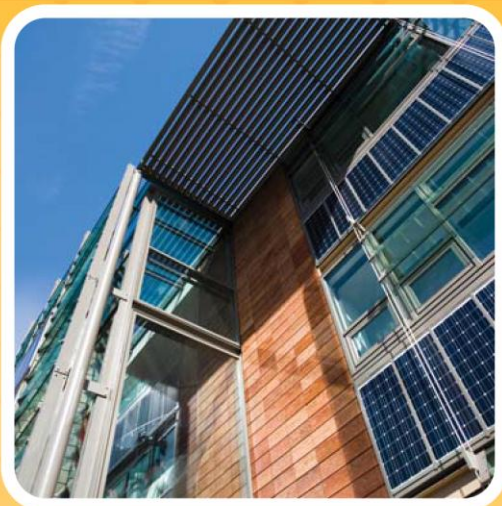




PHOENIX
ENERGY a.s.



PHOENIX ENERGY a.s. CONSOLIDATED FINANCIAL REPORT

2012 / Q4

For the period from 1 October 2012 until 31 December 2012

14 February 2013 | Prague | Czech Republic

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1. Selected financial results

Selected financial results for the period of 1 October to 31 December 2012

in Thousands	CZK		EUR		PLN	
	2011 Q4	2012 Q4	2011 Q4	2012 Q4	2011 Q4	2012 Q4
Revenues	159 617	26 263	6 287	1 042	27 979	4 117
Operating income	-75 263	-2 710	-3 079	-107	-12 474	-412
EBIT	-70 247	1 322	-2 878	53	-11 609	250
Profit / loss before taxation	-100 886	27 179	-4 094	1 087	-16 924	5 040
Net profit	-102 434	27 188	-4 150	1 088	-17 231	5 100
Total comprehensive income	-97 488	26 392	-3 988	1 056	-16 155	4 970
Non-current assets	2 112 276	691 808	81 871	27 518	364 878	112 088
Current assets	554 405	164 001	21 489	6 524	95 860	26 663
Cash and cash equivalents	119 387	11 728	4 627	467	20 623	1 900
TOTAL ASSETS	2 666 681	855 809	103 360	34 042	460 737	138 751
Total equity	476 370	-70 997	18 204	-2 817	82 378	-11 229
Current liabilities	643 153	248 266	25 188	10 135	111 099	40 225
Non-current liabilities	1 547 158	678 540	59 967	26 723	267 259	109 755
Operating cash flow	-49 745	13 019	-2 178	516	-9 562	2 002
Investment cash flow	-4 499	-1 702	-48	-67	-1 604	-170
Financial cash flow	15 340	0	458	0	3 607	0
Net change in cash	-38 904	11 317	-1 767	450	-7 558	1 832
<i>CZK exchange rate - low</i>	-	-	24,740	24,750	5,589	6,000
<i>CZK exchange rate - average</i>	-	-	25,279	25,167	5,717	6,120
<i>CZK exchange rate - end of period</i>	-	-	25,800	25,140	5,789	6,172
<i>CZK exchange rate - high</i>	-	-	26,025	25,580	5,878	6,197

Note: Exchange rates provided by the Czech National Bank

Financial highlights:

- Revenues amounted to CZK 26.3 million, down by 84% y-o-y, mainly as the effect of restructuring and sale of the business operations out of the Group;
- EBIT was positive and amounted to CZK 1.3 million compared to a negative CZK 70.2 million a year ago;
- Net profit was positive and amounted to CZK 27.2 million compared to a loss of CZK 102.4 million a year ago;
- Cash from operations was positive and amounted to CZK 13.0 million.

Other highlights:

- Finalizing the restructuring of the Group.
- Changing the Company name to Phoenix Energy a.s.

Notes:

- *All data quoted in this report refer to the current reporting period i.e. from 1 October until 31 December 2012, unless specified otherwise;*
- *All references to growth rate percentages compare the results of the reporting period to those of the prior year comparable period;*
- *TCI stands for Total Comprehensive Income. TCI is the sum of the profit after taxes plus Other Comprehensive income (OCI) according to IAS 16. Other comprehensive income includes revaluation of PPE in a proprietary portfolio to their fair values, share on OCI of associates and joint ventures and foreign currency translation differences.*
- *EPC stands for Engineering, Procurement and Construction and refers to services related to project design and securing documentation, engineering, procurement and construction of solar power plants*
- *Throughout this report Phoenix Energy Group is referred to as the "Group", the "Company" and/or the "Phoenix Energy".*
- *Photon Energy N.V. is a company domiciled in Barbara Strozilaan 201, 1083 HN Amsterdam, the Netherlands, registered in the local court under the number 51447126.*

2. Management discussion and analysis

2.1. A note from the Management Board

The financial statements for 2012 Q4 reflect the results of the undergoing restructuring and the impact of one material event, which had a character of one-off transaction i.e. the sale of Photon Engineering Slovensko s.r.o. (more details in the chapter 8. Group structure). The 100% ownership interest in the aforementioned subsidiary was sold for EUR 1 but the net asset value booked on this transaction amounted to CZK 23.1 million and was the main driver for the positive bottom line. The remaining part of the positive result contains mainly revenues from foreign exchange translation. Apart from that, the volume of business was significantly lower (revenues down by 84% y-o-y) due to the fact that generation, engineering as well as operations and management businesses were sold out of the Group in the previous quarters. Total revenues amounted to CZK 26.3 million and were primarily driven by the trading business and sale of PV components to third parties.

On the balance sheet, the main changes were related to the reclassification of receivables and liabilities. In particular the prolongation of the due date of CZK 689 million receivables from Photon Energy Investments SK N.V. from short- to long-term and extension of the due date of CZK 678 million liabilities, originally due towards Photon Engineering s.r.o., which had been sold out of the Group in 2012 Q3.

The most important non-operational events which can be highlighted in 2012 Q4 include: a) the change of the Company's name to Phoenix Energy a.s. which was approved by the extraordinary meeting of shareholders on 10 December 2012 and registered by the Municipality court of Prague on 19 December 2012, and b) the transfer of 72.29% of the shares in Phoenix Energy a.s. to Photon Energy Minority Shareholders B.V. "MSBV", seated in Amsterdam, Netherlands.

The rationale behind both steps is related to the process of the exchange of shares held by minority shareholders of the Company into shares of Photon Energy N.V. As Photon Energy N.V. intends to be listed on the NewConnect market, in order to avoid the confusion of having two companies publicly listed under the same name, the aforementioned decision of the change of the Company's name was taken.

The second step was motivated by Michal Gartner's and Georg Hotar's earlier commitment to enable the minority investors of Phoenix Energy a.s. to participate in the financial results of Photon Energy N.V. MSBV is fully owned by two entities controlled by Michal Gartner and Georg Hotar, the initial founders and managers of Phoenix Energy a.s. and controlling shareholders of Photon Energy N.V. MSBV acquired the controlling stake of 72.29% in Phoenix Energy a.s. through the agreement on the transfer of shares signed on 22 November 2012.. As reported on 23 January 2013, MSBV increased its stake in Phoenix Energy a.s. further, through the public market acquisition of 420,465 shares. Apart from shares in Phoenix Energy a.s., MSBV also holds 6,372,688 shares in Photon Energy N.V., which will be used for the purpose of the planned share exchange. The preparations for this process are undergoing.

The Company also received information from Photon Energy N.V. that the audit for the year 2011 had been completed and the auditor's opinion was issued on 30 January 2013. The auditor's report is necessary for the listing of Photon Energy N.V. on the NewConnect market, hence it was an important step in the preparations for the share exchange.

