipment. They are represented as an inseparable part of photovoltaic power plants. The total amount of these rights amounted to EUR 1,375 (2014: EUR 1,375).

Security

At 31 December 2015 properties with a carrying amount of EUR 76,608 thousand (2014: EUR 79,314 thousand) are subject to a registered debenture to secure bank loans (see note 25); including as at 31 December 2015:

- Property, plant and equipment - Lands in an amount of EUR 2,526 thousand pledged to RL and EUR 333 thousand pledged to UniCredit Bank Slovakia a.s.
- Property, plant and equipment - Photovoltaic power plants in an amount of EUR 56,811 thousand pledged to RL
- Property, plant and equipment - Photovoltaic power plants in an amount of EUR 16,938 thousand pledged to UniCredit Bank Slovakia a.s.

Property, plant and equipment under construction

Property, plant and equipment equaled to the amount of EUR 9 thousand (2014: EUR 5 thousand).

Sale of property, plant and equipment

In 2015, proceeds from sales of property, plant and equipment amounted to EUR 0 thousand (2014: EUR 0 thousand).

18. Other investments

In thousand of EUR	2015	2014
Non-current investments		
Other investments measured at cost(1)	1	10
	1	**10**

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

19. Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

2015:

In thousand of EUR	Assets			Liabilities			Net		
	2015	y-y change	2014	2015	y-y change	2014	2015	y-y change	2014
Property plant and equipment	4,457	0	4,457	-10,411	-420	-9,991	-5,954	-1,694	-5,534
Inventories (allowance)	0	0	0	0	0	0	0	0	0
Construction contracts	0	0	0	0	0	0	0	0	0
Receivables (allowances)	0	0	0	0	0	0	0	0	0
Employee benefits	0	0	0	0	0	0	0	0	0
Tax loss carry-forwards	473	0	473	0	0	0	473	0	473
Tax assets (liabilities)	**4,930**	**0**	**4,930**	**-10,411**	**-420**	**-9,991**	**-5,481**	**-1,694**	**-5,061**
Net tax assets (liabilities)	**4,930**	**0**	**4,930**	**-10,411**	**-420**	**-9,991**	**-5,481**	**-1,694**	**-5,061**

2014:

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

19. Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year

In thousand of EUR	Balance as at 31 December 2013	Recognized in profit or loss	Recognized in OCI of which Fx translation	Recognized in OCI of which DT from revaluation	Balance as at 31 December 2014	Recognized in profit or loss	Recognized in OCI of which Fx translation	Recognized in OCI of which DT from revaluation	Balance as at 31 December 2015
Property plant and equipment	-3,840	-21	-129	-1,544	-5,534	12	-432	0	-5,954
Inventories	0	0	0	0	0	0	0	0	0
Construction contracts	0	0	0	0	0	0	0	0	0
Receivables	0	0	0	0	0	0	0	0	0
Employee benefits	0	0	0	0	0	0	0	0	0
Tax loss carry-forwards	473	0	0	0	473	0	0	0	473
Total	**-3,367**	**-21**	**-129**	**-1,544**	**-5,061**	**12**	**-432**	**0**	**-5,481**

20. Inventories

In thousand of EUR	2015	2014
Goods	924	683
Gross amount due from customers	-	262
	924	**945**

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

The cost of inventories recognized as an expense in cost of sales during the year in respect of continuing operations amounted to EUR 1,507 thousand (31 December 2014: EUR 573 thousand).

21. Trade and other receivables

Trade receivables

in thousand of EUR	Note	2015	2014
Trade receivables	28.2	917	1,152
Allowance for doubtful debts	28.2	0	0
		917	**1,152**

The average credit period on sales of goods and services is 25 days. No interest is charged. The Group recognizes an allowance for doubtful debts according to individual assessment. If the receivables are individually not significant the Company recognizes a potential allowance for doubtful debts based on the collective assessment. However Company usually does not create allowances as the receivables are usually overdue 1-2 months.

During 2015 receivables in the total amount of EUR 194 thousand were written-off (2014: EUR 902 thousand were written-off).

Other receivables

in thousand of EUR	Note	2015	2014
Paid advances		387	156
Loans to directors	29.1	103	81
Loans to associates joint ventures	29.1	0	0
Other receivables		2,552	2,113
Other loans		0	0
		3,042	**2,350**

Prepaid expenses amounted to EUR 688 thousand in 2015 (2014: EUR 818 thousand) and include mainly bond-related costs (EUR 435 thousand). Other receivables includes mainly a VAT receivable (EUR 84 thousand); advances paid (EUR 387 thousand); deferred revenue (EUR 88 thousand) and loans provided to companies originally included in the Group (EUR 1,396 thousand).

