

PHOTON ENERGY N.V. CONSOLIDATED FINANCIAL REPORT

Q2 2013

for the period from 1 April to 30 June 2013

14 August 2013 | Amsterdam | Netherlands

CONSOLIDATED FINANCIAL REPORT

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1. Selected financial results

Selected financial results for the period of 1 April to 30 June 2013

in Thousands	EUR		PLN	
	2012 Q2	2013 Q2	2012 Q2	2013 Q2
Revenues	4 714	4 394	20 049	18 263
Gross profit	2 339	3 988	9 947	16 625
EBITDA	1 917	2 524	8 137	10 634
EBIT	98	904	406	3 914
Profit / loss before taxation	-4 358	-91	-18 502	-214
Total comprehensive income	4 557	58	19 356	449
Non-current assets	98 338	91 401	417 795	396 365
Current assets	15 587	14 362	66 222	62 282
Cash and cash equivalents	3 905	4 934	16 591	21 397
Total assets	113 925	105 763	484 017	458 647
Total equity	23 050	34 847	97 929	151 116
Current liabilities	30 989	16 126	131 658	69 930
Non-current liabilities	59 886	54 790	254 430	237 600
Operating cash flow	1 773	-27 595	7 585	-114 972
Investment cash flow	-1 630	0	-6 939	2
Financial cash flow	536	27 517	2 287	114 846
Net change in cash	679	-78	2 934	-124
EUR exchange rate - low	-	-	4,136	4,100
EUR exchange rate - average	-	-	4,259	4,199
EUR exchange rate - end of period	-	-	4,249	4,337
EUR exchange rate - high	-	-	4,413	4,349

Note: Exchange rates provided by the European Central Bank

Financial highlights:

- Revenues declined by 6.8% YOY to EUR 4.394 million;
- EBITDA increased by 31.7% YOY to EUR 2.524 million (EUR 3.261 million without 26% levy);
- EBIT jumped by 822% YOY to EUR 904,000 (EUR 1.641 million without 26% levy)
- Before taxation almost break-even with a loss of EUR 91,000 compared to EUR 4.358 million in Q2 2012 (without 26% levy a profit before tax of EUR 646,000 in 2013Q2);
- Total comprehensive income of EUR 58,000 (EUR 648,000 without 26% levy) compared to EUR 4.557 million in Q2 2012;
- Equity increased from EUR 10.759 million to EUR 34.847 million during 2013Q2;
- Equity ratio reached a solid 33%¹;

Other highlights:

- Due to the exceptionally bad weather conditions in Central Europe since the beginning of the year, generation results of the proprietary power plants owned by Photon Energy N.V. amounted to 9.4 GWh, approximately 13% below the forecasts,
- Acquisition of the first power plant in Australia by the Company's 100% subsidiary Photon Energy Investments N.V.,
- Share swap between Phoenix Energy a.s. and Photon Energy N.V. finalised
- Photon Energy N.V.'s shares listed on NewConnect in Warsaw,
- First coupon payment by Photon Energy Investments N.V. on its 5-year corporate bond
- Capital increase of EUR 24 million and plans for IPO announced,

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

Notes:

- *All data quoted in this report refer to the current reporting period i.e. from 1 April until 30 June 2013, unless specified otherwise;*
- *The 26% levy is a retroactively introduced levy charged on the revenues generated by PV power plants in the Czech Republic connected to the grid in 2009 and 2010, payable in the years 2011 to 2013;*
- *All references to growth rate percentages compare the results of the reporting period to those of the prior year comparable period;*
- *Total Comprehensive Income (TCI) is the sum of the profit after taxes plus Other Comprehensive income (OCI) according to IAS 16. Other comprehensive income includes revaluation of PPE in a proprietary portfolio to their fair values, share on OCI of associates and joint ventures and foreign currency translation differences.*
- *EPC stands for Engineering, Procurement and Construction and refers to services related to project design and securing documentation, engineering, procurement and construction of solar power plants*
- *Throughout this report Photon Energy Group is referred to as the "Group", the "Company" and/or the "Photon Energy".*
- *Solar Age Investments B.V. is a company incorporated under the Dutch law, with its registered office at Barbara Strozilaan 201, 1083 HN Amsterdam, the Netherlands, registered with the trade register under number 56233701.*

CONSOLIDATED FINANCIAL REPORT

2. Management discussion and analysis

2.1. A note from the Management Board

We are glad to present you with our first quarterly financial report following the introduction of 23 million ordinary shares of our company Photon Energy N.V. to trading on the New Connect market of the Warsaw Stock Exchange.

Photon Energy N.V. is a holding company incorporated under the laws of the Netherlands on 9 December 2010. The Photon Energy Group globally offers comprehensive solutions and maintenance services for photovoltaic systems that cover their entire lifecycle.

The second quarter of 2013 was a busy period for as extensive resources had to be dedicated to the completion of the restructuring process of the Photon Energy Group. As Photon Energy N.V. grew from a Czech-based start-up to an international group stretching over three continents, it became necessary to restructure the group into its current corporate form of a Netherlands-based holding company. The increasingly worsening situation on the Czech PV market led us to the discontinuation of our local operating activities by disposal. The restructuring process was completed by a share swap in which minority shareholders were able to swap their shares in the NewConnect listed predecessor holding company Phoenix Energy a.s. (formerly Photon Energy a.s.) into shares of Photon Energy N.V. in May 2013, followed by the listing of the Company's shares on the New Connect market of the Warsaw Stock Exchange.

Photon Energy N.V. continuously monitors international developments in the area of solar technology and on the financial markets. Its objective is the geographic expansion and diversification of its portfolio in order to exploit its global presence and to minimise regional risk associated with market volatility and seasonality. In April 2013 the first power plant in Symonston in Australia with a total installed capacity of 144 has been acquired by our 100 % subsidiary Photon Energy Investments N.V. Moreover, preparations for market entry in Turkey are advancing. At the same time the traditional PV markets with large installed bases in the European Union still remain very attractive for our operations and maintenance business unit Photon Energy Operations given that the installed base across the European Union currently exceeds 70 GWp. In European and developed PV market with many underperforming PV plants and rapid consolidation we still see substantial potential to increase our business from 60 MWp under management.

Financially, Q2 2013 can be considered a success despite the 7% decline in consolidated revenues to EUR 4.4 million, most of which were realized by the sale of 9.4 GWh of PV-generated electricity. The decline was solely due to exceptionally bad weather conditions in Central Europe since the beginning of the year, resulting in energy production coming in 13% below plan. Without the 26% levy on the revenues of our Czech PV plants we would have turned black at the pre-tax level with a profit of EUR 646,000, while due to the levy we recorded a loss EUR 91,000. Total comprehensive income came in at EUR 58,000 and would have been EUR 648,000 without the levy. EBITDA improved by 31.6% YOY to EUR 2.524 million (EUR 3.261 million without the levy) and EBIT jumped by 822% to EUR 904,000 (EUR 1.641 million without the levy). Based on record energy production in July 2013 and a strong start into August we are looking forward to a positive Q3 2013.

The most important non-operational events in Q2 2013 that should be highlighted were: a) the share swap between Phoenix Energy a.s. and Photon Energy N.V. finalised, b) Photon Energy N.V. shares listed on NewConnect in Warsaw, c) participation in the Czech PV recycling platform REsolar, d) participation in the trade show Intersolar 2013, e) first coupon payment by Photon Energy Investments N.V. on its 5-year corporate bond, f) a capital increase of EUR 24 million and plans for an IPO announced and g) the acquisition of the first power plant in Australia by Photon Energy Investments N.V. and the participation in the reverse auction for a 20-year FIT in the Australian Capital Territory.

a) Share swap between Phoenix Energy a.s. and Photon Energy N.V. finalised

As Photon Energy grew from a Czech-based start-up to an international group stretching over three continents, it became necessary to restructure the group into its current corporate form of a Netherlands-based holding company. During restructuring the management of Photon Energy N.V. committed itself to perform a swap of shares in Phoenix Energy a.s., the former Czech holding company of the Group and currently a group-external entity, listed on NewConnect since 2008.

On 17 May 2013 the settlement of transactions made on the basis of the public tender offer to acquire shares in Phoenix Energy a.s. held between 12 April and 15 May 2013 was finalised and the bidder Minority Shareholders Photon Energy B.V. (MSBV), previously owning a 74.36% stake, increased its share in the capital of Phoenix Energy a.s. to 96.58%. Through the share swap MSBV enabled minority shareholders in Phoenix Energy a.s. to acquire 22.22% of the outstanding shares in Photon Energy N.V.

