

Windar Photonics plc
(“Windar”, the “Company” or the “Group”)

Final Results and Annual Accounts the year ended 31 December 2014

SUMMARY:

- Turnover of €1,038,673 achieved, up from €74,141 in 2013
- Positive sales growth of the WindEye™ Sensor in China, EU and USA
- The Company raised €7.5 million in the year from the issue of new shares
- Admission to trading on AIM in March 2015

CHAIRMAN'S STATEMENT

Although these are the first results that the Group has announced since it became a public company, the period of these results relate to a period before the Company's shares were admitted to the AIM Market. In the year ended 31 December 2014, the Group incurred a loss before taxation of €2,684,171 (2013 – €1,451,846), after exceptional costs incurred in respect of the introduction and listing on AIM of €668,724 (2013 – Nil), on a turnover of €1,038,673 (2013 - €74,141).

The wind energy industry has continued to develop during 2014, requiring increasingly innovative technological solutions to meet the market's demands for improved efficiency from already operational wind turbine assets. This situation presents an excellent opportunity for a group like Windar Photonics, which can provide an innovative and cost-effective optimisation solution that will improve the performance and enhance the lifespan of a customer's wind turbine assets.

Windar Photonics has passed some very significant milestones during the last year which, as a natural consequence of the development of the Group, prepared the Group for admission to the AIM Market, which took place on 30 March 2015. We have also strengthened the Board and, following fundraisings of approximately £5.9 million (€7.5 million) between August and December 2014, have provided the necessary funding to support the future growth of the Group.

The recent project with the EUDP (a Danish state funded project for new energy technology) has now been concluded. However, further funding, amounting to €1.1 million, has been obtained from the EUDP project for the 2015/2016 years, to support our technological progress. Additional funding has also been obtained through the Danish Market Development Fund to allow for the further development of our Lidar technology and to provide the foundation for more product demonstration projects.

During the last financial year we have managed to meet our sales targets and are now well positioned in the current financial year, particularly in the Chinese market. In order to strengthen our sales force, Windar Photonics has increased the sales team in Denmark and established local sales representation in China, Spain, Germany, Brazil, and the US to address the global interest in Windar Photonics' optimisation solution for the retrofit market, the Group's primary focus in the near term. Likewise, good progress has been made in discussions with global wind turbine manufacturers to incorporate the WindEye™ Sensor at the design stage of new wind turbines.

During the last year we have made significant technological advances with the WindEye™ Sensor. We have also launched demonstration projects in China, the US, Canada and Europe, where we have had opportunities to refine the WindEye™ Sensor even further by improving some of the mechanical aspects of the system, resulting in a reduction of the production costs of the WindEye™ Sensor system. Furthermore, the patent relating to our unique use of the semi-conductor laser has been issued in the US and approved in the EU.

In addition, we have experienced good results regarding the integration of the WindEye™ Sensor system with existing operating wind turbine control systems using our switchbox, Windswitch, in situations where full integration with the original OEM software would be over complex.

Windar Photonics has additionally initiated product development projects to enable measurement of wind shear to expand on the future applicability of the system, and to ensure we continue to meet the market's demands for optimization solutions.

Lastly, Windar Photonics has been certified according to ISO 14001, OHSAS 18001 standards and re-certified in accordance with the ISO 9001 standard to ensure that Windar Photonics adheres to the international standards regarding environment, quality control, health, and safety.

With the necessary funding in place and a growing global presence, Windar Photonics is well positioned to meet the challenges of tomorrow and further consolidate Windar Photonics' position in the market for Lidar-based wind turbine optimization.

John Weston
Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

		Year ended 31 December 2014 €	Year ended 31 December 2013 €
	Note		
Revenue	4	1,038,673	74,141
Cost of Goods Sold		(678,150)	(44,270)
Gross profit		360,523	29,871
Administrative expenses		(2,201,401)	(1,387,984)
Administrative expenses - Costs in respect of the Introduction and Listing on AIM		(668,724)	-
Loss from operations		(2,509,602)	(1,358,113)
Finance income		84,985	68,704
Finance expenses		(259,554)	(162,437)
Loss before taxation		(2,684,171)	(1,451,846)
Taxation	6	70,312	118,310
Loss for the year		(2,613,859)	(1,333,536)
Other comprehensive income			
Items that will or maybe reclassified to profit or loss:			
Exchange losses arising on translation of foreign operations		(8,440)	(245)
Total comprehensive loss for the year		(2,622,299)	(1,333,781)
Loss per share for loss attributable to the ordinary equity holders of Windar Photonics plc			
Basic, cents per share	7	(0.08)	(0.04)
Diluted, cents per share		(0.08)	(0.04)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