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

22. Cash and cash equivalents

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

In thousand of EUR	**2015**	**2014**
Bank balances	5,297	4,631
Cash on hand	0	0
Cash and cash equivalents	**5,297**	**4,631**

Cash held by the SPVs under legal ownership of the RL is restricted only for certain transactions e.g. loan and related interest provided to those SPV's by Photon Energy N.V. (originally by Photon Energy a.s.) is subordinated to the loan from RL and will be paid only after the repayment of the RL loan. Total amount of the cash owned by these SPVs is EUR 4,103 thousand at 31 December 2015 (2014: EUR 3,128 thousand).

23. Capital and reserves

During 2015 and 2014, any specific transactions were performed within the capital structure of the Group.

Share capital and share premium

Ordinary shares

In thousand of shares	**2015**
On issue at 1 January 2015	**60,000,000**
On issue at 31 December – fully paid	**60,000,000**

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

Ordinary shares

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

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

As of 31 December 2015 the shareholder structure was as follows.

Shareholder	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Age Investments B.V.	28,263,974	47,11%	28,263,974	55,69%
Solar Future Cooperatief U.A.	8,590,683	14,32%	8,590,683	16,93%
Solar Power to the People Cooperatief U.A.	8,051,919	13,42%	8,051,919	15,86%
Photon Energy N.V.	9,244,794	15,41%	0	0,00%
Free float	5,848,630	9,75%	5,848,630	11,52%
Total	**60,000,000**	**100,00%**	**50,755,206**	**100,00%**

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

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

Reserves

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

In thousand of EUR	2015	2014
Legal reserve	10	10
Revaluation reserve	25,415	27,704
Foreign currency translation reserve	-975	-1,778
Hedging derivatives	-420	-582
	24,030	**25,354**

Legal reserve

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

The legal reserve amounts to EUR 10 thousand at 31 December 2015 (2014: EUR 10 thousand).

Revaluation reserve

In thousand of EUR	2015	2014
Balance at beginning of year	27,704	22,835
Increase arising on revaluation of properties net of deferred tax	0	6,581
Share on revaluation of PPE of associates JV	0	-568
Share of non-controlling interest	0	0
Increase arising on revaluation of properties-associates JV	0	0
Share on non-controlling interest	0	0
Impairment losses	0	0
Reversals of impairment losses	0	0
Move from revaluation reserve to retained earnings	-2,289	-1,144
NCI release	0	0
Balance at end of year	**25,415**	**27,704**

The revaluation reserve arises on the revaluation of photovoltaic power plants. The revaluation reserve is being released to the retained earnings during the duration of Feed-in-Tariff-currently 20 years. The amount equal to the amount of depreciation coming from revaluation released in 2015 is equal to EUR 2,289 thousand (2014: EUR 1,144 thousand). There was no revaluation performed in 2015. The revaluation for the year 2014 amounts to EUR 6,013 thousand net of tax (2014: EUR 6,013 thousand). See note 16 and 17.

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

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

Foreign currency translation reserve

In thousand of EUR	**2015**	**2014**
Balance at beginning of year	-1,778	-2,390
Foreign currency translation differences for foreign operations	803	612
Balance at end of year	**-975**	**-1,778**

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

Derivatives hedging reserve

In thousand of EUR	**2015**	**2014**
Balance at beginning of year	-582	-457
Derivatives	162	-89
Share on non-controlling interest	0	0
Share on derivatives joint ventures	0	-36
Share on non-controlling interest	0	0
Release of non-controlling interest	0	0
Balance at end of year	**-420**	**-582**

Dividends

There were no dividends declared and paid by the Company in 2015 and 2014.

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24. Earnings per share

In EUR	2015	2014
Basic earnings per share	(0.034)	(0.1)
Diluted earnings per share	(0.029)	(0.083)
Total comprehensive income per share	(0.015)	(0.038)

Basic earnings per share

The calculation of basic earnings per share at 31 December 2015 was based on the loss attributable to ordinary shareholders of loss EUR 1,720 thousand (2014: loss EUR 5,042 thousand) and a weighted average number of ordinary shares outstanding of 50,067 thousand (2014: 50,000 thousand). The calculation of diluted earnings per share as 31 December 2015 was based on on the loss attributable to ordinary shareholders of loss EUR 1,720 thousand (2014: loss EUR 5,042 thousand) and a weighted average number of total shares outstanding of 60,000 thousand.