The intention of the share swap was to allow minority shareholders in Phoenix Energy a.s. to exchange their holdings for shares in Photon Energy N.V. and to participate in its long-term development. This transaction was followed by the listing of Photon Energy N.V. shares on the NewConnect market segment of the Warsaw Stock Exchange.

b) Photon Energy N.V. shares introduced to trading and listed on NewConnect in Warsaw

On 31 May 2013 the shares of Photon Energy N.V. (ticker: PEN) were introduced to trading on the NewConnect market of the Warsaw Stock Exchange. The instruments introduced to trading are 23 million ordinary registered shares with a nominal value of EUR 0.01 each and a total nominal value of EUR 230,000. Those instruments together represented 100% of the Issuer's share capital and each share has one vote at Issuer's general meeting.

On 4 June 2013 the Company's shares commenced trading on the NewConnect market and with this step management concluded the restructuring process started in 2010. With the listing on NewConnect we have come full circle where we started – from a Czech PV-systems integrator to a global photovoltaic solutions provider headquartered in Amsterdam.

In the light of a fast changing solar industry we intend to focus on those activities in the downstream segment which provide recurring revenue streams and stable earnings.

c) Participation in the PV recycling programme REsolar

In late May 2013, the Czech subsidiary of Photon Energy Operations N.V., one of six divisions of Photon Energy N.V., became a founding 10% shareholder in the PV recycling company REsolar s.r.o. together with the Czech Photovoltaic Industry Association (CHEPHO) and other PV industry players in the Czech Republic. REsolar filed its application to become a fully licensed entity for the recycling of photovoltaic modules as imposed by law on PV plant owners.

Photon Energy is fully committed to the success of REsolar, which aims to become the leading recycling company in the Czech Republic based on the efficient management of the recycling charges, which PV plant owners in the Czech Republic will have to pay to a licensed recycling entity over the next five years.

d) Participation in the trade show Intersolar 2013

From 19 to 21 June 2013 the Company participated in the Intersolar trade fair in Munich, Germany, the leading trade show for the photovoltaic industry. Photon Energy presented itself as a globally active fully integrated provider of services for PV plants, with a particular focus on Operations & Maintenance services.

e) First coupon payment by Photon Energy Investments N.V.

On 12 June the Company's 100% subsidiary Photon Energy Investments N.V. paid its first quarterly coupon for its 8% corporate bond. The bond was placed in March 2013 with a term of 5 years and an 8% annual coupon, paid quarterly. The bond (ISIN DE000A1HELE2) with a EUR 1,000 face value was placed in Germany, Austria, the Czech Republic, Slovakia and Poland and is currently listed on the Open Market of the Frankfurt Stock Exchange. Since its introduction to trading in March the price of the bond remained stable at around 100 per cent and currently stands above par value at 100.50.

f) Capital increase of EUR 24 million and plans for IPO announced

On 30 June 2013 the Company executed a capital increase substantially strengthening its balance sheet and laying the foundation for further capital increases, including a planned public offering and listing on the main market of the Warsaw Stock Exchange.

Solar Age Investments B.V. (SAI) (formerly Minority Shareholders Photon Energy B.V.), which post transaction holds a 56.53% controlling interest in the Company, subscribed for 27 million newly-issued shares (par value EUR 0.01 each) at an issue price of EUR 0.89 (PLN 3.85) per share, for a total investment of EUR 24.03 million (PLN 104.031 million). The subscription price represented a 177% premium over the Friday, 28 June 2013 closing price of EUR 0.32 (PLN 1.39) on NewConnect. SAI realised its investment by offsetting its corresponding receivable against Photon Energy N.V.

The capital increase raised the total number of common shares outstanding to 50 million. With a total holding of 28,263,074 shares, SAI became the Company's majority shareholder with a 56.53% stake. The Company's free float post-transaction is 10.22%.

At the moment the Company's management board is also evaluating various options for equity and debt financing, including but not limited to, a further capital increase by private placement, a public offer of shares in combination with a listing on the main market of the Warsaw Stock Exchange and a bond issue. If the market conditions allow for it, the Company is aiming for a public offering and main market listing by Q1 2014.

g) Acquisition of the first power plant in Australia by Photon Energy N.V. and reverse auction for a 20-year FIT in the Australian Capital Territory

In April 2013 Photon Energy Investments (a 100% subsidiary of Photon Energy N.V.) added its first Australian power plant, located in Symonston, to its portfolio. Australia offers the highest average solar irradiation by square meter of any continent and has long been seen as an ideal market for solar power. The rooftop power plant, developed by its sister company Photon Energy Projects in Australia, is currently the largest rooftop installation in the region with an installed capacity of 144 kWp and has already been connected to the electricity grid in March 2013.

The project was acquired in line with the Company's low risk strategy based on entering new markets by first realizing smaller pilot projects developed by on-location subsidiaries or project partners. Further Australian projects are in the pipeline.

Furthermore, on 16 April Photon Energy Investments submitted its offers for a reverse auction organised by the government of the Australian Capital Territory (ACT), the administrative region around the capital Canberra. Last year Photon Energy entered its projects into prequalification and succeeded in qualifying four projects with a total installed capacity of 20 MWP for the final auction.

The result of the auction has not been announced yet as it has been postponed and now is expected for the second half of August 2013.

2.2. Strategy and its execution

The objective of the Photon Energy Group is the geographic expansion and diversification of its activities and portfolio, in order to use its global presence to minimise regional risk associated with fluctuations. The Group continuously monitors international developments in the area of solar technology and on financial markets. It pays close attention to the development of regulations regarding the solar energy sector in individual countries. The expansion to countries such as Australia, Canada, and Turkey is crucial in the light of current developments, as the Group believes such countries could provide a suitable environment for photovoltaic power plants on the basis of climatic conditions (especially solar radiation), existing infrastructure, possible project financing and legal framework conditions. Other markets are being analyzed on an ongoing basis.

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

In April 2013, Photon Energy Investments (a 100% subsidiary of Photon Energy N.V.) added its first Australian power plant, located in Symonston, to its portfolio. Furthermore, preparations for market entry in Turkey are ongoing, where the Company intends to focus on the segment of customers who want to become more independent from their energy supplier and will use the power fully for self-consumption providing them with EPC and O&M services.

Apart from geographical diversification the Group 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 mining, retail, agriculture, telecommunications and others. In case of remote off-grid locations, where usually irradiation levels are constantly high throughout the year, such energy solutions allow customers to reduce fuel consumption by up to 100%. In on-grid locations, energy efficiency solutions can materially lower monthly electricity bills. There is no one single solution since every customer has different needs, where the finance and the engineering world need to blend perfectly to deliver the solution our customers need. 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.

The Group also intends to become a leading global provider of operations and maintenance services for photovoltaic plants, particularly in well-established markets with significant installed photovoltaic capacities such as Germany, Italy, the Czech Republic and Slovakia as well as Spain. Further expansion of O&M services is foreseen in countries where the Group currently develops and installs new PV power plants.

In order to facilitate market penetration, the Group will selectively cooperate with local partners, if necessary or value-adding.

Currently the total O&M portfolio can be broken down geographically into 30.8 MWp operated in the Czech Republic, 10.8 MWp in Slovakia, 5.7 MWp in Germany, 9.3 MWp in Italy, 3.0 MWp in Belgium and 0.3 MWp in Australia. The O&M portfolio included 27.2 MWp of PV capacities from the proprietary portfolio and 32.8 MWp for external clients. The traditional PV markets with large installed bases in the European Union remain very attractive for our operations and maintenance business unit Photon Energy Operations given that the installed base across the European Union currently exceeds 70 GWp

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

Photon Energy N.V. has undergone a restructuring process which included concentrating the entire photovoltaic power portfolios in the Czech Republic, Slovakia, Italy and Australia with one of its six subsidiaries, Photon Energy Investments N.V.

The table below presents the portfolio of power plants owned directly or indirectly by Photon Energy N.V. at the end of the reporting period i.e. as of 30 June 2013, consisted of 29 power plants in the Czech Republic, Slovakia, Italy, Australia and Germany with the total installed capacity of 27.1 MWp. More information on the Group structure and the restructuring processes can be found in chapter 8. Group structure.