It is also worth mentioning that on 8 February 2013, the prospectus for the bond issue by Photon Energy Investments N.V., a fully-owned subsidiary of Photon Energy N.V. has been finalized and approved by the German Federal Financial Supervisory Authority. The document can be downloaded from the following link: <http://en.photonenergyinvestments.com/bond/>. The bond issuer intends to raise EUR 40 million offering a coupon of 8% p.a., with quarterly payments.. The bond will be offered in Germany, Austria, the Czech Republic, Slovakia and Poland and the subscription period is opened from 25 February 2013 until 8 March 2013. Upon the closing of the offer, the bond will be listed on the Open market of the Deutsche Börse in Frankfurt.

2.2. Strategy and its execution

The operating activities of Phoenix Energy a.s. as the holding company after the completion of the restructuring process will be gradually minimized.

Phoenix Energy a.s. operations are mainly planned to be administration and support activities for the remaining companies in the Phoenix Energy a.s. as well as the coordination of the R&D activities performed in the Czech Republic.

This process will naturally result in diminishing sources of future income for Phoenix Energy a.s. However, management's intention is to cover all the outstanding liabilities at the Phoenix Energy level by the receivables relating to the sale of Slovak SPV's and the Czech portfolio. Equally, the parent company is providing cash funds to Phoenix Energy a.s. in order to support its operating activities.

2.3. Financial statement analysis

Profit and Loss statement

The Group's revenues in 2012 Q4 amounted to CZK 26.3 million and decreased by 84% y-o-y. The main driver of the revenue contraction was a materially lower volume of business which results from the restructuring of the Group. The main source of revenues in 2012 Q4 was related to the trading business and sale of PV components to third parties.

Costs of sales amounted to CZK 21.5 million and were mainly related to the sale of PV technology.

The Company recorder a net profit of CZK 27.2 million versus a net loss of CZK102.4 million a year ago. The major driver of the bottom line was a sale of 100% ownership interest in Photon Engineering Slovensko s.r.o., which resulted in financial profit amounting to 23.1 million. The remaining financial revenues stem from foreign exchange translation. Other comprehensive loss was immaterial and amounted to CZK 0.8 million.

Chart 1. Revenues, gross profit and gross margin

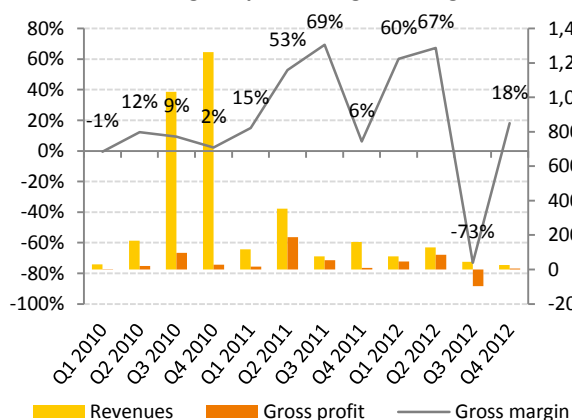
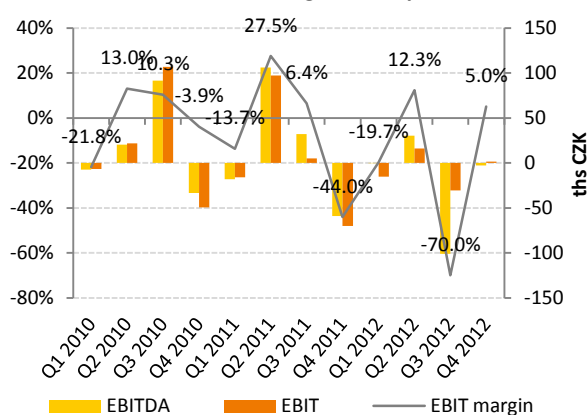


Chart 2. EBITDA, EBIT, EBIT margin development



Balance Sheet

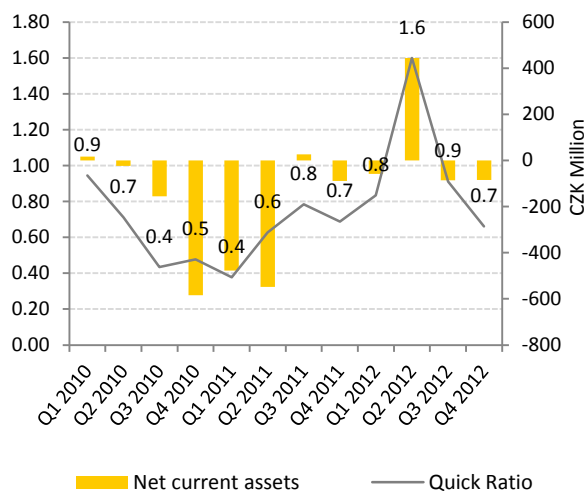
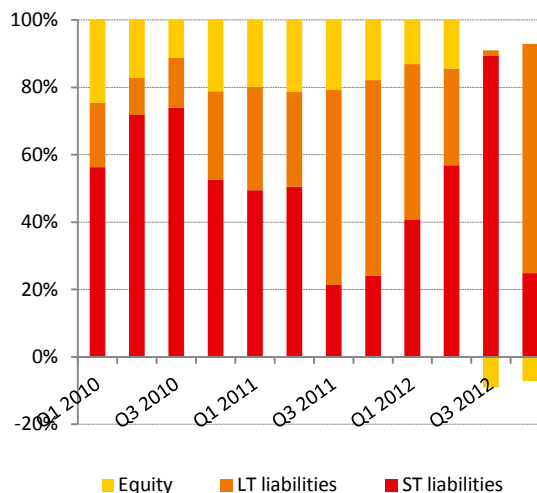
Total assets amounted to CZK 856 million at the end of 2012 Q4 and decreased by about CZK 27 million compared to the end of the previous quarter. The main changes, which shall be noted, include the shift between short-term and long-term assets namely, CZK 689 million receivables from Photon Energy Investments SK N.V. were re-classified from short- to long-term receivables due to the prolongation of the due date.

The Group's net current asset position was negative but remained fairly stable and amounted to CZK 84 million.

Total equity attributable to equity shareholders was negative, amounted to CZK 71 million and increased by CZK 26.4 million compared to the previous quarter, which is mainly attributable to the profit incurred in the reporting period.

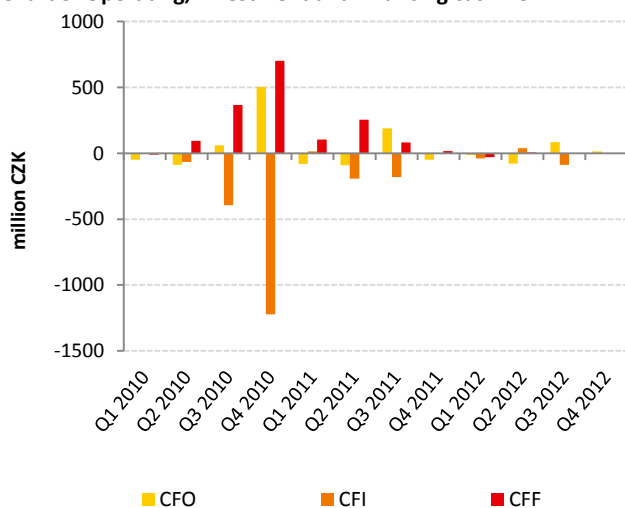
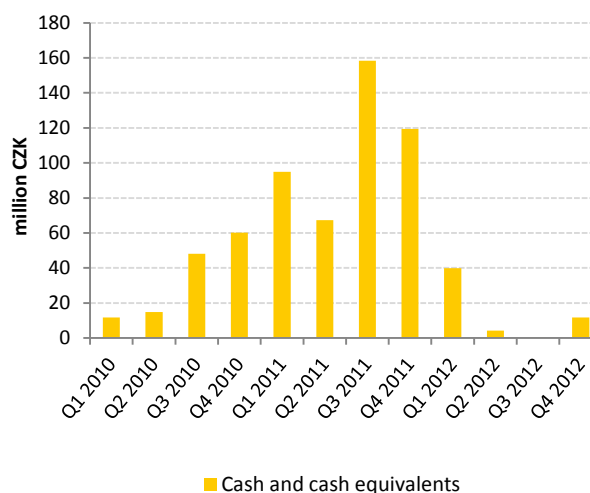
The total liabilities amounted to CZK 927 million. The main changes on the balance sheet include the shift between short- and long-term liabilities. Namely, 678 million liabilities, originally due towards Photon Engineering s.r.o. and sold out of the Group in 2012 Q3, were reclassified as long-term as the contractual parties agreed to extend the due date.