Profit (loss) attributable to ordinary shareholders

In thousand of EUR	Profit (loss) attributable to ordinary shareholders	
	2015	2014
Profit (loss) for the year	-1,725	-5,034
Profit (loss) attributable to ordinary shareholders	-1,720	-5,042

Weighted average number of ordinary shares

There were any new shares issued in 2015. The number of shares at the year-end 2015, 2014 and 2013 was 60,000,000.

Share on profit of equity-accounted investees amounted to EUR 5 thousand (2014: EUR 70 thousand).

Basic and diluted total comprehensive income per share

The calculation of total comprehensive earnings per share (the calculation is the same for the diluted EPS) at 31 December 2015 and 2014 was based on the total comprehensive income (loss) attributable to ordinary shareholders of EUR (-755) thousand (2014: EUR (-1,466) thousand) and a weighted average number of ordinary shares outstanding of 60,000 thousand (2014: 60,000 thousand).

25. Loans and borrowings

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

In thousand of EUR	2015	2014
Non-current liabilities		
Long-term secured bank loans	38,499	41,889
Long-term portion of other loans	538	1,178
Total	**39,037**	**43,067**
Current liabilities		
Current portion of long-term secured bank loans	3,569	3,385
Short-term secured bank loans	0	0
Current portion of other loans	269	649
Total	**3,838**	**4,034**
Total loans & borrowings	**42,876**	**47,101**

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

In thousand of EUR	Currency	Nominal interest rate	Year of maturity	31.12.2015		31.12.2014	
				Credit limit	Credit limit	Credit limit	Carrying amount
Secured bank loan*	CZK	5 19%	5.1.2021	30,060	30,060	32,082	32,082
Secured bank loan	EUR	3M EURIBOR+2.7%	30.6.2024	4,971	4,971	5,519	5,519
Secured bank loan	EUR	3M EURIBOR+2.7%	31.12.2024	7,038	7,038	7,673	7,673
Other loan	EUR	3%	12.3.2018	808	808	1,277	1,277
Other loan	EUR	3%	31.12.2017	0	0	550	550
Total interest bearing liabilities				**42,876**	**42,876**	**47,101**	**47,101**

In 2015, no refinancing was performed. On 30 December 2015 a contract on refinancing of the Czech portfolio was concluded, the actual flow of money was performed in January 2016.

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

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

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

Covenants

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

All power plants met the DSCR criteria as of 31 December 2015.

26. Trade and other payables

Trade payables

In thousand of EUR	2015	2014
Payables to suppliers	1,061	1,219
	1,061	**1,219**

Other payables

In thousand of EUR	2015	2014
Advances received	116	14
Accrued expenses	252	365
Deferred revenues	0	0
Payables to employees	474	489
Payables to health and social authorities	101	231
Derivatives	1,576	1,838
Other payables-loans	528	963
Other	0	0
	3,047	**3,900**

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

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

At 31 December 2015 retentions held by customers for contract work amounted to EUR 5 thousand (31 December 2014: EUR 21 thousand). Advances received from customers for contract work amounted to EUR 116 thousand (31 December 2014: EUR 44 thousand).

27. Other long-term and short-term liabilities

27.1 Other long term liabilities

In thousand of EUR	**2015**	**2014**
VAT payables	0	0
Long term liability from income tax	0	0
Other long-term loans	0	0
Other long-term liabilities	94	454
Bond	8,060	7,525
	8,154	**7,979**

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

The bond coupon is paid quarterly and the bond is due in 5 years from issuance. Bond related costs in the amount of approximately EUR 850 thousand have been accrued for a period of 5 years and are regularly released in the P&L. The outstanding balance as of 31 December 2015 in the amount of EUR 435 thousand is included in Prepaid expenses.

27.2 Other short term liabilities

In thousand of EUR	**2015**	**2014**
VAT liability	0	0
Other liabilities	0	97
	0	**97**

27.3 Current tax liability

Other liabilities in amount of EUR 747 thousand represent payable for other taxes. This liability relates mainly to the Czech SPVs and is result of their actual annual result.