Table 1. The proprietary portfolio of Photon Energy N.V. as of 30 June 2013

Nr	Proprietary portfolio	Country	Cap.(kWp)	Share	Cap. Pro-rata	Completed
1	Komorovice	CZ	2 354	100%	2 354	Dec 2010
2	Zvůkov I	CZ	2 031	100%	2 031	Nov 2010
3	Dolní Dvořiště	CZ	1 640	100%	1 640	Dec 2010
4	Svatoslav	CZ	1 231	100%	1 231	Dec 2010
5	Slavkov	CZ	1 159	100%	1 159	Dec 2010
6	Mostkovice SPV 1	CZ	209	100%	209	Dec 2010
7	Mostkovice SPV 3	CZ	795	100%	795	Dec 2009
8	Mostkovice SPV3R	CZ	131	100%	131	Dec 2010
9	Zdice I	CZ	1 498	100%	1 498	Dec 2010
10	Zdice II	CZ	1 498	100%	1 498	Dec 2010
11	Radvanice	CZ	2 305	100%	2 305	Dec 2010
12	Břeclav rooftop	CZ	137	100%	137	Dec 2010
13	Babiná II	SK	999	100%	999	Dec 2010
14	Babina III	SK	999	100%	999	Dec 2010
15	Prša I.	SK	999	60%	599	Dec 2010
16	Blatná	SK	700	70%	490	Dec 2010
17	Mokra Luka 1	SK	963	100%	990	Jun 2011
18	Mokra Luka 2	SK	963	100%	990	Jun 2011
19	Jovice 1	SK	979	100%	990	Jun 2011
20	Jovice 2	SK	979	100%	990	Jun 2011
21	Brestovec	SK	850	50%	425	Jun 2011

Nr	Proprietary portfolio	Country	Cap.(kWp)	Share	Cap. Pro-rata	Completed
22	Polianka	SK	999	50%	500	Jun 2011
23	Myjava	SK	999	50%	500	Jun 2011
24	Verderio	IT	261	100%	261	Nov 2011
25	Biella, Verrone	IT	993	100%	993	Jun 2012
26	Symonston	AUS	144	100%	144	Feb 2013
27	Ückermünde Kindergarten	DE	25	100%	25	Dec 2011
28	Brandenburg	DE	75	200%	150	Apr 2012
29	Altentreptow	DE	156	100%	156	Dec 2011
Total		-	27 071	-	27 146	-

As of the date of reporting in April 2013 there was one major event, which resulted in the material changes of the proprietary portfolio of Photon Energy N.V. and included the acquisition of the first power plant with an installed of 144kWp located in Symonston in Australia by Photon Energy Investments N.V. (one of six divisions of the Company). The rooftop plant, developed by Photon Energy Projects N.V. (the sister company of Photon Energy Investments) in Australia, is the largest rooftop installation in the region and was already ready to be connected in March 2013.

The exceptionally bad weather conditions in Central Europe since the beginning of the year meant that the major part of the power plants in the portfolio was performing below expectations. The accumulated average performance of the proprietary power plants connected and feeding electricity to the grid in Q2 2013 amounted to nearly 9.4 GWh and was below the energy forecasts by an average of nearly 12.6%, while on a year-to-date basis it recorded an underperformance of 13.6% against generation estimates (down by 19.7% YOY). Detailed generation results for each power plant are being published on a monthly basis in our monthly reports.

Table 2. Generation results versus projections between 1 April and 30 June 2013

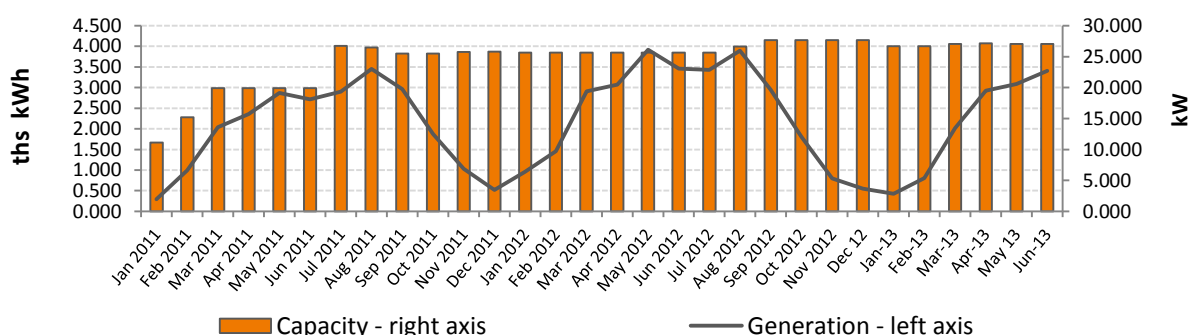
Project name	Capacity	Prod. Q2	Proj. Q2	Perf.	YTD Prod.	YTD Proj.	Perf.	YOY
Unit	kWp	(kWh)	(kWh)	%	(kWh)	(kWh)	%	%
Komorovice	2 354	779,352	948,948	-17.9%	1,041,599	1,257,808	-17.2%	-23.0%
Zvíkov I	2 031	577,566	831,735	-30.6%	828,457	1,102,447	-24.9%	-34.5%
Dolní Dvořiště	1 640	548,649	691,911	-20.7%	725,673	917,113	-20.9%	-22.1%
Svatoslav	1 231	389,992	513,882	-24.1%	514,187	681,139	-24.5%	-26.5%
Slavkov	1 159	438,665	489,361	-10.4%	598,935	648,636	-7.7%	-20.1%
Mostkovice SPV 1	209	74,741	70,371	6.2%	101,359	103,481	-2.1%	-22.0%
Mostkovice SPV 3 ¹	926	327,765	363,662	-9.9%	443,370	488,143	-9.2%	-22.4%
Zdice I	1 498	507,526	598,111	-15.1%	695,832	796,652	-12.7%	-26.0%
Zdice II	1 498	502,977	598,111	-15.9%	689,743	796,652	-13.4%	-25.3%
Radvanice	2 305	802,937	939,292	-14.5%	1,083,522	1,245,011	-13.0%	-21.3%
Břeclav rooftop	137	52,139	47,629	9.5%	69,832	71,079	-1.8%	-19.5%
Total Czech PP	14 988	5,002,308	6,093,013	-17.9%	6,792,508	8,108,160	-16.2%	-24.7%
Babiná II	999	340,359	383,817	-11.3%	425,571	529,411	-19.6%	-27.4%
Babina III	999	338,760	383,817	-11.7%	425,481	529,411	-19.6%	-28.8%
Prša I.	999	381,315	382,969	-0.4%	505,770	528,913	-4.4%	-22.9%

Project name	Capacity	Prod. Q2	Proj. Q2	Perf.	YTD Prod.	YTD Proj.	Perf.	YOY
Unit	kWp	(kWh)	(kWh)	%	(kWh)	(kWh)	%	%
Blatna	700	272,130	277,353	-1.9%	347,994	398,378	-12.6%	-17.3%
Mokra Luka 1	963	370,548	377,339	-1.8%	507,806	546,441	-7.1%	-26.9%
Mokra Luka 2	963	375,070	377,339	-0.6%	520,373	546,441	-4.8%	-26.0%
Jovice 1	979	337,518	389,005	-13.2%	443,766	516,586	-14.1%	-21.1%
Jovice 2	979	334,403	389,005	-14.0%	437,273	516,586	-15.4%	-20.8%
Brestovec	850	331,254	319,525	3.7%	451,257	462,715	-2.5%	-23.7%
Polianka	999	339,441	399,984	-15.1%	428,418	530,170	-19.2%	-25.4%
Myjava	999	377,214	390,179	-3.3%	487,347	555,096	-12.2%	-24.5%
Total Slovak PP	10,429	3,798,011	4,070,333	-6.7%	4,981,056	5,660,148	-12.0%	-24.3%
Verderio	261	94,738	102,487	-7.6%	126,303	147,192	-14.2%	-17.5%
Biella, Verrone	993	410,190	395,000	3.8%	629,110	602,800	4.4%	N/A
Total Italian PP	1 254	504,928	497,487	1.5%	755,413	749,992	0.7%	-17.5%
Symonston	144	33,095	29,114	13.7%	33,095	29,114	13.7%	N/A
Total Australia PP	144	33,095	29,114	13.7%	33,095	29,114	13.7%	N/A
Ückermünde Kindergarten	25	7,284	9,189	-20.7%	9,442	11,688	-19.2%	2.3%
Brandenburg ²	75	17,048	19,247	-11.4%	17,048	19,247	-11.4%	N/A
Altentreptow	156	54,088	58,351	-7.3%	72,287	74,831	-3.4%	N/A
Total Germany PP	256	78,420	86,786	-9.6%	98,777	105,766	-6.6%	2.3%
Total	27 071	9,416,762	10,776,733	-12.6%	12,660,850	14,653,180	-13.6%	-19.7%

¹ Total result for Mostkovice SPV 3 and Mostkovice SPV 3R as the same company SPV3 owns both SPVs.