Quick ratio stood at 0.7 while the balance sheet strengthened due to the increase of long-term liabilities and equity.

Chart 3. Net current assets

Chart 4. Break down of liabilities and equity


Cash Flow

The Group posted a positive operating cash flow in 2012 Q4, which amounted to CZK 13 million. The cash position at the end of the period amounted to CZK 11.7 million.

Chart 5. Operating, investment and financing cash flow

Chart 6. Cash position at the end of the period


3. General information about the Issuer

The below table presents general information about Phoenix Energy a.s., hereinafter referred to as the "Issuer" and/or the "Company".

Company name:	Phoenix Energy a.s.
Registered office:	U Zvonařky 448/16, 120 00 Praha 2, Czech Republic
Registration:	Municipal Court in Prague, section B, file 13779
Company number:	28223250
Tax-ID:	CZ699002409
Ticker:	PHO
Web:	www.phoenixenergy.as

4. Share capital of the Issuer

The Company's share capital is CZK 2,300,000 divided into 23,000,000 shares with a nominal value of CZK 0.10 each. The share capital is fully paid-up. All shares represent one vote at the General Meeting of Shareholders.

Share capital as of 31 December 2012

Series/ issue	Type of shares	Type of preference	Limitation of right to shares	Number of shares	Nominal value of series/issue (CZK)	Capital covered with
A	bearer	-	-	<u>23,000,000</u>	<u>2,300,000</u>	cash
Total number of shares				23,000,000		
Total share capital					2,300,000	
Nominal value per share = CZK 0,1						

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

5. Shareholder structure

As of the date of this report, to the knowledge of the Management Board of Phoenix Energy a.s., 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
Photon Energy Minority Shareholders B.V.	17,047,777	74.12%	17,047,777	74.12%
Free float	5,952,223	25.88%	5,952,223	25.88%
Total	23,000,000	100.00%	23,000,000	100.00%

inform that:

After the reporting period, on the basis of market transactions made between 14 January and 17 January 2013, Photon Energy Minority Shareholders B.V. ("MSBV") increased its share in the capital of Phoenix Energy a.s. to 74.12%. Before the date of 14 January 2013, MSBV owned 16,627,312 shares in the Company which represented 72.29% of the share capital of the Company and gave a right to exercise 16,627,312 votes at the general meeting of the Company, which represented 72.29% of all voting rights. As of 21 January 2013, MSBV owns 17,047,777 shares in the Company, which represent 74.12% of the share capital of the Company and give a right to exercise 17,047,777 votes at the general meeting of the Company, which represents 74.12% of all voting rights.

6. Statutory bodies of the Issuer

Management Board Members as of 31 December 2012

Name	Position	Date of birth	Member since
Pavel Kolrus	Chairman	14.06.1984	8.10.2012
Vlastimil Matula	Vice-chairman	12.04.1979	8.10.2012

Phoenix Energy a.s., U Zvonařky 448/16, Praha 2 120 00 Czech Republic, Company no. 28223250, Tax-ID: CZ699002409

Tel: +420 277 002 910, Fax: +420 277 002 911, www.phoenixenergy.as

Registered capital: CZK 2,300,000. The company is registered with the Municipal Court in Prague, section B, file 13779

Eduard Kirchner

Member

19.04.1949

10.12.2012

In the reporting period i.e. on 8 October 2012, the General Meeting of the Company recalled Mr. Michal Gärtner, Mr. Georg Hotar and Ms. Petra Bednarova from the functions of members of the Board of Directors and elected new board members i.e. Mr. Martin Olic, Mr. Pavel Kolrus and Mr. Vlastimil Matula as new Board Members. The resolution was effective since the date it was adopted by the General Meeting.

On 24 October 2012, the Management Board held a meeting of new, elected board members and decided that in accordance with the article 25 of the Company's Articles of Association new members of the Management Board need to elect a chairman and a vice-chairman of the Board. Therefore, the Board members elected Mr. Pavel Kolrus as Chairman of the Management Board and Mr. Vlastimil Matula as vice-chairman of the Management Board.

On 10 December 2012, an extraordinary general meeting of shareholders recalled Mr. Martin Olič from the function of the Management Board member and elected Mr. Eduard Kirchner, born on 19 April 1949 as a new member of the Management Board, effective since the date of the election.

Supervisory Board Members as of 31 December 2012

Name	Position	Date of birth	Member since
Daniel Goris	Member	13.02.1977	08.10.2012
Dennis de Rijk	Member	14.07.1977	08.10.2012
Mirko d'Alberto	Member	31.08.1973	10.12.2012

In the reporting period i.e. on 8 October, the General Meeting of the Company recalled Mr. Peter Novotny and Mrs. Magda Gärtnerová from the functions of members of the Supervisory Board and elected new board members i.e. Mr. Ondřej Moštěk, Mr. Daniel Goris and Mr. Dennis de Rijk as new Supervisory Board members. The resolution was effective since the date it was adopted by the General Meeting.

On 10 December 2012, an extraordinary meeting of shareholders recalled Mr. Ondřej Moštěk from the function of the Supervisory Board member and elected Mr. Mirko d'Alberto for the position of the third Supervisory Board member. The resolution was effective since the date it was adopted by the General Meeting.

7. Description of the Issuer's business

The operating activities of Phoenix Energy a.s. as the holding company after the completion of the restructuring process will be gradually minimized. More information can be found in chapter 2.2. Strategy and its execution.

8. Group structure

The following table presents the Group's structure (subsidiaries and joint-ventures) and the holding company's stake in the entities comprising the Group as of 31 December 2012.

Name	% of share	% of votes	Country of registr.	Consolid. method	Legal Owner
1 Phoenix Energy a.s.	Holding Company		CZ	Full Cons.	PEMS
2 Photon Finance s.r.o.	100%	100%	CZ	Full Cons.	Phoenix Energy
3 Photon Electricity s.r.o.	100%	100%	CZ	Full Cons.	Phoenix Energy
4 Střešní Burza s.r.o.	100%	100%	CZ	Full Cons.	Phoenix Energy
5 Solární věcná břemena s.r.o.	100%	100%	CZ	Full Cons.	Phoenix Energy
6 Photon FinCo s.r.o.	100%	100%	CZ	Full Cons.	Phoenix Energy
7 GOLF CLUB GRYGOV s.r.o.	100%	100%	CZ	Full Cons.	Phoenix Energy
8 Photon Photovoltaic EPC Services CZ Limited	100%	100%	Cyp	Full Cons.	Phoenix Energy
9 Photon Energy Italia s.r.l.	100%	100%	IT	Full Cons.	Phoenix Energy
10 Photon Engineering Italia s.r.l.	100%	100%	IT	Full Cons.	Phoenix Energy
11 Alpensolar Einkauf GmbH	5.90%	5.90%	DE	Not Cons.	Phoenix Energy

Notes:

PEMS – Photon Energy Minority Shareholders B.V.

Phoenix Energy – Phoenix Energy a.s., previously called Photon Energy a.s.

