

PHOTON ENERGY N.V. ENTITY FINANCIAL REPORT

Q1 2014

for the period from 1 January to 31 March 2014

15 May 2014 | Amsterdam | The Netherlands

UNCONSOLIDATED FINANCIAL REPORT

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1. SELECTED FINANCIAL RESULTS

The table below provides selected key data from the unconsolidated and unaudited financial statements of Photon Energy N.V. in accordance with Dutch Accounting Standards for the quarterly period ended 31 March 2014 and the corresponding period of the previous year.

Selected financial results for the period of 1 January to 31 March 2014

<i>in Thousands</i>	EUR		PLN	
	2013 Q1	2014 Q1	2013 Q1	2014 Q1
Revenues	0	0	0	0
EBITDA	-174	-362	-722	-1,514
EBIT	-174	-363	-722	-1,518
Pre-tax profit	-487	-658	-2,024	-2,751
Net profit	-487	-658	-2,024	-2,751
Non-current assets	23,261	40,357	97,132	168,374
Current assets	10,592	5,409	44,227	22,567
Cash and cash equivalents	81	6	338	25
Total assets	33,853	45,766	141,359	190,941
Total equity	-2,960	35,304	-12,358	147,291
Current liabilities	36,813	10,462	153,718	43,649
<i>EUR exchange rate - low</i>	-	-	4.072	4.147
<i>EUR exchange rate - average</i>	-	-	4.156	4.184
<i>EUR exchange rate - end of period</i>	-	-	4.176	4.172
<i>EUR exchange rate - high</i>	-	-	4.209	4.250

Note: Exchange rates provided by the European Central Bank

2. MANAGEMENT DISCUSSION AND ANALYSIS

The unconsolidated financial results of Photon Energy N.V. are prepared in accordance with Dutch Accounting Standards. The majority of operating activities are conducted by its operating subsidiaries. Therefore, the Management will provide detailed comments on the Company's financial results in the report of the consolidated accounts.

3. GENERAL INFORMATION ABOUT THE ISSUER

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

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

4. FINANCIAL FORECASTS

The Company did not publish any financial forecasts.

5. INVESTMENT ACTION PLAN AND ITS IMPLEMENTATION

The Company did not publish any investment action plan in the Information Document, no implementation plan has been defined.

6. GROUP STRUCTURE OF THE ISSUER

The group structure is being published in the consolidated report.

7. SHARE CAPITAL OF THE ISSUER

The Company’s share capital is EUR 600,000 divided into 60,000,000 shares with a nominal value of EUR 0.01 each. The share capital is fully paid-up. Each of 50,000,000 shares represents one vote at the General Meeting of Shareholders.

Share capital as of 31 March 2014

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

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

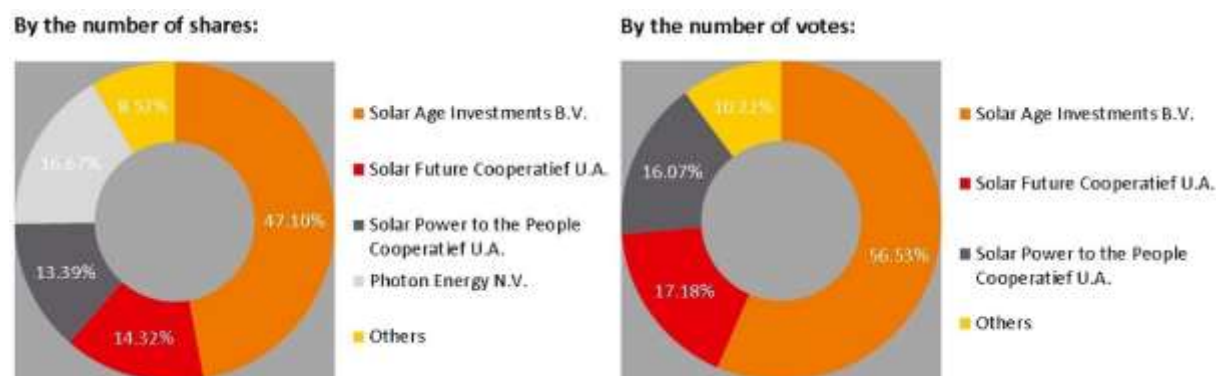
8. SHAREHOLDER STRUCTURE

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

Shareholder	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Age Investments B.V.	28,263,274	47.10%	28,263,274	56.53%
Solar Future Cooperatief U.A.	8,590,739	14.32%	8,590,739	17.18%
Solar Power to the People Cooperatief U.A.	8,036,573	13.39%	8,036,573	16.07%
Photon Energy N.V.	10,000,025	16.67%	0	0%
Free float	5,109,389	8.52%	5,109,414	10.22%
Total	60,000,000	100.00%	50,000,000	100.00%