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28. Financial instruments

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

28.1 Liquidity Risk

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

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

31 December 2015

In thousand of EUR	Carrying amount	Contractual cash flows	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Non-derivative financial liabilities						
Secured bank and other loans	42,068	48,850	4,560	4,415	13,770	26,104
Other loans	808	848	293	285	269	0
Trade payables	1,061	1,061	1,061	0	0	0
Bond	8, 060	9,511	645	645	8,221	0
Other payables	2,728	2,728	2,728	0	0	0
Tax payables	747	747	747	0	0	0
	55,472	63,744	10,034	5,346	22,261	26,104

31 December 2014

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

In 2015, other loans consisted of an loan provided by a non-bank financial institution therefore it is classified as other loan. The interest rate charged was 3%.

28. Financial instruments (continued)

28.1 Liquidity risk (continued)

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

Effective interest rates and re-pricing analysis

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

For 2015, none of the bank loans have a variable interest rate (the Czech portfolio has a fixed interest rate and the Slovak portfolio interest rates are hedged), therefore the table below includes only those hedged (Slovak SPVs).

2015:

In thousand of EUR	Effective interest rate	Total	6 months or less	6–12 months	1–5 years	Fixed interest rate
Bank loans	2.82%	-12,008	-12,008	0	0	0
Total		**-12,008**	**-12,008**	**0**	**0**	**0**

2014:

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

28.2 Credit risk

Exposure to credit risk

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

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

Trade and other receivables

In thousand of EUR	2015	2014
Financial assets		
Not due yet	524	538
Overdue 180 days or less	323	541
Overdue over 180 days	70	73
Total	**917**	**1,152**
Out of which		
Overdue 180 days or less	0	0
Overdue over 180 days	0	0
Impairment loss to trade receivables overdue 360 days	0	0
Total overdue impaired	**0**	**0**
Total overdue not impaired	**393**	**576**
Total financial assets after impairment	**917**	**1,152**

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In thousand of EUR	2015
Allowance for receivables as at 31. 12. 2014	0
Creation of allowance in 2015	0
Allowance for receivables as at 31. 12. 2015	0

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

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

28.3 Interest rate risk

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

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

In thousand of EUR	Carrying amount	
	2015	2014
Interest rate instruments		
Financial assets	0	0
Financial liabilities	-42,876	-47,101
	-42,876	**-47,101**

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

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

Interest bearing financial liabilities

31 December 2015

In thousand of EUR	Effective interest rate	Total	Less than 1 year	2–5 years	More than 5 years
Bank loans	4.57%	42,068	2,762	13,202	26,104
Total		**42,068**	**2,762**	**13,202**	**26,104**

31 December 2014

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

Loans and borrowings with variable rate

Below analysis includes only loans with a variable interest rate.

For 2015, any of the bank loans have a variable interest rate (the Czech portfolio has a fixed interest rate and the Slovak portfolio interest rates are hedged) therefore the table below includes only those hedged (Slovak SPVs).

2015:

In thousand of EUR	Effective interest rate	Total	6 months or less	6–12 months	1–5 years	Fixed interest rate
Bank loans	2.82%	-12,008	-12,008	0	0	0
Total		**-12,008**	**-12,008**	**0**	**0**	**0**

2014:

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

Loans and borrowings with variable rate –Slovak portfolio

Slovak loans interest rate is hedged by the interest derivatives.

Total amount of derivatives reserve amounted to EUR 420 thousand as of 31 December 2015 (2014: EUR 582 thousand).

Loans and borrowings with variable rate

2015:

In EUR thousand	Carrying amount	Contractual cash flow					
Derivatives financial liabilities		**Total**	**1 year**	**2 years**	**3 year**	**4 years**	**5 years**
Interest rate swaps used for hedging	580	717	195	168	143	120	91

2014:

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

The effect on equity would be the same as the effect on profit or loss. In the calculation, the assumptions that current debt maturing in 2016 will be rolled over in that period.

Actual interest expenses related to bank loans and borrowings incurred by the Company in 2015 were EUR 3,204 thousand (2014: EUR 2,945 thousand) coming from the carrying value of loans drawn in the amount of EUR 42,876 thousand as at 31 December 2015 (2014: EUR 47,101 thousand).

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An increase/decrease of interest rates by 1% at the reporting date would have decreased/increased the profit before tax by EUR 20 thousand as shown in the following table. This analysis assumes that all other variables remain constant.