² The power plant in Brandenburg has started being monitored by Operations and Maintenance since April 2013 so the cumulated generation results has been provided only for the period of 2 months – May and June 2013.

Chart 1. Generation results and capacity growth between Jan 2011 - Jun 2013



The volume of power plants operated by the Operations and Management (O&M) arm of Photon Energy N.V. amounted to 60 MWp as of 30 June 2013. The total portfolio can be broken down geographically into 30.8 MWp operated in the Czech Republic, 10.8 MWp in Slovakia, 5.7 MWp in Germany, 9.3 MWp in Italy, 3.0 MWp in Belgium and 0.3 MWp in Australia. The O&M portfolio included 27.2 MWp of PV capacities from the proprietary portfolio and 32.8 MWp for external clients.

2.4. Financial statement analysis

Profit and Loss statement

Financially, Q2 2013 can be considered a success despite the 7% decline in consolidated revenues to EUR 4.4 million, most of which were realized by the sale of 9.4 GWh of PV-generated electricity. The decline was solely due to exceptionally bad weather conditions in Central Europe since the beginning of the year, resulting in energy production coming in 13% below plan. Without the 26% levy on the revenues of our Czech PV plants we would have turned black at the pre-tax level with a profit of EUR 646,000, while due to the levy we recorded a loss EUR 91,000. Total comprehensive income came in at EUR 58,000 and would have been EUR 648,000 without the levy. EBITDA improved by 31.6% YOY to EUR 2.524 million (EUR 3.261 million without the levy) and EBIT jumped by 822% to EUR 904,000 (EUR 1.641 million without the levy). Based on record energy production in July 2013 and a strong start into August we are looking forward to a positive Q3 2013.

Balance Sheet

Total assets amounted to EUR 105,763 thousand at the end of Q2 2013 and decreased by EUR 5.448 million compared to Q1 2013. The main changes include decrease in value of fixed assets caused by annual depreciation; lower value of assets in progress and lower balance of inventories.

Current assets decreased from EUR 17.879 million to EUR 14.362 million compared to Q1 2013.

As a result of the capital increase on 30 June total equity increased from EUR 10.759 million at the end of Q1 2013 to EUR 34.847 million.

During Q2 2013 total liabilities decreased by EUR 29.536 million to EUR 70.916 million mainly due to the capital increase and a lower level of trade and other payables and a decrease in other loans.

Cash Flow

The Group posted a negative operating cash flow in Q2 2013, which amounted to EUR 27,595 thousand caused by capitalization of long-term liability. However, the negative operating cash flow was compensated by positive financial cash flow of EUR 27,517 thousand (caused by issuance of ordinary shares). The cash position at the end of the period amounted to EUR 4,934 thousand.

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 Strozilaan 201, 1083 HN, Amsterdam, Netherlands
Registration:	Dutch Chamber of Commerce (<i>Kamer van Koophandel</i>)
Company number:	51447126
Tax-ID:	NL850020827B01
Ticker:	PEN
Web:	www.photonenergy.com

4. Share capital of the Issuer

The Company's share capital is EUR 500,000 divided into 50,000,000 shares with a nominal value of EUR 0.01 each. The share capital is fully paid-up. All shares represent one vote at the General Meeting of Shareholders.

Share capital as of 30 June 2013

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>50,000,000</u>	<u>500,000</u>	cash
Total number of shares				50,000,000		
Total share capital					500,000	
Nominal value per share = EUR 0.01						

In the reporting period, on 30 June 2013 the Company executed a capital increase which raised the total number of common shares outstanding to 50,000,000 substantially strengthening its balance sheet and laying the foundation for further capital increases, including a planned public offering and listing on the main market of the Warsaw Stock Exchange.

Solar Age Investments B.V. (SAI), formerly Minority Shareholders Photon Energy B.V., subscribed for 27,000,000 newly-issued shares (par value EUR 0.01 each) at an issue price of EUR 0.89 (PLN 3.85) per share, for a total investment of EUR 24.03 million (PLN 104.031 million). The subscription price represents a 177% premium over the Friday, 28 June 2013 closing price of PLN 1.39 (EUR 0.32) on New Connect. SAI realised its investment by offsetting its corresponding receivable against Photon Energy N.V. This receivable relates to the Group restructuring completed in 2012 and thus Photon Energy N.V. has no further liabilities related to the restructuring.

On a pro-forma basis applied to Photon Energy's balance sheet as per 31 March 2013, this capital increase raised the Company's consolidated equity from EUR 10.638 million (PLN 46.054 million) to EUR 34.668 million (PLN 150.085 million) and its equity ratio from 9.6% to 31.2%. Book value per share (BVPS) grew by nearly 49% from EUR 0.468 (PLN 2.03) to EUR 0.696 (PLN 3.01).

5. Shareholder structure

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

Shareholder	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Age Investments B.V.	28,263,074	56.53%	28,263,074	56.53%
Solar Future Cooperatief U.A.	8,590,739	17.18%	8,590,739	17.18%
Solar Power to the People Cooperatief U.A.	8,036,573	16.07%	8,036,573	16.07%
Free float	5,109,614	10.22%	5,109,614	10.22%
Total	50,000,000	100.00%	50,000,000	100.00%

In the reporting period, on 12 April 2013 Minority Shareholders Photon Energy B.V., a Dutch company, owned by two Dutch cooperatives: Solar Future Coöperatief U.A. controlled by Michael Gartner and Solar Power to the People Coöperatief U.A. controlled by Georg Hotar, initiated a public offering of 5,895,408 ordinary registered

shares of the nominal value of EUR 0.01 each, issued by Photon Energy N.V. and representing in total 25.63% of the share capital of the Company and registered under ISIN no: NL0010391108, for the price of EUR 0.01 per share, and the total value of the offer calculated on the basis of the selling price that amounting to EUR 58,954.08 ("Public Offering"), in relation to the announcement of a tender offer to buy 5,895,408 shares of Phoenix Energy a.s., a company incorporated under Czech law, with its registered office at Prague 2 – Vinohrady, U Zvonařky 448/16, Postal Code 120 00, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, file no. 13779 ("Tender Offer").

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

The Shareholder Structure after completion of the share swap was as follows:

Shareholder	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Future Cooperatief U.A.	8,590,739	37.35%	8,590,739	37.35%
Solar Power to the People Cooperatief U.A.	8,036,573	34.94%	8,036,573	34.94%
Minority Shareholders Photon Energy B.V.	1,263,074	5.49%	1,263,074	5.49%
Free float	5,109,614	22.22%	5,109,614	22.22%
Total	23,000,000	100.00%	23,000,000	100.00%

After the reporting period the main shareholder changed its name from Minority Shareholders Photon Energy B.V. to Solar Age Investments B.V.

On 30 June 2013 the Company executed a capital increase. Solar Age Investments B.V. (SAI), formerly Minority Shareholder Photon Energy B.V., subscribed for 27,000,000 newly-issued shares (par value EUR 0.01 each). SAI realised its investment by offsetting its corresponding receivable against Photon Energy N.V. This receivable relates to the Group restructuring completed in 2012 and thus Photon Energy N.V. has no further liabilities related to the restructuring.

SAI is jointly-controlled by Solar Future Cooperatief U.A. (SF Coop) and Solar Power to the People Cooperatief U.A. (SPP Coop), the investment vehicles controlled by the Company's controlling shareholders and directors Michal Gartner (SF Coop) and Georg Hotar (SPP Coop).

This capital increase raises the total number of common shares outstanding to 50,000,000. With a total holding of 28,263,074 shares, SAI became the Company's majority shareholder with a 56.53% stake. Through SF Coop, SPP Coop and SAI, Michal Gartner and Georg Hotar own 44,890,386 shares, representing a combined 89.78% equity stake in Photon Energy N.V. Correspondingly, the Company's free float post-transaction is 10.22%.