Country of registration

CZ - the Czech Republic

SK - Slovakia

IT – Italy

Cyp-Cyprus

Consolidation method:

Full Cons. - Full Consolidation

Not Cons. - Not Consolidated

On 20 December 2012, Phoenix Energy a.s. signed an agreement with a private individual on the basis of which, the Company transferred 100% ownership stake in its subsidiary Photon Engineering Slovensko s.r.o., identification number: 45 583 587, with its registered seat in Bratislava, Slovakia, registered in the Commercial Register maintained by the District Court Bratislava I sec. Sro, insert no. 65685/B. The total consideration for the stake transferred amounted to EUR 1.

After the reporting period i.e. on 6 February 2013 the Company signed the share transfer agreement with Ready made service s.r.o., seated in Prague, on the basis of which it sold 100% share interests in the following six subsidiaries:

- GOLF CLUB GRYGOV s.r.o., ID No: 258 67 571, with its registered seat at Praha 2, Uruguayská 380/17, Zip code 120 00, registered in the commercial register maintained by the Municipal court in Prague, section C, insert No. 178566,
- Photon FinCo s.r.o., ID No: 290 15 286, with its registered seat at Praha 2, Uruguayská 380/17, Zip code 120 00, registered in the commercial register maintained by the Municipal court in Prague, section C, Insert No. 160072,
- Photon Electricity s.r.o., ID No: 284 81 879, with its registered seat at Praha 2, Vinohrady, U Zvonařky 448/16, Zip code 120 00, registered in the commercial register maintained by the Municipal court in Prague, section C, Insert No. 144786,
- Solární věcná břemena s.r.o., ID No: 285 39 265, with its registered seat at Praha 2, Vinohrady, U Zvonařky 448/16, Zip code 120 00, registered in the commercial register maintained by the Municipal court in Prague, section C, Insert No. 148913
- Střešní burza s.r.o., ID No: 283 09 863, with its registered seat at Praha 2, Vinohrady, U Zvonařky 448/16, Zip code 120 00, registered in the commercial register maintained by the Municipal court in Prague, section C, Insert No: 162253
- Photon Finance s.r.o., ID No: 284 81 828, with its registered seat at Praha 2, Vinohrady, U Zvonařky 448/16, Zip code 120 00, registered in the commercial register maintained by the Municipal court in Prague, section C, Insert No.: 144783.

The total considerations for the above share interests amounted to CZK 3,519 ths (EUR 141 ths).

In addition to the above subsidiaries, for the purposes of **IFRS reporting**, the Company consolidates following entities (these companies were consolidated until their sale, the figures as of 31.12..2012 contain proportionate part of their result):

Name	% of Consolidated share	% of Ownership share	Country of registration	Consolidation method	Legal Owner
1 Photon SPV 3 s.r.o.	100%	0%	CZ	Full Cons.	RLRE
2 Photon SPV 8 s.r.o.	100%	0%	CZ	Full Cons.	RLRE
3 Exit 90 SPV s.r.o.	100%	0%	CZ	Full Cons.	RLRE
4 Photon SPV 4 s.r.o.	100%	0%	CZ	Full Cons.	RLRE
5 Photon SPV 6 s.r.o.	100%	0%	CZ	Full Cons.	RLRE
6 Onyx Energy s.r.o.	100%	0%	CZ	Full Cons.	RLRE
7 Onyx Energy projekt II s.r.o.	100%	0%	CZ	Full Cons.	RLRE
8 Photon SPV 10 s.r.o.	100%	0%	CZ	Full Cons.	RLRE
9 Photon SPV 11 s.r.o.	100%	0%	CZ	Full Cons.	RLRE

Notes:

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

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

9.1. Summary of the key events from 1 October until 31 December 2012

Below is a summary of the key events which were important for the Issuer's business from 1 October until 31 December 2012 and which were reported in the EBI system:

No. 48/2012 published on 9 October 2012: Sale Minutes of the General Meeting of Shareholders held on 8 October 2012.

No. 49/2012 published on 13 October 2012: Monthly report for September 2012

No. 50/2012 published on 9 November 2012: Convocation of the Extraordinary General Meeting of Shareholders on 10 December 2012

No. 51/2012 published on 9 November 2012: Monthly report for October 2012

No. 52/2012 published on 14 November 2012: Quarterly report for Q3 2012

No. 53/2012 published on 23 November 2012: The draft of resolutions of EGM on 10 December 2012

No. 54/2012 published on 11 December 2012: The Minutes from Extraordinary Meeting of Shareholders on 10 Dec 2012

No. 55/2012 published on 14 December 2012: Monthly report for November 2012

No. 56/2012 published on 20 December 2012: Change of the name of the Company.

9.2. Summary of the key events after 31 December 2012

Below is a summary of the key events which were important for the Issuer's business after 31 December 2012 until the date of this report.

No. 1/2013 published on 14 January 2013: Dates of publishing periodic reports in 2013

No. 2/2013 published on 15 January 2013: Monthly report for December 2013

No. 3/2013 published on 7 February 2013: Sale of six subsidiaries

10. Detailed consolidated financial results for 2012 Q4

The tables below present the **consolidated** and **un-audited** financial statements of Phoenix Energy a.s. for the three-month period starting on 1 October 2012 and ending on 31 December 2012 and the corresponding period of the previous year. The reported data is presented in accordance with **International Financial and Reporting Standards (IFRS)**.

Statement of Comprehensive Income

in Thousands

	CZK		EUR		PLN	
	2011 Q4	2012 Q4	2011 Q4	2012 Q4	2011 Q4	2012 Q4
Revenues from the sale of products, goods and services	159 617	26 263	6 287	1 042	27 979	4 117
Cost of sales	-149 849	-21 515	-5 986	-854	-25 736	-3 429
Salaries and compensation - administration expenses	-18 126	-3 764	722	-150	3 124	-584
Other administrative expenses	-51 738	-3 310	-2 096	-132	-8 701	-511
Other income	7 031	503	284	20	1 186	77
Other expenses	509	-1 023	32	-41	127	-165
26% tax levy	-6 480	183	-172	7	-1 315	60
EBITDA	-59 036	-2 663	-2 446	-106	-9 586	-436
Depreciation	-16 227	-47	-632	-1	-2 888	25
Operating profit	-75 263	-2 710	-3 079	-107	-12 474	-412
Financial income	8 143	0	330	0	1 370	0
Interest income	-3 127	4 032	-130	160	-506	662
EBIT	-70 247	1 322	-2 878	53	-11 609	250
Financial costs	-4 547	26 930	-182	1 076	-781	4 895
Interest costs	-24 091	-1 073	-951	-42	-4 211	-105
Share of profit from associates / J-Vs	-2 001	0	-83	0	-324	0
Profit / loss before taxation	-100 886	27 179	-4 094	1 087	-16 924	5 040
Income tax – current	13 837	9	575	1	2 231	4
Income tax – deferred	-15 385	0	-632	0	-2 537	0
Profit/loss from continuing operations	-102 434	27 188	-4 150	1 088	-17 231	5 100
Other comprehensive income for the period	4 946	-796	162	-32	1 076	-130
Total comprehensive income for the period	-97 488	26 392	-3 988	1 056	-16 155	4 970
Profit/loss from continuing operations	-102 434	27 188	-4 150	1 088	-17 231	5 100
Attributable to the equity holders	-102 434	27 188	-4 150	1 088	-17 231	5 100
Attributable to minority interest	0	0	0	0	0	0
Total comprehensive income for the year	-97 488	26 392	-3 989	1 057	-16 155	4 970
Attributable to the equity holders	-97 488	26 392	-3 988	1 057	-16 161	4 970
Attributable to minority interest	0	0	-1	0	6	0
<i>Average no. of shares in million</i>	23,000	23,000	23,000	23,000	23,000	23,000
Earnings per share	-4,454	1,182	-0,180	0,047	-0,749	0,222
Comprehensive income per share	-4,239	1,147	-0,173	0,046	-0,702	0,216
<i>CZK exchange rate - low</i>	-	-	24,740	24,750	5,589	6,000
<i>CZK exchange rate - average</i>	-	-	25,279	25,167	5,717	6,120
<i>CZK exchange rate - high</i>	-	-	26,025	25,580	5,878	6,197