31.12.2015	Effective interest rate	Total	Interest (calculated)	Effective interest rate	Interest (calculated)	Additional PL effect	Effective interest rate	Interest (calculated)	Additional PL effect
Bank loans with variable rate	4,65	42,876	1,995	4,70	2,015	-20	4,61	1,975	20
Total		42,876	1,995			-20			20

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28.4 Exchange rate risk

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

An increase/decrease of exchange rates by 10% at the reporting date would have decreased/increased the profit before tax by EUR 45 thousand (EUR 55 thousand respectively) as shown in the following table. This analysis assumes that all other variables remain constant.

2015

	31 December 2015	+ 10%	- 10%
exchange rate CZK/EUR	27.025	29.728	24.322

31.12.2015	Currency	in Currency	teur	Teur +10%	change	teur -10%	change
Trade receivables	tczk	36,438	1,348	1,226	-123	1,498	150
Total TCZK		,	,	,	-123	,	150

31.12.2015	Currency	in Currency	teur	Teur +10%	change	teur -10%	change
Trade payables, loans	tczk	-49,826	-1,844	-1,676	168	-2,049	-205
Total TCZK		,	,	,	**168**	**,**	**-205**

2014

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

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

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

28.5 Accounting classifications and fair values

Fair values vs. carrying amounts

The fair values of financial assets and liabilities together with the carrying amounts shown in the statement of financial position are as follows. For the other financial assets/financial liabilities, the fair value approximates the carrying amount.

31 December 2015

In thousand of EUR	Note	Fair value – hedging instruments	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Cash and Cash equivalents	23	0	5,297	0	5,297	5,297
Loans and receivables	21	0	3,981	0	3,981	3,981
Secured bank loans	26	0	0	42,068	42,068	42,068
Other loans	26	0	0	808	808	808
Trade payables	27	0	0	1,061	1,061	1,061
Bond	27	0	8,060	0	8,060	8,060
Other payables	27	0	0	1,152	1,152	1,152
Tax payables	27	0	0	747	747	747
Interest rate derivatives	4.3.2	1,576	0	0	1,576	1,576

31 December 2014

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

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the end of the reporting period plus an appropriate credit spread discount rate used equalled to 5.52% for 2015.

Fair value hierarchy

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

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

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

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

31 December 2015

In thousand of EUR	Level 1	Level 2	Level 3	Total
Cash and Cash equivalents	0	5,297	0	**5,297**
Loans and receivables	0	3,981	0	**3,981**
Secured bank loans	0	42,068	0	**42,068**
Other loans	0	808	0	**808**
Trade payables	0	1,061	0	**1,061**
Bond	0	8,060	0	**8,060**
Other payables	0	1,152	0	**1,152**
Tax payables	0	747	0	**747**

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Interest rate derivatives	0	580	0	**580**

31 December 2014

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

All financial assets and financial liabilities (refer to Note 4.3.4) have been defined to Level 2.

Assumptions used for calculating revalued amounts of PPE (level 3) are as follows:

The DCF Equity valuation method is based on a Discounted Cash Flow method. It includes the future cash flows available to the shareholders/providers of equity of photovoltaic projects (i.e. after all debt repayments and interests) that are later discounted by respective discount rates. The risk profile is represented by a discount rate (cost of equity levered). Due to existence of senior project finance the cost of equity calculated by CAPM formula is adjusted by Miller-Modigliani formula to achieve the most precise cost of equity levered for each project respecting it unique capital structure.

In the valuation model, a quarterly discount is applied. This is based on the fact that debt repayments are happening on quarterly basis. This is effecting the overall change in financing structure and indirectly effecting cost of equity levered.

29. Related parties

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

29.1 Parent and ultimate controlling party

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

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

In thousand of EUR	2015	2014
Balance at beginning of year	81	52
Transferred due to the sale	0	0
Loan provided to Mr. Hotar	22	29
Unpaid interests (Mr. Hotar)	0	0
Loan provided to Mr. Gartner	0	0
Unpaid interests (Mr. Gartner)	0	0
Effect of the movement of Fx rate	0	0
Carrying amount at 31 December	**103**	**81**

Members of the board of directors did not receive for their board of directors related duties for the Group entities any compensation in 2015 and in 2014. There were no trade relations between the Group and members of the board of directors of the Company.