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

Chart 1. Graphical presentation of the Company's shareholders structure



9. STATUTORY BODIES OF THE ISSUER

Board of Directors

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

Board of Directors as of 31 March 2014

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

Supervisory Board

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

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

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

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

10. DESCRIPTION OF THE ISSUER'S BUSINESS

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

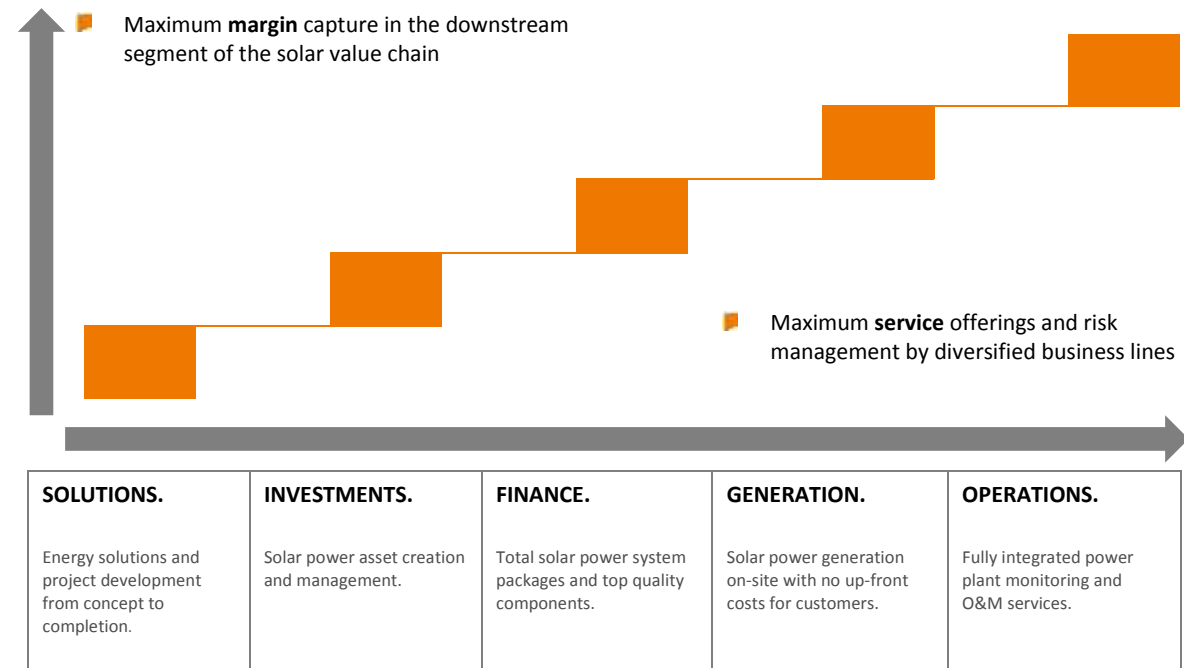
The Group is vertically integrated in the downstream segment of the photovoltaic industry. Through **its five divisions** of expertise the Company serves the needs of clients with extensive know-how in:

- Project development, EPC services and technology solutions
- Asset management
- Project finance and insurance
- Energy production on site
- Operations and Maintenance (O&M)

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

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

Image 1. The Company's business model



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

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

11. IMPLEMENTATION OF INNOVATIVE ACTIVITIES

In Q4 2013 Photon Energy announced its new innovative strategy tailor-made for the Solar Age with a particular emphasis on **five business lines**, which provide **multiple recurring revenue streams and stable earnings**. (For more information, please refer to chapter 2.2 Strategy and its execution). All our current services & products are currently being realigned in order to best serve these five business lines.

The global PV industry has to date been too focused on the construction of PV plants without due attention given to the optimisation of plant life cycle performance. PV plants are no longer financial assets but are built to help cover the energy needs of final users, which require complete energy solutions. However, the Solar Age without support schemes makes financing PV plants more difficult than before. To date many financing solutions used in other industries have not yet been applied to PV, hence the innovation potential for standardised solutions is substantial. Therefore, the financial services team within Photon Energy will be expanded and **standardised financing solutions** are being developed.

High quality design & construction as well as world-class O&M provides NPV^{\max} (maximum Net Present Value). The Company is currently implementing its new **NPV^{\max} Concept** into all its services and products. NPV^{\max} requires the highest possible cash flows to be effectively delivered throughout the lifetime of the project.

Due to our new business strategy the Australian market is the focus of our expansion in 2014 and beyond. The Company's expansion to Australia is starting to pay off as the market develops strongly. Through our fully-owned subsidiary **Photon Energy Generation Australia** (PEGA) we have launched innovative standardised financing models for the Australian commercial PV market. Through PEGA Photon Energy wants to offer all commercial energy users two attractive alternatives to the outright acquisition of a PV system, either in the form of a Commercial Hire Purchase (CHP) agreement (signed for an average of 10 years) or in the form of Power Purchase Agreements (PPA) (signed for an average of up to 30 years) with the possibility to acquire the PV system later. Our target customers are companies with a large number of rooftop properties (such as hotel or retail chains, data centers, etc.), who can rely on our already extensive pipeline of projects worth more than 60 MWp and growing. Moreover, a **service offering for energy savings** and management is being introduced.