Note: Exchange rates provided by the Czech National Bank

Statement of Financial Position*in Thousands*

	CZK		EUR		PLN	
	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012
PPE – Lands	71 510	374	2 722	15	12 353	61
PPE – Photovoltaic power plants	1 952 581	0	75 681	0	337 292	0
PPE – Other equipment	6 263	963	243	38	1 082	156
PPE – Assets in progress	27 632	594	1 071	24	4 773	96
Intangible assets	434	341	17	14	75	55
Investments in associates	49 631	0	1 924	0	8 573	0
Other investments	995	265	39	11	172	43
Goodwill	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0
Assets held for sale	0	0	0	0	0	0
Long term loans and other receivables	3 230	689 271	125	27 417	558	111 677
Other assets	0	0	0	0	0	0
Non-current assets	2 112 276	691 808	81 871	27 518	364 878	112 088
Cash and cash equivalents	119 387	11 728	4 627	467	20 623	1 900
Trade and other receivables	213 593	151 458	8 279	6 025	36 987	24 631
Gross amount due from customers for contract work	106 161	0	4 115	0	18 338	0
Inventories – Goods	112 510	0	4 361	0	19 435	0
Assets held for sale	0	0	0	0	0	0
Prepaid expenses	2 754	815	107	32	476	132
Current assets	554 405	164 001	21 489	6 524	95 860	26 663
TOTAL ASSETS	2 666 681	855 809	103 360	34 042	460 737	138 751
Issued share capital	2 300	2 300	89	89	320	320
Share premium	14 700	14 700	592	592	2 056	2 056
Legal Reserve fund	236	236	9	9	36	36
Retained earnings	96 666	451 918	3 747	17 976	16 698	73 221
Fund for currency conversions	6 597	-3 017	256	-120	1 140	-489
Other comprehensive income from previous periods	396 496	2 602	15 368	104	69 146	1 077
<i>Other comprehensive income</i>	103 782	0	4 023	0	17 927	0
<i>Profit/loss-current year</i>	-147 112	-539 736	-5 984	-21 466	-25 412	-87 449
Equity in associates, joint ventures	0	0	0	0	0	0
Equity attributable to equity holders	473 665	-70 997	18 099	-2 817	81 911	-11 229
Minority interests	2 705	0	105	0	467	0
Total equity	476 370	-70 997	18 204	-2 817	82 378	-11 229
Non-current liabilities	1 547 158	678 540	59 967	26 723	267 259	109 755
Bank loan	1 137 899	0	44 105	0	196 562	0
Other long-term liabilities	352 092	678 536	13 647	26 723	60 821	109 754
Long-term liability from CIT	0	0	0	0	0	0
Deferred tax liabilities	57 167	4	2 216	0	9 875	1
Current liabilities	643 153	248 266	25 188	10 135	111 099	40 225
Trade and other payables	464 987	74 609	18 283	3 228	80 323	12 088
Bank loan	70 750	5 973	2 742	238	12 221	968
Other Loans	20 640	158 842	800	6 318	3 565	25 736
Other short-term liabilities	59 344	8 835	2 300	351	10 251	1 431
Tax liabilities (CIT)	27 432	7	1 063	0	4 739	1

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Registered capital: CZK 2,300,000. The company is registered with the Municipal Court in Prague, section B, file 13779

Total Liabilities	2 190 311	926 806	85 156	36 859	378 358	149 980
TOTAL EQUITY AND LIABILITIES	2 666 681	855 809	103 360	34 042	460 737	138 751
<i>No. of shares in million</i>	23,000	23,000	23,000	23,000	23,000	23,000
<i>Book value per share</i>	20,594	-3,087	0,787	-0,122	3,561	-0,488

Cash Flow Statement

<i>in Thousands</i>	CZK		EUR		PLN	
	2011 Q4	2012 Q4	2011 Q4	2012 Q4	2011 Q4	2012 Q4
Profit for the year	-102 434	27 188	-4 150	1 088	-17 231	5 100
Adjustments for:						
Depreciation	16 227	47	632	1	2 888	-25
Net finance costs	48 048	-29 889	1 935	-1 194	8 153	-5 451
Share of profit of equity accounted investees	2 001	0	83	0	324	-1
Profit /Loss on sale of property, plant and equipment	0	0	0	0	0	0
Receivables write-off	15 541	0	632	0	2 598	-2
Income tax expense	1 548	-9	55	-1	306	-60
Changes in:						
Trade and other receivables	75 290	161 325	3 060	6 416	12 599	26 842
Gross amount due from customers for contract work	-106 149	-134 079	-4 494	-5 335	-18 854	-21 709
Prepaid expenses	-357	-35 002	-14	-1 393	-63	-5 859
Inventories	42 178	50 480	1 665	2 008	7 369	8 398
Trade and other payables	20 353	-273 151	934	-10 743	2 734	-47 083
Other assets	56 353	234 848	2 292	9 230	9 421	39 951
Other liabilities	-102 659	11 435	-4 214	445	-16 920	1 914
Interests paid	-15 685	0	-618	0	-2 748	14
Income tax paid	0	-174	22	-7	-138	-29
Operating cash flow	-49 745	13 019	-2 178	516	-9 562	2 002
Acquisition of property, plant and equipment	-3 769	0	-17	0	-1 486	0
Acquisition of subsidiary (net of cash acquired), associates, joint ventures	0	0	6	0	-41	0
Acquisition of other investments	-730	0	-30	0	-122	0
Proceeds from sale of investments	0	-1 702	-5	-67	29	-170
Proceeds from sale of property, plant and equipment, other investments	0	0	0	0	0	0
Other investments	0	0	0	0	0	0
Interest received	0	0	-3	0	17	-1
Investment cash flow	-4 499	-1 702	-48	-67	-1 604	-170
Proceeds from borrowings	126 439	0	-12 068	0	-46 532	0
Repayment of borrowings	-111 099	0	12 526	0	50 139	0
Financial cash flow	15 340	0	458	0	3 607	0
Net change in cash	-38 904	11 317	-1 767	450	-7 558	1 832
Cash at the beginning of the period	158 291	411	6 394	17	28 181	69
Cash at the end of the period	119 387	11 728	4 627	467	20 623	1 900
<i>CZK exchange rate - low</i>	-	-	24,740	24,750	5,589	6,000
<i>CZK exchange rate - average</i>	-	-	25,279	25,167	5,717	6,120
<i>CZK exchange rate - high</i>	-	-	26,025	25,580	5,878	6,197

Note: Exchange rates provided by the Czech National Bank

11. Detailed consolidated financial results for a full year 2012

The tables below present the **consolidated** and **un-audited** financial statements of Phoenix Energy a.s. for the period starting on 1 January 2012 and ending on 31 December 2012 and the corresponding period of the previous year. The reported data is presented in accordance with **International Financial and Reporting Standards (IFRS)**.