Other related party transactions

In thousand of EUR	transaction value for the year-ended		balance outstanding at the year-end	
	2015	2014	2015	2014
Sale of goods and services				
Joint ventures – sale of services	0	0	0	0
Joint ventures – construction contracts revenues	0	0	0	0
(SK SPV1 Solarpark Myjava Solarpark Polianka Fotonika)				
Purchase of goods and services				
Joint ventures – purchase of services	68	77	0	0
Current assets				
Loans	0	0	0	0

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

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30. Group entities

Subsidiaries

The following subsidiaries are consolidated as at 31 December 2015.

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

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

The following subsidiaries are consolidated as at 31 December 2014.

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

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

Other consolidated subsidiaries (special purpose entities) exist as at 31 December 2015, where the holding company has control but does not have any ownership or direct voting rights. The following entities are included:

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

CZ = Czech Republic

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

31. Subsequent events

Bank refinancing

On 30 December 2015, the Group signed a contract with the bank on the refinancing of the Czech portfolio in the total amount of EUR 1,480 thousand. The actual flow of money was realized only in January 2016.

Repayment date is 1 January 2022 and the interest rate is 3M PRIBOR+ 2,7% p.a.

Sale of Photon Energy Operations DE GmbH

On 7 January 2016, the Company signed an agreement on the sale of its shares in Photon Energy Operations DE GmbH to a German investor. Photon Energy has closed its office in Berlin at the end of January and will continue servicing the German market and customers from its base in Prague.

32. Contingent assets and liabilities

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

Stand alone Financial Statements

for the year ended 31 December 2015

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Company balance sheet as at 31 December 2015

(before profit appropriation)

in thousand of EUR	Note	31 December 2015	31 December 2014
Fixed assets			
Financial fixed assets	36	37,734	37,548
Intangible assets	36	22	33
Total fixed assets		**37,756**	**37,581**
Current assets			
Trade and other receivables	38	2,297	1,369
Loans	37	6,709	8,384
Cash and cash equivalents	38	55	67
Total current assets		**9,061**	**9,820**
Total assets		**46,817**	**47,401**

Shareholders' equity	39		
Issued share capital		600	600
Share premium		36,871	36,871
Revaluation reserve		17,641	17,166
Derivatives reserve		-420	-581
Currency translation reserve		-975	-1,778
Unappropriated result		-1,088	-5,042
Retained Earnings		-24,240	-19,198
Total equity		**28,389**	**28,038**
Non-current liabilities	40	**8,598**	**8,333**
Other loans		538	808
Other long-term liability		8,060	7,525
Current liabilities	41	**9,831**	**11,030**
Trade and other liabilities		6,419	7,626
Other loans		3,412	3,404
Total equity and liabilities		**46,817**	**47,401**

The notes on pages 71 to 81 are an integral part of these financial statements.

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Company income statement for the financial year ended 31 December 2015

in thousand of EUR	**1 January 2015 – 31 December 2015**	**1 January 2014 – 31 December 2014**
Share in results from participating interests, after taxation	-1,593	-2,136
Income from subsidiaries	632	0
Other result after taxation	-127	-2,906
Net result	**-1,088**	**-5,042**

The notes on pages 71 to 81 are an integral part of these financial statements.

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Notes to the Company Financial Statements

for the year ended 31 December 2015

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34. General

The company financial statements are part of the 2015 financial statements of Photon Energy N.V. (the 'Company'). With reference to the income statement of the company, use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

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

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

36. Financial fixed assets

In thousand of EUR	31 December 2015	31 December 2014
Participating interests in group companies	37,734	37,548
	37,734	**37,548**

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

In thousand of EUR	Note	Participating interests in group companies	Total
Balance at 1 January 2015		**37,548**	**37,548**
Capital contribution existing subsidiaries	36	598	598
Revaluation reserve change	36	475	475
Share in result of participating interests	43	-1,581	-1,581
Liquidation of subsidiaries	36	-186	-186
Share in foreign currency translation differences in participating interest	36	802	802
Dividend payment	36	-828	-828
Derivatives	36	162	162
Sale of subsidiaries		744	744
Balance at 31 December		**37,734**	**37,734**
Final balance at 31 December 2015		**37,734**	**37,734**

2015

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

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

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

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

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

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

During 2015, impact of the change of the revaluation reserve amounted to EUR 475 thousands.

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

The Slovak SPVs use hedging derivatives for hedging of interest rates on received loans. Total impact into equity from their revaluation at the year-end amounted to loss of EUR 162 thousand (2014: EUR 125 thousand).