		31 December 2014 €	31 December 2013 €
	Note		
Assets			
Non-current assets			
Intangible assets		1,147,510	1,259,334
Property, plant & equipment		31,989	17,465
Deposits		15,161	10,896
Total non-current assets		1,194,660	1,287,695
Current assets			
Inventory	9	248,113	147,024
Trade receivables	10	493,283	45,726
Other receivables	10	352,092	193,666
Prepayments		13,671	5,218
Cash and cash equivalents	11	5,548,596	249,922
Total current assets		6,655,755	641,556
Total assets		7,850,415	1,929,251
Equity			
Share capital		487,688	411,245
Share premium		6,994,646	-
Merger reserve		2,910,866	1,551,502
Foreign currency reserve		(10,892)	(2,452)
Accumulated loss		(4,282,490)	(1,789,865)
Total equity		6,099,818	170,430
Non-current liabilities			
Convertible bonds – debt instrument	13	-	501,552
Convertible bonds – embedded derivative	13	-	297,325
Growth fund loan	13	717,064	639,610
Total non-current liabilities		717,064	1,438,487
Current liabilities			
Trade and other payables	12	913,283	165,548
Other liabilities	12	120,250	154,786
Total current liabilities		1,033,533	320,334
Total liabilities		1,750,597	1,758,821
Total equity and liabilities		7,850,415	1,929,251

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Year ended 31 December 2014 €	Year ended 31 December 2013 €
Loss for the period before tax		(2,684,171)	(1,451,846)
Adjustments for:			
Finance income		(84,985)	(68,704)
Finance expenses		259,554	162,437
Amortisation		319,323	307,546
Depreciation		7,882	5,783
Received tax credit		118,480	94,562
Foreign exchange difference		(7,643)	(245)
Warrants expense		103,107	-
		(1,968,453)	(950,467)
Movements in working capital			
Changes in inventory		(101,089)	(94,738)
Changes in receivables		(666,871)	44,432
Changes in trade payables		247,960	-
Changes in other payables		465,241	(500)
Cash flow from operations		(2,023,212)	(1,001,273)
Investing activities			
Payments for intangible assets		(207,733)	(54,807)
Payments for tangible assets		(22,387)	(8,553)
Cash flow from investing activities		(230,120)	(63,360)
Financing activities			
Proceeds from issue of share capital		7,643,977	-
Costs associated with the issue of share capital		(572,889)	-
Issue of convertible debt		737,779	806,654
Costs associated with the issue and conversion of bonds		(183,933)	-
Non cash effects on the conversion of Bonds		24,768	-
Net change in long term borrowing		77,454	-
Interest received		(259,554)	-
Interest paid		84,985	(806)
Cash flow from financing activities		7,552,587	805,848
Net increase in cash and cash equivalents		5,299,255	(258,785)
Exchange differences		(581)	(546)
Cash and cash equivalents at the beginning of the year		249,922	509,253
Cash and cash equivalents at the end of the year		5,548,596	249,922

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR
ENDED 31 DECEMBER 2014

	Share Capital	Share Premium	Merger reserve	Foreign currency reserve	Accumulated Losses	Total
	€	€	€	€	€	€
At 1 January 2013	411,245	-	1,551,502	(2,207)	(456,329)	1,504,211
Comprehensive loss for the year	-	-	-	-	(1,333,536)	(1,333,536)
Other comprehensive loss	-	-	-	(245)	-	(245)
At 31 December 2013	411,245	-	1,551,502	(2,452)	(1,789,865)	170,430
At 1 January 2014	411,245	-	1,551,502	(2,452)	(1,789,865)	170,430
Issue of shares on incorporation	3	-	-	-	-	3
Effects of bonds conversion in subsidiary	-	-	1,359,364	-	18,127	1,377,491
New shares issued	75,518	7,476,233	-	-	-	7,551,751
Costs associated with capital raise	-	(572,889)	-	-	-	(572,889)
New shares issued in respect of services rendered	922	91,302	-	-	-	92,224
Share option and warrant costs	-	-	-	-	103,107	103,107
Comprehensive loss for the year	-	-	-	-	(2,613,859)	(2,613,859)
Other comprehensive loss	-	-	-	(8,440)	-	(7,643)
At 31 December 2014	487,688	6,994,646	2,910,866	(10,892)	(4,282,490)	6,099,818

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. General Information

While the financial information included in this preliminary announcement has been prepared in accordance with International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Group has also published full financial statements that comply with IFRSs available on its website and to be circulated shortly.