6. Statutory bodies of the Issuer

Board of Directors

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

Board of Directors as of 30 June 2013

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

Supervisory Board

Under the 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 an intention to appoint an independent Supervisory Board in the future.

7. Description of the Issuer's business

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

The Group is vertically integrated in the downstream segment of the photovoltaic industry. Through its six divisions the Company serves the needs of clients with extensive know-how in project development, investment management, project financing and insurance, technology solutions, turnkey contracting) as well as operations and maintenance.

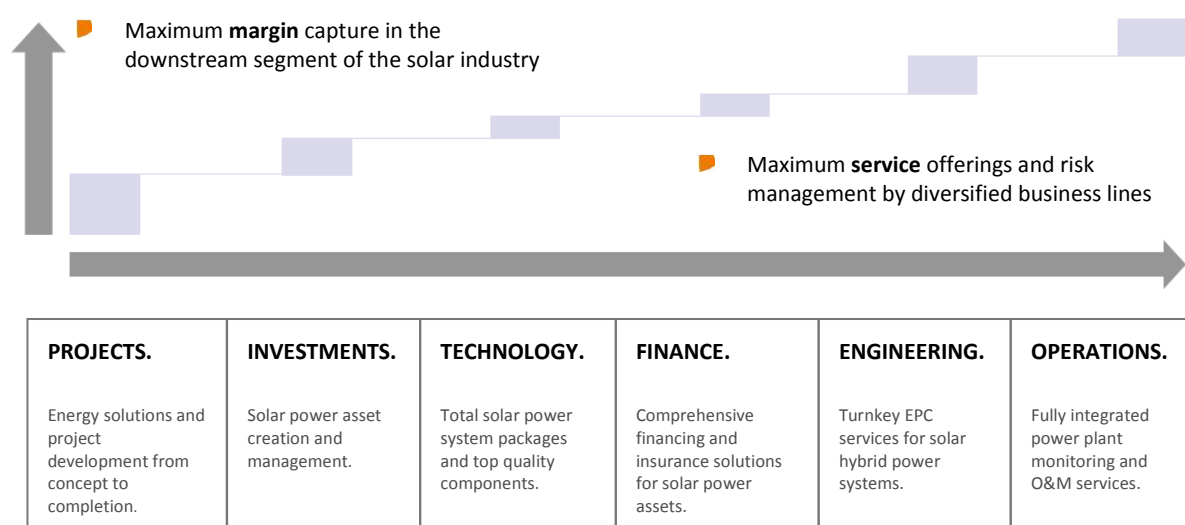
The Company has vast experience and a proven track record of completing photovoltaic projects for its own portfolio as well as for the third parties. It develops and builds brownfield, greenfield and rooftop installations. The Company's power solutions provide solar and solar-hybrid power for a wide-range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

Photon Energy's business model is designed to extract the most value from the downstream segment of the solar industry, which we believe to be the "sweet spot" of the photovoltaic business.

Image 1. The Company's business model



Currently, the Photon Energy Group is present in seven countries and two continents, i.e. the Czech Republic, Slovakia, Italy, Germany and Australia, with its administrative offices in the Netherlands (headquartered in Amsterdam) and Poland.

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 30 June 2013.

Name	% of share capital held by the holding company	% of votes held by the holding company	Country of registration	Legal Owner
1 Photon Energy N.V.	Holding Company		NL	
2 Photon Energy Technology CEE s.r.o.	100%	100%	CZ	PEI CZ NV
3 Photon SPV 5 s.r.o.	100%	100%	CZ	PEI CZ NV
4 Solarpark Mikulov I s.r.o.	49%	49%	CZ	PEI CZ NV
5 Solarpark Mikulov II s.r.o.	30%	30%	CZ	PEI CZ NV
6 Photon SPV 1 s.r.o.	100%	100%	CZ	PEI NV
7 Photon SK SPV 1 s.r.o.	50%	50%	SK	PEI NV
8 Photon SK SPV 2 s.r.o.	100%	100%	SK	PEI NV
9 Photon SK SPV 3 s.r.o.	100%	100%	SK	PEI NV
10 EcoPlan 2 s.r.o.	100%	100%	SK	PEI NV
11 EcoPlan 3 s.r.o.	100%	100%	SK	PEI NV
12 SUN4ENERGY ZVB, s.r.o.	100%	100%	SK	PEI NV
13 SUN4ENERGY ZVC, s.r.o.	100%	100%	SK	PEI NV
14 Fotonika, s.r.o.	60%	50%	SK	PEI NV
15 ATS Energy, s.r.o.	70%	70%	SK	PEI NV
16 Solarpark Myjava s.r.o.	50%	50%	SK	PEI NV
17 Solarpark Polianka s.r.o.	50%	50%	SK	PEI NV
18 Photon Energy Investments CZ N.V.	100%	100%	NL	Photon Energy
19 Photon Energy Polska Sp. z o.o.	100%	100%	PL	Photon Energy
20 Photon Energy Australia Pty Ltd.	100%	100%	AUS	Photon Energy
21 Photon Energy Operations IT	100%	100%	IT	PEO NV
22 IPVIC GbR	18.5%	18.5%	DE	PEI CZ
23 Photon Energy Operations SK s.r.o.	100%	100%	SK	PEO NV
24 Photon Energy Operations CZ s.r.o.	100%	100%	CZ	PEO NV

Name	% of share capital held by the holding company	% of votes held by the holding company	Country of registration	Legal Owner
25 Photon Energy Operations DE GmbH	100%	100%	DE	PEO NV
26 Photon Energy Operations Australia Pty.Ltd.	100%	100%	Aus	PEO NV
27 Photon Energy Engineering Australia Pty Ltd	100%	100%	Aus	PEE BV
28 Photon Energy Engineering Europe GmbH	100%	100%	DE	PEE BV
29 Photon DE SPV 1 GmbH	100%	100%	DE	PEI DE
30 Photon DE SPV 3 GmbH	100%	100%	DE	PEI DE
31 Photon Energy Operations DE SW GmbH	100%	100%	DE	PEO NV
32 Photon IT SPV 1 s.r.l.	100%	100%	IT	PEI NV
33 Photon IT SPV 2 s.r.l.	100%	100%	IT	PEI NV
34 Photon Energy Projects s.r.l. (Photon IT SPV 3 s.r.l.)	100%	100%	IT	PEP NV
35 Photon IT SPV 4 s.r.l.	100%	100%	IT	PEI IT
36 Photon IT SPV 5 s.r.l.	100%	100%	IT	PEI IT
37 Photon IT SPV 6 s.r.l.	100%	100%	IT	PEI IT
38 Photon IT SPV 7 s.r.l.	100%	100%	IT	PEI IT
39 Photon Energy Investments IT N.V.	100%	100%	NL	Photon Energy
40 Photon Energy Investments DE N.V.	100%	100%	NL	Photon Energy
41 Photon Directors B.V.	100%	100%	NL	Photon Energy
44 Photon Energy Operations N.V.	100%	100%	NL	Photon Energy
45 Photon Energy Finance Europe GmbH	100%	100%	NL	Photon Energy
46 Photon Energy Projects B.V.	100%	100%	NL	Photon Energy
47 Photon Energy AUS SPV 1 Pty. Ltd.	100%	100%	NL	PEI NV
48 Photon Energy AUS SPV 2 Pty. Ltd.	100%	100%	NL	PEP BV
49 Photon Energy AUS SPV 3 Pty. Ltd.	100%	100%	NL	PEP BV
50 Photon Energy Investments N.V.	100%	100%	NL	Photon Energy
51 Photon Energy Engineering B.V.	100%	100%	NL	Photon Energy
52 Photon Energy Technology B.V.	100%	100%	NL	Photon Energy
53 Photon Energy FinCo B.V.	100%	100%	NL	Photon Energy
54 Photon Energy Technology Europe Ltd	100%	100%	IR	Photon Energy

Name	% of share capital held by the holding company	% of votes held by the holding company	Country of registration	Legal Owner
55 Photon Energy Corporate Services DE GmbH	100%	100%	DE	Photon Energy
56 Photon Energy Corporate Services CZ s.r.o.	100%	100%	CZ	Photon Energy

Notes:**Country of registration**

NL – the Netherlands

SK – Slovakia

CZ – the Czech Republic

IT – Italy

AUS – Australia

IR – Ireland

Consolidation method:

Full - Full Consolidation

In the reporting period, there were no changes in the Group structure.