Statement of Comprehensive Income

in Thousands	CZK		EUR		PLN	
	2011	2012	2011	2012	2011	2012
Revenues from the sale of products, goods and services	706 672	275 238	28 743	10 947	118 142	45 796
Cost of sales	-439 294	-169 888	-17 868	-6 757	-73 442	-28 267
Salaries and compensation - administration expenses	-57 896	-45 115	-2 355	-1 794	-9 679	-7 507
Other administrative expenses	-73 654	-42 341	-2 996	-1 684	-12 314	-7 045
Other income	11 282	6 802	459	271	1 886	1 132
Other expenses	-32 162	-6 185	-1 308	-246	-5 377	-1 029
26% tax levy	-54 154	-28 399	-2 203	-1 129	-9 054	-4 725
EBITDA	60 794	-9 888	2 473	-393	10 164	-1 645
Depreciation	-90 171	-31 936	-3 668	-1 270	-15 075	-5 314
Operating income	-29 377	-41 824	-1 195	-1 663	-4 911	-6 959
Financial income	12 086	0	492	0	2 021	0
Interest income	3 969	13 235	161	526	664	2 202
EBIT	-13 322	-28 589	-542	-1 137	-2 227	-4 757
Financial expense	-13 315	-380 658	-542	-15 139	-2 226	-63 337
Interest costs	-101 514	-72 612	-4 129	-2 888	-16 971	-12 082
Share of profit from associates / J-Vs	2 509	-551	102	-22	419	-92
Profit / loss before taxation	-125 642	-482 410	-5 110	-19 186	-21 005	-80 267
Income tax – current	-20 844	-2 448	-848	-97	-3 485	-407
Income tax – deferred	-626	-54 878	-25	-2 183	-105	-9 131
Profit/loss from continuing operations	-147 112	-539 736	-5 984	-21 466	-24 594	-89 805
Other comprehensive income for the period	110 379	-3 017	4 490	-120	18 453	-502
Total comprehensive income for the period	-36 733	-542 753	-1 494	-21 586	-6 141	-90 307
Profit/loss from continuing operations	-147 112	-539 736	-5 984	-21 466	-24 594	-89 805
Attributable to the equity holders	-147 112	-539 736	-5 984	-21 466	-24 594	-89 805
Attributable to minority interest	0	0	0	0	0	0
Total comprehensive income for the year	-36 733	-542 753	-1 494	-21 586	-6 141	-90 307
Attributable to the equity holders	-39 092	-542 753	-1 590	-21 586	-6 535	-90 307
Attributable to minority interest	2 359	0	96	0	394	0
Average no. of shares in million	23,000	23,000	23,000	23,000	23,000	23,000
Earnings per share	-6,396	-23,467	-0,260	-0,933	-1,069	-3,905
Comprehensive income per share	-1,700	-23,598	-0,069	-0,939	-0,284	-3,926
CZK exchange rate - low	-	-	24,010	24,435	5,510	5,700
CZK exchange rate - average	-	-	24,586	25,143	5,982	6,010
CZK exchange rate - high	-	-	26,025	25,960	6,409	6,240

Note: Exchange rates provided by the Czech National Bank

Statement of Financial Position*in Thousands*

	CZK		EUR		PLN	
	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012
PPE – Lands	71 510	374	2 722	15	12 353	61
PPE – Photovoltaic power plants	1 952 581	0	75 681	0	337 292	0
PPE – Other equipment	6 263	963	243	38	1 082	156
PPE – Assets in progress	27 632	594	1 071	24	4 773	96
Intangible assets	434	341	17	14	75	55
Investments in associates	49 631	0	1 924	0	8 573	0
Other investments	995	265	39	11	172	43
Goodwill	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0
Assets held for sale	0	0	0	0	0	0
Long term loans and other receivables	3 230	689 271	125	27 417	558	111 677
Other assets	0	0	0	0	0	0
Non-current assets	2 112 276	691 808	81 871	27 518	364 878	112 088
Cash and cash equivalents	119 387	11 728	4 627	467	20 623	1 900
Trade and other receivables	213 593	151 458	8 279	6 025	36 987	24 631
Gross amount due from customers for contract work	106 161	0	4 115	0	18 338	0
Inventories – Goods	112 510	0	4 361	0	19 435	0
Assets held for sale	0	0	0	0	0	0
Prepaid expenses	2 754	815	107	32	476	132
Current assets	554 405	164 001	21 489	6 524	95 860	26 663
TOTAL ASSETS	2 666 681	855 809	103 360	34 042	460 737	138 751
Issued share capital	2 300	2 300	89	89	320	320
Share premium	14 700	14 700	592	592	2 056	2 056
Legal Reserve fund	236	236	9	9	36	36
Retained earnings	96 666	451 918	3 747	17 976	16 698	73 221
Fund for currency conversions	6 597	-3 017	256	-120	1 140	-489
Other comprehensive income from previous periods	396 496	2 602	15 368	104	69 146	1 077
<i>Other comprehensive income</i>	103 782	0	4 023	0	17 927	0
<i>Profit/loss-current year</i>	-147 112	-539 736	-5 984	-21 466	-25 412	-87 449
Equity in associates, joint ventures	0	0	0	0	0	0
Equity attributable to equity holders	473 665	-70 997	18 099	-2 817	81 911	-11 229
Minority interests	2 705	0	105	0	467	0
Total equity	476 370	-70 997	18 204	-2 817	82 378	-11 229
Non-current liabilities	1 547 158	678 540	59 967	26 723	267 259	109 755
Bank loan	1 137 899	0	44 105	0	196 562	0
Other long-term liabilities	352 092	678 536	13 647	26 723	60 821	109 754
Long-term liability from CIT	0	0	0	0	0	0
Deferred tax liabilities	57 167	4	2 216	0	9 875	1
Current liabilities	643 153	248 266	25 188	10 135	111 099	40 225
Trade and other payables	464 987	74 609	18 283	3 228	80 323	12 088
Bank loan	70 750	5 973	2 742	238	12 221	968
Other Loans	20 640	158 842	800	6 318	3 565	25 736
Other short-term liabilities	59 344	8 835	2 300	351	10 251	1 431
Tax liabilities (CIT)	27 432	7	1 063	0	4 739	1

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Registered capital: CZK 2,300,000. The company is registered with the Municipal Court in Prague, section B, file 13779

Total Liabilities	2 190 311	926 806	85 156	36 859	378 358	149 980
TOTAL EQUITY AND LIABILITIES	2 666 681	855 809	103 360	34 042	460 737	138 751
<i>No. of shares in million</i>	23,000	23,000	23,000	23,000	23,000	23,000
<i>Book value per share</i>	20,594	-3,087	0,787	-0,122	3,561	-0,488

Cash Flow Statement

<i>in Thousands</i>	CZK		EUR		PLN	
	2011	2012	2011	2012	2011	2012
Profit for the year	-147 112	-539 736	-5 984	-21 466	-24 594	-89 805
Adjustments for:						
Depreciation	90 171	31 936	3 668	1 270	15 075	5 314
Net finance costs	98 774	440 035	4 018	17 501	16 513	73 216
Share of profit of equity accounted investees	-2 509	551	-102	22	-419	92
Profit /Loss on sale of property, plant and equipment	0	0	0	0	0	0
Receivables write-off	15 541	2 293	632	91	2 598	382
Income tax expense	21 470	57 326	873	2 280	3 589	9 538
Changes in:						
Trade and other receivables	80 495	161 325	3 274	6 416	13 457	26 842
Gross amount due from customers for contract work	-30 711	34 971	-1 434	1 391	-4 362	6 591
Prepaid expenses	-1 952	-31	-79	-1	-326	-5
Inventories	176 476	51 270	7 178	2 039	29 503	8 531
Trade and other payables	-262 334	-221 881	-10 670	-8 704	-43 857	-38 500
Other assets	56 353	1 336	2 292	53	9 421	222
Other liabilities	0	0	0	0	0	0
Interests paid	-68 683	-13 722	-2 794	-546	-11 482	-2 283
Income tax paid	-58 432	-174	-2 377	-7	-9 769	-29
Operating cash flow	-32 453	5 499	-1 505	340	-4 654	105
Acquisition of property, plant and equipment	-366 013	-200	-14 887	-8	-61 190	-33
Acquisition of subsidiary (net of cash acquired), associates, joint ventures	-17 257	0	-702	0	-2 885	0
Acquisition of other investments	-730	-398	-30	-16	-122	-66
Proceeds from sale of investments	12 173	-89 284	495	-3 551	2 035	-14 856
Proceeds from sale of property, plant and equipment, other investments	0	0	0	0	0	0
Other investments	0	0	0	0	0	0
Interest received	7 096	622	289	25	1 186	103
Investment cash flow	-364 731	-89 260	-14 835	-3 550	-60 976	-14 852
Proceeds from borrowings	912 279	0	20 193	0	83 401	0
Repayment of borrowings	-455 883	-23 898	-1 627	-950	-6 687	-3 976
Financial cash flow	456 396	-23 898	18 566	-950	76 714	-3 976
Net change in cash	59 212	-107 659	2 226	-4 161	11 084	-18 723
Cash at the beginning of the	60 175	119 387	2 401	4 627	9 539	20 623