The financial information set out in the announcement does not constitute the Company's statutory accounts for the years ended 31 December 2014 or 2013. The financial information for the year ended 31 December 2013 is derived from the statutory accounts for the subsidiary for that year, as the parent company was not in existence at that date.

The financial information for the year ended 31 December 2014 is derived from the audited statutory accounts for the year ended 31 December 2014 on which the auditors have given an unqualified report, that did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006 and did not include references to any matters to which the auditors drew attention by way of emphasis. The statutory accounts will be delivered to the Registrar of Companies following the Company's annual general meeting.

The accounting policies adopted in the preparation of this preliminary announcement are consistent with those set out in the latest Group Annual financial statements. There is no material seasonality associated with the Group's activities.

2. Going Concern

The consolidated financial statements have been prepared assuming the Group will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. In assessing whether the going concern assumption is appropriate, management has considered the company's existing working capital and management are of the opinion that the Group has adequate resources to undertake its planned program of activities for the 12 months from the date of approval of the consolidated financial statements.

3. Accounting policies

Basis of preparation

The consolidated financial statements comprises the consolidated financial information of the Group as at 31 December 2014 and are prepared under the historic cost convention with the exception of certain items which are measured at fair value as disclosed in the accounting policies below.

The financial statements has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRSs") issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs").

The acquisition of the subsidiary was deemed to be a business combination under common control as the ultimate control before and after the acquisition was the same. As a result the transaction is outside the scope of IFRS 3 and has been included under the principles of merger accounting by reference to UK GAAP.

Therefore although the companies that comprise the group did not form a legal group for the entire period of these financial statements, the current period and the comparative results comprise the result of the subsidiary as if the Group had been in existence throughout the entire period.

Windar Photonics A/S adopted IFRS for the first time in the Historical Financial Information for the three years ended 31 December 2013 as presented in the Admission Document to AIM dated 24 March 2015. As Windar Photonic plc is a continuation of the business of Windar Photonics AS as reflected in the merger accounting principle and therefore the Group is not deemed to be a first time adopter of IFRS in these financial statements.

Functional and presentational currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which each entity operates ("the functional currency") which is considered by the Directors to be Pounds Sterling (GBP) for the Parent Company and € for Windar Photonics A/S. The Financial Statements have been presented in €'s which represent the dominant economic environment in which the Group operates and is considered to be the functional currency of the Group.

4. Revenue

Revenue arises from:

	Year ended 31 December 2014 €	Year ended 31 December 2013 €
Sale of goods	1,038,673	74,141

5. Segment information

Operation segments are reported as reported to the chief operation decision maker.

The Group has one reportable segment being the sale of LIDAR Wind Measurement.

In 2014, one customer accounted for more than 10 per cent of the revenue. The total amount of revenue from this customer amounted to 78 per cent of the revenue (2013: 5 customers who each accounted for more than 10 per cent. and in aggregate totaling 91 per cent of total revenue).

Revenue by geographical location

	Year ended 31 December 2014 €	Year ended 31 December 2013 €
Europe	48,842	63,148
Americas	126,541	10,993
Asia	863,290	-
Revenue	1,038,673	74,141

6. Income tax

	Year ended 31 December 2014 €	Year ended 31 December 2013 €
(a) The tax credit for the year:		
Corporation tax	(70,312)	(118,310)
(b) Tax reconciliation		
Loss on ordinary activities before tax	(2,684,171)	(1,451,846)
Loss on ordinary activities at the UK standard rate of corporation tax 20%	(536,834)	(290,369)
Effects of:		
Expenses non deductible for tax purposes	86,533	128,643
Unutilised tax losses	441,648	161,726
Different tax rates applied in overseas jurisdictions	(8,653)	-
Tax credit on research and development	(70,312)	(118,310)
Tax credit for the year	(70,312)	(118,310)

The tax credit is recognised as 25 per cent. of the company's deficit that relates to research and development ("R&D"). Companies in Denmark, who conduct research and development and accordingly experience deficits can apply to the Danish tax authorities for a payment equal to 25 per cent. of deficits relating to R&D up to DKK 25 million.