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 30.06.2013 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	RLRE
2 Photon SPV 8 s.r.o.	100%	0	CZ	full	RLRE
3 Exit 90 SPV s.r.o.	100%	0	CZ	full	RLRE
4 Photon SPV 4 s.r.o.	100%	0	CZ	full	RLRE
5 Photon SPV 6 s.r.o.	100%	0	CZ	full	RLRE
6 Onyx Energy s.r.o.	100%	0	CZ	full	RLRE
7 Onyx Energy projekt II s.r.o.	100%	0	CZ	full	RLRE
8 Photon SPV 10 s.r.o.	100%	0	CZ	full	RLRE
9 Photon SPV 11 s.r.o.	100%	0	CZ	full	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 April until 30 June 2013

Below is a summary of the key events which were important for the Issuer's business from 1 April until 30 June 2013 and which were reported in the EBI system:

No. 1/2013 published on 29 May 2013: Obtaining access to the EBI system

No. 2/2013 published on 31 May 2013: Approval of Application for Introduction to trading

No. 3/2013 published on 31 May 2013: Application submission to determine the date of first trading on NewConnect

No. 4/2013 published on 3 June 2013: Designation of First Trading Day on NewConnect

No. 5/2013 published on 7 June 2013: Dates of publishing periodic reports in 2013

No. 6/2013 published on 11 June 2013: Statement on the use of the Company's corporate governance rules

No. 7/2013 published on 14 June 2013: Correction of notes to the consolidated financial statements for the year 2012

No. 8/2013 published on 14 June 2013: Monthly report for May 2013

9.2. Summary of the key events after 30 June 2013

Below is a summary of the key events which were important for the Issuer's business after 30 June 2013 until the date of this report.

No. 9/2013 published on 1 July 2013: Annual report for the year 2012

No. 10/2013 published on 2 July 2013: Capital increase and debt restructuring of Photon Energy N.V.

No. 11/2013 published on 12 July 2013: Monthly report for June 2013

CONSOLIDATED FINANCIAL REPORT

10. Detailed consolidated financial results for Q2 2013

The tables below present the **consolidated** and **un-audited** financial statements of Photon Energy N.V. for the three-month period starting on 1 April 2013 and ending on 30 June 2013 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	EUR		PLN	
	2012 Q2	2013 Q2	2012 Q2	2013 Q2
Revenues from the sale of products, goods and services	4 714	4 394	20 049	18 263
Cost of sales	-1 570	-69	-6 679	-261
26% levy	-805	-737	-3 423	-3 070
Gross profit	2 339	3 588	9 947	14 932
Salaries and compensation - administration expenses	-774	-820	-3 296	-3 381
Other administrative expenses	258	-189	1 088	-688
Other income	174	5	739	20
Other expenses	-80	-60	-342	-248
EBITDA	1 917	2 524	8 137	10 634
Depreciation	-1 819	-1 620	-7 731	-6 721
EBIT	98	904	406	3 914
Interest income	-12	0	-51	0
Interest cost	-1 533	-589	-6 528	-2 431
Financial income	0	-58	0	-246
Financial expenses	-289	-440	-1 231	-1 808
Disposal of investment	0	0	0	-30
Net finance expenses	-1 834	-1 087	-7 810	-4 514
Share of profit from associates / J-Vs	5	92	21	386
Profit / loss before taxation	-4 358	-91	-18 502	-214
Income tax – current	-140	-33	-596	-138
Income tax – deferred	-257	-120	-1 091	-504
Profit/loss from continuing operations	-4 755	-244	-20 189	-856
Other comprehensive income for the period	9 312	302	39 545	1 305
Total comprehensive income for the period	4 557	58	19 356	449
Profit/loss from continuing operations	-4 755	-244	-20 189	-856
Attributable to the equity holders	-2 077	-249	-8 843	-877
Attributable to minority interest	-51	5	-226	21
Total comprehensive income for the year	4 557	58	19 356	449
Attributable to the equity holders	7 470	47	31 699	403

<i>in Thousands</i>	EUR		PLN	
	2012 Q2	2013 Q2	2012 Q2	2013 Q2
Attributable to minority interest	-286	11	-1 223	46
Average no. of shares in thousand	23 000	23 297	23 000	50 000
Earnings per share	-0,207	-0,010	-0,878	-0,017
Comprehensive income per share	0,198	0,002	0,842	0,009
EUR exchange rate - low	-	-	4,136	4,100
EUR exchange rate - average	-	-	4,259	4,199
EUR exchange rate - high	-	-	4,413	4,349

Note: Exchange rate provided by the European Central Bank

Statement of Financial Position

<i>in Thousands</i>	EUR		PLN	
	30/06/2012	30/06/2013	30/06/2012	30/06/2013
PPE – Lands	3 010	2 964	12 789	12 853
PPE – Photovoltaic power plants	89 876	85 739	381 843	371 811
PPE – Other equipment	101	48	430	207
PPE – Assets in progress	2 777	305	11 797	1 324
Intangible assets	19	0	81	0
Investments in associates	2 514	2 328	10 681	10 096
Other investments	41	17	174	74
Goodwill	0	0	0	0
Deferred tax assets	0	0	0	0
Assets held for sale	0	0	0	0
Long term loans and other receivables	0	0	0	0
Other assets	0	0	0	0
Non-current assets	98 338	91 401	417 795	396 365
Cash and cash equivalents	3 905	4 934	16 591	21 397
Trade and other receivables	8 066	9 182	34 269	39 818
Gross amount due from customers for contract work	0	0	0	0
Inventories – Goods	3 525	145	14 976	629
Assets held for sale	0	0	0	0
Prepaid expenses	91	101	387	438
Current assets	15 587	14 362	66 222	62 282
Total assets	113 925	105 763	484 017	458 647
Issued share capital	46	500	195	2 168
Share premium	13 295	23 760	56 484	103 037
Legal Reserve fund	10	10	42	43
Retained earnings	-3 116	-13 371	-13 238	-57 984
Fund for currency conversions	479	-772	2 035	-3 348
Other comprehensive income from previous periods	3 474	27 154	14 759	117 755
<i>Other comprehensive income</i>	<i>9 157</i>	<i>614</i>	<i>38 904</i>	<i>2 663</i>
<i>Profit/loss-current year</i>	<i>-4 893</i>	<i>-3 180</i>	<i>-20 788</i>	<i>-13 790</i>
Equity in associates, joint ventures	0	0	0	0
Equity attributable to equity holders	18 452	34 715	78 394	150 544
Minority interests	4 598	132	19 535	572
Total equity	23 050	34 847	97 929	151 116
Non-current liabilities	59 886	54 790	254 430	237 600
Bank loan	43 471	45 910	184 690	199 092
Other long-term liabilities	11 920	4 166	50 643	18 066
Deferred tax liabilities	4 495	4 714	19 097	20 443
Current liabilities	30 989	16 126	131 658	69 930
Trade and other payables	14 044	6 891	59 667	29 882
Bank loan	3 200	3 167	13 595	13 734
Other Loans	8 436	6 000	35 841	26 019
Other short-term liabilities	3 887	68	16 514	295
Tax liabilities (CIT)	1 422	0	6 041	0

<i>in Thousands</i>	EUR		PLN	
	30/06/2012	30/06/2013	30/06/2012	30/06/2013
Total Liabilities	90 875	70 916	386 088	307 531
TOTAL EQUITY AND LIABILITIES	113 925	105 763	484 017	458 647
<i>No. of shares in thousand</i>	23 000	50 000	23 000	50 000
Book value per share	4,011	0,694	17,042	3,011