In response to the introduction of changes to the state managed subsidy programmes with retroactive effect in Europe and especially in the Czech Republic, where a big part of our portfolio is located, we launched European Solar Holdings N.V. (ESH), a Pan-European Solar Asset Aggregation Yield-Coin February. ESH intends to establish itself as the preferred vehicle for yield-seeking investors into renewable energy asset in the European Union by combining effective investment protection and efficient asset management with a liquid public listing and an attractive dividend yield. Investors operating PV power plants in the EU will be able to swap their investments for shares in ESH, which aims to IPO on a major European exchange in 2015. (For more information, please refer to www.europeansolarholdings.com)

12. EMPLOYEES

Photon Energy N.V. is a holding company of the Photon Energy Group with one employee.

13. REPORT ON THE KEY EVENTS MATERIAL FOR THE COMPANY'S OPERATIONS

13.1. Summary of the key events from 1 January until 31 March 2014

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

No. 1/2014 published on 9 January 2014: Loan maturity extension

No. 2/2014 published on 14 January 2014: Monthly report for December 2013

No. 3/2014 published on 14 February 2014: Monthly report for January 2014

No. 4/2014 published on 14 February 2014: Quarterly report for Q4 2013

No. 5/2014 published on 20 February 2014: Photon Energy launches a Pan-European Solar Asset Aggregation Yield-Co to IPO in 2015

No. 6/2014 published on 14 March 2014: Monthly report for February 2014

13.2. Summary of the key events after 31 March 2014

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

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

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

14. DETAILED UNCONSOLIDATED FINANCIAL RESULTS FOR Q1 2014

The tables below present the **unconsolidated** and **un-audited** financial statements of Photon Energy N.V. for the three-month period starting on 1 January 2014 and ending on 31 March 2014 and the corresponding period of the previous year. The reported data is presented in accordance with **Dutch Accounting Standards**.

Income Statement

<i>in Thousands (except EPS)</i>	EUR		PLN	
	2013Q1	2014Q1	2013Q1	2014Q1
Revenues from the sale of products, goods and services	0	0	0	0
Cost of sales	-69	-3	-288	-14
Other administrative expenses	-105	-358	-434	-1,497
Other income	0	0	0	0
Other expenses	0	-1	0	-2
EBITDA	-174	-362	-722	-1,514
Amortization&depreciation	0	-1	0	-3
EBIT	-174	-363	-722	-1,518
Financial income	59	9	247	37
Financial costs	-373	-304	-1,548	-1,271
Result from participation	0	0	0	0
Profit / loss before taxation	-487	-658	-2,024	-2,751
Income tax	0	0	0	0
Profit/loss for the period (net income)	-487	-658	-2,024	-2,751

Balance Sheet

<i>in Thousands</i>	EUR		PLN	
	31/03/2013	31/03/2014	31/03/2013	31/03/2014
Non-current assets	23,261	40,357	97,132	168,374
PPE – Lands	0	0	0	0
PPE – Other equipment	0	1	0	4
PPE – Assets in progress	0	0	0	0
Intangible assets	0	0	0	0
Goodwill	0	31	0	130
Investments in associates	23,261	40,325	97,132	168,240
Other investments	0	0	0	0
Deferred tax assets	0	0	0	0
Assets held for sale	0	0	0	0
Other assets	0	0	0	0
Current assets	10,592	5,409	44,227	22,567
Cash and cash equivalents	81	6	338	25
Inventories	2	0	7	0
Trade and other receivables	10,509	5,403	43,882	22,542
Prepaid expenses	0	0	0	0
TOTAL ASSETS	33,853	45,766	141,359	190,941
Issued share capital	230	600	960	2,503
Share premium	13,111	36,871	54,748	153,830
Legal Reserve fund	0	0	0	0
Retained earnings	-15,712	-1,510	-65,609	-6,299
Reserves	-102	0	-424	0
Profit/loss for the current period	-487	-658	-2,033	-2,743
Total equity	-2,960	35,304	-12,358	147,291
Non-current liabilities	0	0	0	0
Bank loan	0	0	0	0
Other long-term liabilities	0	0	0	0
Provisions	0	0	0	0
Current liabilities	36,813	10,462	153,718	43,649
Trade and other payables	340	1,354	1,420	5,650
Bank loan	0	0	0	0
Other loan	36,460	9,101	152,246	37,970
Tax payables	13	7	52	29
TOTAL EQUITY AND LIABILITIES	33,853	45,766	141,359	190,941

15. NOTES TO FINANCIAL STATEMENT

15.1. Exchange rates

The exchange rates shown in section 1 were applied. All exchange rates were provided by the European Central Bank. Balance Sheet applicable exchange rate represents the exchange rate as of the last day of the reporting date. Income Statement applicable exchange rate represents the average exchange rate for a given reporting period.

15.2. Approximation

All figures are provided in Euro thousand. Figures shown in PLN are provided for information purposes only.

16. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company financial statements are prepared based on the Dutch GAAP. 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. 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 consolidated report 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.

17. MANAGEMENT BOARD DECLARATION

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

Amsterdam, 15 May 2014



Georg Hotar
Member of the Board of Directors



Michael Gartner
Member of the Board of Directors

18. INVESTOR RELATIONS CONTACT

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

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



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

NAME	TYPE
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