The impact of foreign currency translation differences in participating interest resulted in a loss of EUR 975 thousand (2014: EUR 1,778 thousand).

The company booked a provision for negative equity in subsidiaries in the amount of EUR 5,536 thousand (outstanding balance 2014: EUR 6,710 thousand) as the Company's management has intention to maintain and support the related subsidiaries within the structure and support them by providing the required cash-flow and settle their liabilities. This allowance is presented in the current liabilities.

Intangible assets include the value of trademark originally owned by Photon Energy a.s. in the value of EUR 22 thousand.

The total amount invested into capital contributions (by capitalization of entity's receivables from subsidiaries) to subsidiaries in 2015 amounted to EUR 598 thousand (2014: EUR 3,073 thousand; refer to Movement schedule above).

Increase of value resulting from the revaluation of subsidiaries amounted to EUR 475 thousand. Impact of derivatives revaluation equaled to EUR 162 thousand (positive); of dividend payment to EUR 828 thousand (negative); of currency retranslation to EUR 802 thousand. Total result from participations gained loss of EUR 1,581 thousand. Company sold 4 entities out of the Group, the impact s EUR 744 thousands. Impact of liquidation of PE Technology B.V. is EUR 186 thousand.

2015 developments

During 2015, Photon Energy N.V. did not merge any of its subsidiaries. Photon Energy Technology B.V. was liquidated as of 1st December 2015. During 2015, Photon Energy N.V. (directly or via its subsidiaries) did no incorporate any new subsidiary.

Photon SPV 5 s.r.o. was renamed to Photon Energy Control s.r.o

Disposals in 2015

- Photon Energy Polska
- Photon DE SPV 3 GmbH
- Photon IT SPV1 s.r.l.
- Photon IT SPV2 s.r.l.

Mergers in 2014:

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

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37. Loans

In thousand of EUR	31 December 2015	31 December 2014
Loans provided	6,709	8,384
	6,709	**8,384**

The balance of loans provided consists of the loans provided primarily to the companies within the Group and its decrease is caused by capitalization of the several loan principals in the subsidiaries. N.V. Interest charge is 3% and the loans have a short-term character.

38. Current assets

In thousand of EUR	31 December 2015	31 December 2014
Trade and other receivables	2,297	1,369
Cash	55	67
	2,352	**1,436**

39. Shareholders' equity

39.1 Reconciliation of movement in capital and reserves

In thousand of EUR	Issued share capital	Share premium	Currency translation reserve	Derivatives	Revaluation reserve	Retained earnings	Unappropriated result	Total equity
Balance at 1 January 2014	**600**	**36,871**	**-2,577**	**-457**	**10,869**	**-13,715**	**-5,011**	**26,580**
Revaluation of assets in participating interest	-	-	-	-	6,297	-	-	6,297
Foreign currency translation differences in participating interest	-	-	835	-	-	-	-	817
Transfer to retained earnings	-	-	-	-	-	-5,011	5,011	0
Derivatives	-	-	-	-126	-	-	-	-126
Merger impact	-	-	-	-	-	-472	-	-472
Actual result	-	-	-	-	-		-5,042	-5,042
Balance at 31 December 2014	**600**	**36,871**	**-1,778**	**-581**	**17,166**	**-19,198**	**-5,042**	**28,038**
Balance at 1 January 2015	**600**	**36,871**	**-1,778**	**-581**	**17,166**	**-19,198**	**-5,042**	**28,038**
Revaluation of assets in participating interest	-	-	-	-	475	-	-	475
Foreign currency translation differences in participating interest	-	-	803	-	-	-	-	803
Transfer to retained earnings	-	-	-	-	-	-5,042	5,042	0
Derivatives	-	-	-	162	-	-	-	162
Actual result	-	-	-	-	-	-	-1,088	-1,720
Balance at 31 December 2015	**600**	**36,871**	**-975**	**-420**	**17,641**	**-24,420**	**-1,088**	**28,389**

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39.2 Share capital and share premium

39.2.1 Ordinary shares

The Company's share capital is EUR 600,000 divided into 60,000,000 shares with a nominal value of EUR 0.01 each. The share capital is fully paid-up. Each of the 60,000,000 shares represent one vote at the General Meeting of Shareholders.

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

Reserves

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

The revaluation reserve arises on the revaluation of photovoltaic power plant owned by the participation(s) and it amounted to EUR 19,312 thousand as of 31 December 2015 (31 December 2014: EUR 17,166 thousand).