Cash Flow Statement

<i>in Thousands</i>	EUR		PLN	
	2012 Q2	2013 Q2	2012 Q2	2013 Q2
Profit for the year	-2 128	-244	-9 069	-856
Adjustments for:	0	0	0	0
Depreciation	1 445	2 464	6 143	10 293
Net finance costs	5 530	723	23 455	2 973
Share of profit of equity accounted investees	-5	-540	-21	-2 282
Profit /Loss on sale of property, plant and equipment	22	-32	93	-135
Receivables write-off	397	0	1 687	0
Income tax expense	-226	153	-959	642
Changes in:	0	0	0	0
Trade and other receivables	-4 482	2 899	-18 940	12 028
Gross amount due from customers for contract work	0	0	0	0
Prepaid expenses	5	-2	21	-28
Inventories	718	-6	3 050	-26
Trade and other payables	1 831	-9 070	7 788	-38 129
Other assets	-833	0	-3 527	0
Other liabilities	0	-23 392	0	-97 162
Interests paid	-501	-383	-2 136	-1 600
Income tax paid	0	-165	0	-689
Operating cash flow	1 773	-27 595	7 585	-114 972
Acquisition of property, plant and equipment	-1 630	0	-6 939	0
Acquisition of subsidiary (net of cash acquired), associates, joint ventures	0	0	0	0
Acquisition of other investments	0	0	0	0
Sale of investment	0	0	0	2
Proceeds from sale of investments	0	0	0	0
Proceeds from sale of property, plant and equipment, other investments	0	0	0	0
Other investments	0	0	0	0
Interest received	0	0	0	0
Investment cash flow	-1 630	0	-6 939	2
Proceeds from borrowings	1 848	1 114	7 874	4 716
Proceeds from issuing bonds	0	4 035	0	16 856
Payment of bond coupons	0	-80	0	-334
Proceeds from issuing of ordinary shares	0	24 260	0	101 045
Repayment of borrowings	-1 312	-1 812	-5 586	-7 436
Financial cash flow	536	27 517	2 287	114 846
Net change in cash	679	-78	2 934	-124
Cash at the beginning of the period	3 226	5 130	13 656	21 715
Effect of exchange rate fluctuation	0	-118	0	-195
Cash at the end of the period	3 905	4 934	16 590	21 397
<i>EUR exchange rate - low</i>	-	-	4,136	4,100
<i>EUR exchange rate - average</i>	-	-	4,259	4,199
<i>EUR exchange rate - high</i>	-	-	4,413	4,349

Note: Exchange rate provided by the European Central Bank

CONSOLIDATED FINANCIAL REPORT

11. Detailed consolidated financial results for the first half of 2013

The tables below present the **consolidated** and **un-audited** financial statements of Photon Energy N.V. for the six-month period starting on 1 January 2013 and ending on 30 June 2013 and the corresponding period of the previous year. The reported data is presented in accordance with **International Financial and Reporting Standards (IFRS)**.

Statement of Comprehensive Income

<i>in Thousands</i>	EUR		PLN	
	2012 H1	2013 H1	2012 H1	2013 H1
Revenues from the sale of products, goods and services	7,507	6,067	31,871	25,345
Cost of sales	-2,638	-562	-11,200	-2,348
26% levy	-1,191	-894	-5,056	-3,735
Gross profit	3,678	4,611	15,616	19,262
Salaries and compensation - administration expenses	-1,531	-1,614	-6,500	-6,742
Other administrative expenses	-295	-2,010	-1,252	-8,397
Other income	191	18	811	75
Other expenses	-260	-110	-1,104	-460
EBITDA	1,783	895	7,570	3,738
Depreciation	-2,464	-2,464	-10,461	-10,293
EBIT	-681	-1,569	-2,891	-6,555
Interest income	0	0	0	0
Interest cost	-3,065	-1,119	-13,013	-4,675
Financial income	0	0	0	0
Financial expenses	-617	-983	-2,620	-4,106
Disposal of investment	0	535		2,235
Net finance expenses	-3,682	-1,567	-15,632	-6,546
Share of profit from associates / J-Vs	-14	60	-59	251
Profit / loss before taxation	-4,377	-3,076	-18,582	-12,850
Income tax – current	-305	-33	-1,295	-138
Income tax – deferred	-211	-71	-896	-297
Profit/loss from continuing operations	-4,893	-3,180	-20,773	-13,285
Other comprehensive income for the period	10,146	-481	43,075	-2,009
Total comprehensive income for the period	5,253	-3,661	22,302	-15,294
Profit/loss from continuing operations	-4,893	-3,180	-20,773	-13,285
Attributable to the equity holders	-4,061	-3,182	-17,241	-13,293
Attributable to minority interest	-832	2	-3,532	8
Total comprehensive income for the year	5,253	-3,661	22,302	-15,294
Attributable to the equity holders	6,085	-3,669	25,834	-15,327

<i>in Thousands</i>	EUR		PLN	
	2012 H1	2013 H1	2012 H1	2013 H1
Attributable to minority interest	-832	8	-3,532	33
Average no. of shares in thousand	4,600	23,149	4,600	50,000
Earnings per share	-0.883	-0.137	-3.748	-0.266
Comprehensive income per share	1.323	-0.158	5.616	-0.306
EUR exchange rate - low	-	-	4.099	4.072
EUR exchange rate - average	-	-	4.246	4.177
EUR exchange rate - high	-	-	4.505	4.349

Note: Exchange rate provided by the European Central Bank

Statement of Financial Position

<i>in Thousands</i>	EUR		PLN	
	30/06/2012	30/06/2013	30/06/2012	30/06/2013
PPE – Lands	3 010	2 964	12 789	12 853
PPE – Photovoltaic power plants	89 876	85 739	381 843	371 811
PPE – Other equipment	101	48	430	207
PPE – Assets in progress	2 777	305	11 797	1 324
Intangible assets	19	0	81	0
Investments in associates	2 514	2 328	10 681	10 096
Other investments	41	17	174	74
Goodwill	0	0	0	0
Deferred tax assets	0	0	0	0
Assets held for sale	0	0	0	0
Long term loans and other receivables	0	0	0	0
Other assets	0	0	0	0
Non-current assets	98 338	91 401	417 795	396 365
Cash and cash equivalents	3 905	4 934	16 591	21 397
Trade and other receivables	8 066	9 182	34 269	39 818
Gross amount due from customers for contract work	0	0	0	0
Inventories – Goods	3 525	145	14 976	629
Assets held for sale	0	0	0	0
Prepaid expenses	91	101	387	438
Current assets	15 587	14 362	66 222	62 282
Total assets	113 925	105 763	484 017	458 647
Issued share capital	46	500	195	2 168
Share premium	13 295	23 760	56 484	103 037
Legal Reserve fund	10	10	42	43
Retained earnings	-3 116	-13 371	-13 238	-57 984
Fund for currency conversions	479	-772	2 035	-3 348
Other comprehensive income from previous periods	3 474	27 154	14 759	117 755
<i>Other comprehensive income</i>	<i>9 157</i>	<i>614</i>	<i>38 904</i>	<i>2 663</i>
<i>Profit/loss-current year</i>	<i>-4 893</i>	<i>-3 180</i>	<i>-20 788</i>	<i>-13 790</i>
Equity in associates, joint ventures	0	0	0	0
Equity attributable to equity holders	18 452	34 715	78 394	150 544
Minority interests	4 598	132	19 535	572
Total equity	23 050	34 847	97 929	151 116
Non-current liabilities	59 886	54 790	254 430	237 600
Bank loan	43 471	45 910	184 690	199 092
Other long-term liabilities	11 920	4 166	50 643	18 066
Deferred tax liabilities	4 495	4 714	19 097	20 443
Current liabilities	30 989	16 126	131 658	69 930
Trade and other payables	14 044	6 891	59 667	29 882
Bank loan	3 200	3 167	13 595	13 734
Other Loans	8 436	6 000	35 841	26 019
Other short-term liabilities	3 887	68	16 514	295
Tax liabilities (CIT)	1 422	0	6 041	0

<i>in Thousands</i>	EUR		PLN	
	30/06/2012	30/06/2013	30/06/2012	30/06/2013
Total Liabilities	90 875	70 916	386 088	307 531
TOTAL EQUITY AND LIABILITIES	113 925	105 763	484 017	458 647
<i>No. of shares in thousand</i>	23 000	50 000	23 000	50 000
Book value per share	4,011	0,694	17,042	3,011