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Registered capital: CZK 2,300,000. The company is registered with the Municipal Court in Prague, section B, file 13779

period						
Cash at the end of the period	119 387	11 728	4 627	467	20 623	1 900
<i>CZK exchange rate - low</i>	-	-	24,010	24,435	5,510	5,700
<i>CZK exchange rate - average</i>	-	-	24,586	25,143	5,982	6,010
<i>CZK exchange rate - high</i>	-	-	26,025	25,960	6,409	6,240

Note: Exchange rates provided by the Czech National Bank

12. Financial results per operating segments

The tables below present the **consolidated** and **un-audited** financial results per operating segment of Phoenix Energy a.s. for the period starting on 1 January 2012 and ending on 31 December 2012 and the corresponding period of the previous year. The reported data is presented in accordance with **International Financial and Reporting Standards (IFRS)**.

Results of the operating segments for the period from 1 January 2012 to 31 December 2012

<i>in Thousands CZK</i>	Wholesale and import	Engin. and constr.	Sales of electricity	Operations & manag.	PV investment	Other	Total	Elimin.	Consolid.
Revenues from the sale of products, goods and services, of which:									
external	32 108	74 871	130 188	5 108	0	32 963	275 238	0	275 238
within									
segments	-837	212	0	5 128	0	74 012	78 515	-78 515	0
Cost of sale	-57 423	-80 965	-9 208	-7 213	0	-93 604	-248 413	78 525	-169 888
Gross profit	-26 152	-5 882	120 980	3 023	0	13 371	105 340	10	105 350
Other external income	2 281	1	269	1 049	0	2 716	6 316	486	6 802
Administrative and other expenses, of which	-1 519	-6 092	-30 072	-4 708	0	-79 153	-121 544	-496	-122 040
26% levy	0	0	28 399	0	0	0	28 399	0	28 399
EBITDA	-25 390	-11 973	91 177	-636	0	-63 066	-9 888	0	-9 888
Depreciation	-204	-280	-30 466	-333	0	-653	-31 936	0	-31 936
Operating income	-25 594	-12 253	60 711	-969	0	-63 719	-41 824		-41 824
Interest income	1 614	14 705	120	1	0	28 367	44 807	-31 572	13 235
Interest expenses	-30 052	-5 236	-47 200	-2	0	-21 694	-104 184	31 572	-72 612
Other financial revenues	0	16 690	0	0	0	0	16 690	0	16 690
Other financial expenses	-19 956	-119	-4 597	-45	0	-372 631	-397 348	0	-397 348
Share of profit/loss of associates /joint venture	0	0	0	0	-551	0	-551	0	-551
Income tax	252	-1 389	-55 902	-216	0	-71	-57 326	0	-57 326
Net profit	-99 330	145	13 843	-2 200	-551	-493 467	-581 560	0	-539 736
Other comprehensive income	0	0	0	0	0	0	0	0	0
Foreign currency translation diff. - foreign operations	0	0	0	0	0	-3 017	-3 017	0	-3 017
Total comprehensive income	-99 330	145	13 843	-2 200	-551	-496 484	-584 577	0	-542 753
Assets, of which	0	61 942	201	0	0	849 904	912 047	-56 238	855 809
PPE – Lands	0	0	0	0	0	374	374	0	374

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PPE – Photovoltaic power plants	0	0	0	0	0	0	0	0	0
PPE – Assets in progress	0	0	0	0	0	594	594	0	594
PPE - Equipment	0	0	0	0	0	963	963	0	963
PPE-Intangibles	0	0	151	0	0	190	341	0	341
Trade and other receivables	0	61 652	48	0	0	145 996	207 696	-56 238	151 458
Intragroup loans	0	0	0	0	0	0	0	0	0
Gross amount due from customers for contract work	0	0	0	0	0	0	0	0	0
Inventories – Goods	0	0	0	0	0	0	0	0	0
Investments in associates, JV, other	0	0	0	0	0	265	265	0	265
Deferred tax receivables	0	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	689 271	689 271	0	689 271
Prepaid expenses	0	0	0	0	0	815	815	0	815
Assets held for sale	0	0	0	0	0	0	0	0	0
Cash and cash equivalents	0	290	2	0	0	11 436	11 728	0	11 728
Liabilities, of which	0	62 933	188	0	0	919 923	983 044	-56 238	926 806
Trade and other payables	0	64 293	181	0	0	66 373	130 847	-56 238	74 609
Bank and other loans	0	0	0	0	0	164 815	164 815	0	164 815
Current tax liabilities (income tax)	0	0	7	0	0	0	7	0	7
Deferred tax liabilities	0	0	0	0	0	4	4	0	4
Other long term liabilities	0	0	0	0	0	678 536	678 536	0	678 536
Other short term liabilities	0	-1 360	0	0	0	10 195	8 835	0	8 835

Results of the operating segments for the period from 1 January 2011 to 31 December 2011

<i>in Thousands CZK</i>	Wholesale and import	Engineering and constr.	Sales of electricity	Operations & managem.	PV Invest.	Other	Total	Elimin.	Consolid.
Revenues from the sale of products, goods and services, of which:									
external	161,379	294,932	240,094	6,878	0	3,389	706,672	0	706,672
within segments	153,152	76,562	0	14,503	0	178,498	422,715	-422,715	0
Cost of sale, of which	-365,639	-301,373	-107,461	-11,025	0	-82,943	-868,441	338,976	-529,465
Depreciation	0	0	88,095	0	0	0	88,095	0	88,095
Gross profit	-51,108	70,121	132,633	10,356	0	98,944	260,946	-83,739	177,207
Other external income	613	8,155	186	26	0	2,788	11,768	-486	11,282
Administrative and other expenses, of which	-27,405	-11,478	-57,093	-8,203	0	-114,173	-218,352	486	-217,866
26% levy	0	0	54,154	0	0	0	54,154	0	54,154
Depreciation	456	275	138	555	0	652	2,076	0	2,076
Operating income	-77,900	66,798	75,726	2,179	0	-12,441	54,362	-83,739	-29,377
Interest income	4,970	24,420	133	0	0	36,741	66,264	-62,295	3,969
Interest expenses	-32,551	-3,554	-99,253	-17	0	-28,434	-163,809	62,295	-101,514
Other financial revenues	16,935	0	1,855	137	0	3,981	22,908	0	22,908
Other financial expenses	-288	-11,373	-10,846	-30	0	-1,602	-24,139	0	-24,139
Share of profit/loss of associates /joint venture	0	0	0	0	2,509	0	2,509	0	2,509
Income tax	-6,724	111	-11,278	-8	0	-3,571	-21,470	0	-21,470
Net profit	-95,558	76,402	-43,663	2,261	2,509	-5,326	-63,375	-83,739	-147,114
Other comprehensive income	0	0	0	0	103,782	0	103,782	0	103,782
Foreign currency translation diff. - foreign operations	0	-590	7,018	-167	1,278	-940	6,599	0	6,599
Total comprehensive income	-95,558	75,812	-36,645	2,094	107,569	-6,266	47,006	-83,739	-36,733
Assets, of which	801,812	263,485	2,227,749	13,645	75,859	292,125	3,674,675	-1,007,994	2,666,681
PPE – Land	0	0	71,135	0	0	375	71,510	0	71,510
PPE – Photovoltaic power plants	0	0	2,005,213	0	0	0	2,005,213	-52,632	1,952,581
PPE – Assets in progress	0	0	30,520	0	0	0	30,520	-2,888	27,632
PPE - Equipment	987	890		2,004		2,382	6,263	0	6,263
Intangibles	0	0	0	0	0	434	434	0	434
Trade and other receivables	704,305	153,231	13,697	10,954	0	255,661	1,137,848	-924,255	213,593
Inventories – Goods	96,018	0	0	0	0	18,483	114,501	-1,991	112,510