Currency translation reserve includes all foreign translation exchange differences in the participations and amounted to a loss EUR 975 thousand as of 31 December 2015 (31 December 2014: EUR 1,778 thousand).

The derivatives reserve includes results from hedging derivatives in the participations and amounted to a loss of EUR 419 thousand in 2015 (2014: EUR 581 thousand).

39.2.2 Unappropriated result

To the General Meeting of Shareholders the following appropriation of the result 2015 will be proposed: the loss of EUR 1,088 thousand to be transferred and added to the retained earnings item in the shareholders' equity.

39.2.3 Reconciliation of consolidated group equity with company equity

In thousand of EUR	31 December 2015	31 December 2014
Group equity	**28,540**	**28,185**
Minority interest of third parties in subsidiary:		
Non-controlling interest	151	147
Shareholders' equity (company)	**28,389**	**28,038**

Group result	**-1,725**	**-5,134**
Income from subsidiaries	632	0
Minority interest of third parties in result:		
Non-controlling interest	5	8
Net result (company)	**-1,088**	**-5,042**

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40. Long-term liabilities

In thousand of EUR	**31 December 2015**	**31 December 2014**
Loans	538	808
Other long-term liabilities	8,060	7,525
	8,598	**8,333**

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

41. Current liabilities

In thousand of EUR	**31 December 2015**	**31 December 2014**
Loans	3,412	3,404
Trade payables	331	474
Accruals and deferred income	80	86
Other payables	472	356
Provision for 2012 negative equity subsidiaries	5,536	6,710
	9,831	**11,030**

Loan provided by private financing company in the original amount of EUR 8,000 thousand was gradually repaid and restructured, so its outstanding balance as of the year-end 2015 is EUR 808 thousand, out of which EUR 538 thousand is long-term based on the contractual conditions.

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

The company booked a provision for negative equity in subsidiaries in the amount of EUR 5,536 thousand (2014: EUR 6,710 thousand) as the Company's management has the intention to maintain and support the related subsidiaries within the structure and support them by providing the required cash-flow and settle their liabilities.

42. Financial instruments

42.1 General

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

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

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

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

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

42.2 Fair value

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

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43. Share in results from participating interests

An amount of EUR 1,593 thousand (loss) of share in results from participating interests relates to group companies (2014: loss of EUR 2,136 thousand).

44. Fees of the auditor

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by Grant Thornton Accountants en Adviseurs B.V. to the Company in 2015:

2015:

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

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

2014:

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

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45. Related parties

45.1 Transactions with key management personnel

45.1.1 Key management personnel compensation

Key management personnel did not obtain any compensation for their activity for PE NV in 2015.

45.1.2 Key management personnel and director

The directors of the Company control 90.25% of the voting shares of the Company. The Directors hold positions in other group entities that result in having control or significant influence over the financial or operating policies of these entities.

45.1.3 Emoluments of directors and supervisory directors

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

Amsterdam, 22 April 2016

The Board of Directors:

____

Michael Gartner, Director

____

Georg Hotar, Director

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Other information

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Other information

I. Emoluments of directors and supervisory directors

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

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

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

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

III. Proposal for profit appropriation

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2015 loss: an amount of EUR 1,720 thousand to be added to the retained earnings.

IV. Subsequent events

Please refer to note 31 of the consolidated financial statements.

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

V. Subsidiaries

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

VI. Independent auditor's report

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

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

Grant Thornton
Accountants en Adviseurs B.V.
Laan der Continenten 160
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2400 CG Alphen aan den Rijn
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INDEPENDENT AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements 2015 of Photon Energy N.V. , Amsterdam. The financial statements include the consolidated financial statements and the stand alone financial statements. The consolidated financial statements comprise the consolidated statements of financial position as at 31 December 2015, the consolidated statement of comprehensive income, changes in equity and cash flow for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The standalone financial statements comprise the company balance sheet as per 31 December 2015, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

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

Auditor's responsibility

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

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

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

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

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Photon Energy N.V. as at December 31, 2015 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the financial statements
In our opinion, the stand alone financial statements give a true and fair view of the financial position of Photon Energy N.V. as at December 31, 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

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

Amsterdam, 22 April 2016

Grant Thornton Accountants en Adviseurs B.V.

M.J.J. Welsink
Registeraccountant

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