Cash Flow Statement

<i>in Thousands</i>	EUR		PLN	
	30/06/2012	30/06/2013	30/06/2012	30/06/2013
Profit for the year	-4,893	-3,180	-20,774	-13,284
Adjustments for:			0	0
Depreciation	2,090	2,464	8,873	10,293
Net finance costs	3,682	1,567	15,632	6,546
Share of profit of equity accounted investees	14	-60	59	-251
Profit /Loss on sale of property, plant and equipment	22	0	93	0
Receivables write-off	516	0	2,191	0
Income tax expense	-226	104	-959	434
Changes in:			0	0
Trade and other receivables	-2,278	-2,564	-9,671	-10,711
Gross amount due from customers for contract work	0	0	0	0
Prepaid expenses	20	357	85	1,491
Inventories	836	8	3,549	33
Trade and other payables	2,212	-4,761	9,401	-19,889
Other assets	-68	0	-289	0
Other liabilities	0	-19,281	0	-79,761
Interests paid	-1,260	-383	-5,348	-1,600
Income tax paid	0	-165	0	-689
Operating cash flow	667	-25,894	2,844	-107,386
Acquisition of property, plant and equipment	-3,113	0	-13,216	0
Acquisition of subsidiary (net of cash acquired), associates, joint ventures	0	0	0	0
Acquisition of other investments	0	0	0	0
Sale of investment	0	-42	0	-175
Proceeds from sale of investments	0	0	0	0
Proceeds from sale of property, plant and equipment, other investments	0	0	0	0
Other investments	0	0	0	0
Interest received	11	0	47	0
Investment cash flow	-3,102	-42	-13,170	-175
Proceeds from borrowings	3,977	0	16,883	0
Proceeds from issuing bonds	0	4,035	0	16,856
Payment of bond coupons	0	-80	0	-334
Proceeds from issuing of ordinary shares	0	24,260	0	101,345
Repayment of borrowings	-2,517	-4,212	-10,684	-17,595
Financial cash flow	1,460	24,003	6,199	100,271
Net change in cash	-975	-1,933	-4,128	-7,290
Cash at the beginning of the period	4,880	6,953	20,718	29,046
Effect of exchange rate fluctuation	0	-86	0	-359
Cash at the end of the period	3,905	4,934	16,591	21,397
EUR exchange rate - low	-	-	4.099	4.072
EUR exchange rate - average	-	-	4.246	4.177
EUR exchange rate - high	-	-	4.505	4.349

Note: Exchange rate provided by the European Central Bank

CONSOLIDATED FINANCIAL REPORT

12. Financial results per operating segments

The tables below present the **consolidated** and **un-audited** financial results per operating segment of Photon Energy N.V. for the period starting on 1 January 2013 and ending on 30 June 2013 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 2013 to 30 June 2013

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

in Thousands EUR	Wholesale and import of PVPP components	Engineering and construction services	Production of electricity	Operations, maintenance and PVPP supervision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information
Bank Loans and other loans	0	0	4 587	8	0	37	4 632	-466	4 166
Other long term liabilities	0	0	-3	23	0	48	68	0	68
Other short term liabilities	0	0	0	0	0	0	0	0	0
Current tax liabilities (income tax)	0	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	0	4 714	0	0	0	4 714	0	4 714

Results of the operating segments for the period from 1 January 2012 to 30 June 2012

in Thousands CZK	Wholesale and import of PVPP components	Engineering and construction services	Production of electricity	Operations, maintenance and PVPP supervision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information
External revenues from the sale of products, goods and services	212	235	6 405	172	0	483	7 507	0	7 507
Revenues within segments from the sale of products, goods and services	473	0	0	235	0	845	1 553	-1 553	0
Cost of sale	-924	-872	-2 827	-300	0	-1 728	-6 651	1 549	-5 102
Out of that depreciation	0	0	2 046	0	0	0	2 046	0	2 046
Gross profit	-239	-637	3 578	107	0	-400	2 409	-4	2 405
Other external income	91	0	21	42	0	37	191	0	191
Administrative and other expenses	-56	-313	-1 281	-187	0	-1 439	-3 276	-1	-3 277
Out of that depreciation	6	9	0	13	0	16	44	0	44
Out of that energy tax	0	0	1 191	0	0	0	1 191	0	1 191
Operating income	-204	-950	2 318	-38	0	-1 802	-676	-5	-681
Interest income	49	431	64	0	0	714	1 258	-1 258	0
Interest expenses	-1 177	-171	-2 180	-1	0	-794	-4 323	1 258	-3 065
Other financial revenues	0	115	0	0	0	128	243	0	243
Other financial expenses	-155	-3	-610	-2	0	-90	-860	0	-860
Profit/loss share in entities in equivalency	0	0	0	0	-14	0	-14	0	-14
Income tax	-72	-163	-269	-9	0	-3	-516	0	-516
Profit/loss after taxation	-1 559	-741	-677	-50	-14	-1 847	-4 888	-5	-4 893
Other comprehensive income	0	0	8 944	0	598	0	9 542	0	9 542
Foreign currency translation diff. - foreign operations	0	0	0	0	0	604	604	0	604
Total comprehensive income	-1 559	-741	8 267	-50	584	-1 243	5 258	-5	5 253
Assets, of which	28 375	4 390	101 445	591	2 514	6 905	144 220	-30 295	113 925
PPE – Lands	0	0	2 995	0	0	15	3 010	0	3 010
PPE – Photovoltaic power plants	0	0	89 876	0	0	0	89 876	0	89 876
PPE – Equipment	12	15	0	27	0	47	101	0	101
PPE – Assets in progress	0	0	2 777	0	0	0	2 777	0	2 777
Intangibles	0	0	0	0	0	19	19	0	19
Trade and other receivables	25 111	4 315	2 330	504	0	6 096	38 356	-30 290	8 066
Gross amount due from customers for contract work	0	0	0	0	0	0	0	0	0
Inventories – Goods	3 190	0	0	0	0	340	3 530	-5	3 525
Investments in associates, JV, other	0	0	0	0	2 514	41	2 555	0	2 555
Deferred tax receivables	0	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0	0
Prepaid expenses	0	0	87	1	0	3	91	0	91
Assets held for sale	0	0	0	0	0	0	0	0	0
Cash and cash equivalents	62	60	3 380	59	0	344	3 905	0	3 905
Liabilities, of which	22 935	26 097	57 404	1 304	0	13 425	121 165	-30 290	90 875
Trade and other payables	9 277	25 656	4 404	1 237	0	3 760	44 334	-30 290	14 044
Bank Loans and other loans	0	0	46 060	0	0	9 047	55 107	0	55 107
Other long term liabilities	11 877	21	0	0	0	22	11 920	0	11 920
Other short term liabilities	3 478	-66	63	57	0	355	3 887	0	3 887
Current tax liabilities (income tax)	543	486	143	9	0	241	1 422	0	1 422
Deferred tax liabilities	-2 240	0	6 734	1	0	0	4 495	0	4 495

13. Summary of significant accounting policies

Basis of preparation

Our accounting policies are based on International Financial Reporting Standards (IFRS) as adopted by EU and were 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 12 – Income Taxes
- IAS 16 – Property, plant and equipment
- IAS 18 – Revenues
- IAS 21 - The effects of changes in foreign exchange rates
- IAS 24 – Related transactions presentation
- IAS 27 – Consolidated and separate financial information
- IAS 28 - Investments in Associates
- IAS 33 - Earnings per Share
- IAS 36 - Impairment
- IAS 37 – Provisions
- IAS 38 – Intangible Assets
- IFRS 3 – Business combinations
- IFRS 5 – Non-current assets held-for-sale and discontinued operations
- IFRS 8 - Operating segments

Use of estimates and judgments

In preparing the financial information, the Company's management uses estimates and makes assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses 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.

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 EURO (EUR) 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 PLN currency.

Consolidation

(a) Subsidiaries

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

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

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

Segment reporting

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

performance, and for which discrete financial information is available.

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

As of 1st January 2012, Management Board has decided to decrease number of segments reported (due to the restructuring performed in 2012) to Engineering and Other.

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 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 2013 or 2012.

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

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

Foreign currency translation

(a) Functional and presentation currency

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

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

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

	PLN	
	2012 Q2	2013 Q2
EUR exchange rate – low	4,099	4,072
EUR exchange rate – high	4,505	4,349
EUR exchange rate – average	4,246	4,177
EUR exchange rate – end of period	4,249	4,337

(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 CZK, the financial statements are retranslated at the consolidation into EUR using year-end rate for balance sheet and average rate for profit/loss items.

Property, plant and equipment

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

Inventories

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

Revenue recognition

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

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

Trade receivables

Trade receivables are 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.

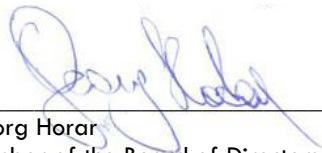
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company's subsidiaries and associates operate and generate taxable income.

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 Photon Energy N.V. contained in this report is correct as of the publication of this document and that it fairly reflects the Company's financial situation and business activities.

Amsterdam, 14 August 2013

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

Georg Horar
Member of the Board of Directors

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

Michael Gartner
Member of the Board of Directors

15. Investor Relations Contact

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