(c) Factors which may affect future tax charges

In view of the tax losses carried forward there is a deferred tax amount of approximately €754,198 (2013: € 312,550) which has not been recognised in these Financial Statements. This contingent asset will be realised when the Group makes sufficient taxable profits in the relevant Company.

7. Loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	Year ended 31 December 2014	Year ended 31 December 2013
	€	€
Loss for the year	(2,613,859)	(1,333,536)
Weighted average number of ordinary shares for the purpose of basic earnings per share	33,317,654	32,184,002
Basic loss, cents per share	(0.08)	(0.04)
Diluted loss, cents per share	(0.08)	(0.04)

There is no dilutive effect of the warrants as the dilution would be negative.

8. Dividends

No dividends were proposed by the Group during the period under review.

9. Inventory

	Group	
	As at 31 December 2014	As at 31 December 2013
	€	€
Raw material	10,992	-
Goods in progress	93,578	134,934
Finished goods	143,543	12,090
Inventory	248,113	147,024

10. Trade and other receivables

	As at 31 December 2014	As at 31 December 2013
	€	€
Trade receivables	493,283	45,726
Less: provision for impairment of trade receivables	-	-
Trade receivables – net	493,283	45,726
Tax receivables	70,407	118,480
Intragroup receivables	-	-
Other receivables	281,685	75,186
Total other receivables	352,092	193,666

Total trade and other receivables	845,375	239,392
--	----------------	---------

Classified as follows:

Current Portion	845,375	239,392
-----------------	----------------	---------

There is no material difference between the net book value and the fair values of trade and other receivables due to their short term nature.

As of 31 December 2014, no trade receivables were past due but not impaired, nor were any past due and impaired.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

11. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with original maturity less than 90 days:

	As at 31 December 2014 €	As at 31 December 2013 €
Cash at bank	5,548,596	249,922
Cash and cash equivalents	5,548,596	249,922

12. Trade and other payables

	As at 31 December 2014 €	As at 31 December 2013 €
Trade payables	913,283	165,548
Other payables	120,250	154,786
Total financial liabilities classified as financial liabilities measured at amortised cost	1,033,533	320,334

Classified as follows:

Current Portion	1,033,533	320,334
-----------------	------------------	---------

There is no material difference between the net book value and the fair values of current trade and other payables due to their short term nature.

Maturity analysis of the financial liabilities, classified as financial liabilities measured at amortised cost, is as follows (the amounts shown are undiscounted and represent the contractual cash-flows):

	As at 31 December 2014 €	As at 31 December 2013 €
Up to 3 months	1,033,598	320,334

13. Borrowings

The carrying value and fair value of the Group's borrowings are as follows:

	As at 31 December 2014 €	As at 31 December 2013 €
Growth Fund	717,064	639,610
Convertible bonds – debt instrument	-	501,552
Convertible bonds – embedded derivative	-	297,325
Total financial assets other than cash and cash equivalents classified as loans and receivables	717,064	1,438,487

The Growth Fund borrowing from the Danish public institution, Vækstfonden, bears interest at a rate of 12 per cent. The borrowing is a bullet loan with maturity in June 2020. The Group may at any point in time either repay the loan in part or in full or initiate an annuity repayment scheme over four years. If an annuity repayment scheme is initiated, the interest rate will be reduced to 8 per cent in the repayment period.

The convertible bonds were issued in June 2013 (nominal € 0.8 million) and in March 2014 (nominal € 0.7 million). The bonds included an option for the bondholders to convert the bonds into shares in Windar Photonics A/S at a discounted share price by either 30 per cent or 50 per cent if, and only if, the company issued shares to non-existing shareholders. This happened on 30 June 2014, and all bonds were converted into shares in Windar Photonics A/S at a discount of 30 per cent.

14. Availability of Annual Report and Accounts and Notice of AGM

Copies of the full set of Report and Accounts will be posted to shareholders today and are available for download on the Group's website <http://investor.windarphotonics.com>.

The Report and Accounts contain a notice of the Company's AGM which is to be held at the offices of Sanlam Securities UK, 10 King William Street, London, EC4N 7TW at 10.30am on 26 June 2015.

For further information:

Windar Photonics plc	Martin Rambusch, CEO Jørgen Korsgaard Jensen, COO	+45 2168 9476
Sanlam Securities UK Limited (Nomad and Broker)	David Worlidge Andrew Wagstaff	+44 (0)20 7628 2200

<http://investor.windarphotonics.com>