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Registered capital: CZK 2,300,000. The company is registered with the Municipal Court in Prague, section B, file 13779

Gross amount due from customers for contract work	0	105,194	0	0	0	967	106,161	0	106,161
Investments in associates, JV, other	0	0	0	0	75,859	995	76,854	-26,228	50,626
Long term receivables	0	0	2,592	0	0	638	3,230	0	3,230
Prepaid expenses	12	51	2,317	54	0	320	2,754	0	2,754
Assets held for sale	0	0	0	0	0	0	0	0	0
Cash and cash equivalents	490	4,119	102,275	633	0	11,870	119,387	0	119,387
Liabilities, of which	277,456	738,828	1,356,129	10,320	0	731,833	3,114,566	-924,255	2,190,311
Trade and other payables	268,449	792,377	29,711	10,254	0	288,451	1,389,242	-924,255	464,987
Bank Loans	0	0	1,202,352	0	0	26,937	1,229,289	0	1,229,289
Other long term liabilities	455	601	0	36	0	351,000	352,092	0	352,092
Other short term liabilities	0	0	0	0	0	59,344	59,344	0	59,344
Current tax liabilities (income tax)	11,294	1,955	8,052	30	0	6,101	27,432	0	27,432
Deferred tax liabilities	-2,742	-56,105	116,014	0	0	0	57,167	0	57,167

13. Summary of significant accounting policies

Basis of preparation

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

The following main standards are applied by Group:

- IAS 1 – Presentation of financial information
- IAS 2 – Inventories
- IAS 11 – Construction contracts
- IAS 12 – Income Taxes
- IAS 16 – Property, plant and equipment
- IAS 18 – Revenues
- IAS 19 – Employee benefits
- IAS 21 - The effects of changes in foreign exchange rates
- IAS 24 – Related transactions presentation
- IAS 27 – Consolidated and separate financial information
- IAS 28 - Investments in Associates
- IAS 31 – Interests in Joint Ventures
- IAS 33 - Earnings per Share
- IAS 36 - Impairment
- IAS 37 – Provisions
- IAS 38 – Intangible Assets
- IFRS 2 – Share-based payment
- IFRS 3 – Business combinations
- IFRS 5 – Non-current assets held-for-sale and discontinued operations
- IFRS 8 - Operating segments

Use of estimates and judgments

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

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

Provisions

A provision is 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. Provision are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(a) Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

Presentation of Financial information

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

Functional currency is the Czech crown (CZK) and for the purpose of the reporting, as required by the regulations of the Alternative System of Trading organized by the Warsaw Stock Exchange - NewConnect, the balances are retranslated into EUR and PLN currencies

Consolidation

(a) Subsidiaries

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

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

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

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

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

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

(b) Associates

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

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

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

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

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

(c) Joint-ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The group's interests in jointly controlled entities are accounted for by equity method of consolidation.

The equity method is described in paragraph (b) Associates above.

(d) Special purpose entities

The Group includes in consolidated financial statements also 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.

Segment reporting

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

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

As of 30th June 2011, Management Board has decided to create a new segment called „FVE investment” based on the need to separately track the revenues coming from current operations of SPVs and from Other comprehensive income resulting from revaluation of FVE included in those SPVs.

The Management identified the following segments:

- Wholesale and import of FVE components,
- Engineering and construction services (turn-key photovoltaic systems' installations for external clients and Phoenix Energy),
- Production of electricity (includes SPE that finished building of photovoltaic powerplants 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 2011 or 2010.

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

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

Foreign currency translation

(a) Functional and presentation currency

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

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

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

	EUR		PLN	
	2011 Q4	2012 Q4	2011 Q4	2012 Q4
CZK exchange rate – low	24,740	24,750	5,589	6,000
CZK exchange rate – average	25,279	25,167	5,717	6,120
CZK exchange rate – end of period	25,800	25,140	5,789	6,172
CZK exchange rate – high	26,025	25,580	5,878	6,197

(b) Transactions and balances

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

(c) Group companies

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

Property, plant and equipment

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

The fixed assets comprise mainly of photovoltaic power plants. The fair value is based on discounted planned cash flow. A discount rate used is based on expected debt costs (part financed by external party) and interest rate for a 15-year state bond (equity part) reflecting a risk surcharge, respectively.

A revaluation of assets is presented in the Statement of Comprehensive Income in „Other comprehensive income“, in the Statement of Financial Position in a special fund in equity („Reserves“). A deferred tax asset/liability originating from this revaluation is recognized in „Other comprehensive income“.

Depreciation of assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. Photovoltaic power plants are depreciated over a period of 20 years using the straight-line method, on a quarterly basis reflecting the seasonal aspect.

A special fund in equity („Other comprehensive income“) is gradually released in the Statement of Financial Position into Retained earnings.

Financial costs related to construction period of internal non-current assets are capitalized (refer to Loans and Borrowings).

The revaluation of assets in fair values is done on at least annual basis.

Intangible assets

Intangible assets are presented at their historical costs. They comprise mainly of purchased software, rights for construction of photovoltaic power plants, and easement.

Intangible assets are depreciated using the straight-line method over their estimated useful lives: for software the useful life is estimated to 36 months.

Rights for construction of photovoltaic power plants and Easement will be depreciated over a period for which the yield from electricity sale is guaranteed by the valid legislation. Depreciation of rights and Easement is calculated from date when photovoltaic power plants starts to operate – till then the value of rights for construction of FVE will be only tested for potential impairment (IAS 36).

Inventories

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

Revenue recognition

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

The group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement: the

revenues related to development projects (PV power stations) are measured by the percentage of completion method (refer below to Construction contracts).

Construction contracts

These comprise EPC projects (photovoltaic power plants) being constructed for third parties.

A construction contract is defined by IAS 11 as a contract specifically negotiated for the construction of an asset. Contract costs are recognized as expenses in the period in which they are incurred.

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. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

The group uses the 'percentage-of-completion method' to determine the appropriate amount to recognize in a given period. 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. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The group presents as an asset the revenues from contract work for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within 'trade and other receivables'.

The group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses).

The prepayments related to construction contracts are presented as a liability.

Trade receivables

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

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

Cash and cash equivalents

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

Share capital

Ordinary shares are classified in equity as Issued share capital. Consideration received above the nominal value of the ordinary shares is classified in equity as Share premium.

Trade payables

Trade payables are recognized at nominal value.

Loans and Borrowings

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

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

Current and deferred income tax

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

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

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

14. Management Board declaration

We hereby confirm that according to our best knowledge the information about Phoenix Energy a.s. 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.

Prague, 14 February 2013



Vlastimil Matula
Vice-chairman of the Board of Directors



Pavel Kolrus
Chairman of the Board of Directors

15. Investors Relations contact

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Registered capital: CZK 2,300,000. The company is registered with the Municipal Court in Prague, section B, file 13779