

**9 June 2017**

*The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.*

**Windar Photonics plc**

(“Windar” or the “Company”)

**Final Results and Notice of Annual General Meeting**

Windar Photonics plc (AIM:WPHO), the technology group that has developed a cost efficient and innovative LiDAR wind sensor for use on electricity generating wind turbines, is pleased to announce its final results for the year ended 31 December 2016.

**FY2016 Highlights**

- Revenue growth in 2016 of 26 per cent to €1.2 million (2015: €0.9 million), after deferring €0.2m of revenue due to the timing of deliveries. Actual despatches in 2016 amounted to €1.4m, an increase on 2015 of 48%
- Gross profit increased by 113 per cent to €0.6 million (2015: €0.3 million)
- The Group held cash balances at the end of the year of €783,166 (2015: €593,907)  
Current cash and debtors, net of factoring, is in excess of €600,000
- Good progress with several of our OEM test programmes edging closer to turbine platform design contracts with a potential to have a significant impact on the Company's prospects and activity level
- Expanded product features to include detection of Turbulence Intensity, Wind Shear Intensity and Wake Intensity, adding additional wind turbine optimisation opportunities
- Implemented a new strategic approach to the IPP market segment by appointing seven new non-exclusive distributors to increase our market presence and at the same time reduce operating expenditure
- Reduction of the loss from operations in 2016 due to cost reduction in the second half of 2016
- Further equity support received during the year of £1.9 million

**Post period highlights**

- Acceleration of revenue growth from 2016 with revenue and new orders as per the end of April 2017 already exceeding the full year revenue in 2016
- Further increased our non-exclusive distribution network to include 15 distributors worldwide at the end of May 2017
- Continued reduction of the loss from operation in 2017 due to increased revenue and further reductions at the operating expenditure level

**Jørgen Korsgaard Jensen, CEO of Windar, commented:**

“2016 was a year with many challenges but at the same time many opportunities. We added important new capabilities to our product range opening up even further wind turbine optimisation opportunities using our products, and even though not contributing to our overall revenue growth in 2016, we made significant progress within several OEM test programmes in the year. These programmes are essential to supporting our long term revenue targets. Within the IPP market segment we also made important progress in 2016 which has continued into 2017 where we have seen strong growth especially in Asia. In the second half of 2016 we reviewed our overall

operating expenses in the Group, which is the primary reason for the improved operational performance in the second half of 2016 which improvements have continued in 2017.

The Company is now looking to build upon its proven technology and pipeline of opportunities and is pleased with the progress made already in 2017. The Board remains confident for 2017 and for the future.”

### **Notice of Annual General Meeting**

Windar also today gives notice that its Annual General Meeting (“AGM”) will be held at the offices of Cantor Fitzgerald Europe, One Churchill Place, Canary Wharf, London E14 5RB at 10.00 a.m. on 5 July 2017.

The Annual Report and Accounts and Notice of AGM will be posted to shareholders today and will be available shortly from the Company’s website, [www.windarphotonics.com](http://www.windarphotonics.com).

### **For further information:**

<b>Windar Photonics plc</b>	Jørgen Korsgaard Jensen, CEO	+45 24344930
<b>Cantor Fitzgerald Europe</b> <i>Nominated Adviser and Broker</i>	Andrew Craig Richard Salmond	+44 20 7894 7000

### **Chairman’s statement**

Dear Shareholders,

For the full year ending 31 December 2016, the Group achieved revenue of €1.2 million (2015 €0.9 million) after deferring €0.2m of revenue due to the timing of deliveries. Actual despatches in 2016 amounted to €1.4m, an increase on 2015 of 48%.

We also achieved a reduction in our net loss for the year to €3.2 million (2015 €3.8 million) which included depreciation, amortisation and warrant costs of €0.7 million (2015 €0.7 million). The net loss for the second half of 2016 was reduced sharply compared to the same period in 2015 to a net loss of €1.3 million (2015 €2.3 million).

The Group held cash balances at the end of the year of €783,166 (2015: €593,907).

During the year the Group raised £1.9 million before expenses in three tranches. In addition to the capital raising during the year the Group put in place a factoring facility with an initial facility of up to €400,000 with an intention to increase the facility up to €1.5 million, as the Group made further progress with orders. At the year end the Group had drawn down €239,528 from this facility. The Group is also pleased to have financed the sale of 20 LiDAR units in China with Denmark’s export credit agency, Eksport Kredit Fonden (“EKF”).

In 2015 the Group successfully completed the development of its WindVision™ systems (four beam LiDAR system), to sit alongside the proven two beam WindEye™ LiDAR system. This development work included the introduction of new electronic and beam switching technology platforms. In 2016 we successfully completed the migration of that same technology platform into our existing WindEye™ product line, which has aligned and simplified all of Windar’s products.

In the second half of 2016 the Group concentrated its development resources towards wind turbine integration and turbine optimisation solutions. By far the most important development in 2016 was the start of our new wake detection and turbine optimisation programme launched in

conjunction with several International Research Institutes. This has already led to new orders and test programmes initiated with both existing and new OEM and IPP customers for both our WindEye™ and WindVision™ systems. The Wake detection and turbine optimisation programme is financially supported by an Energy Technology Development and Demonstration Program (“EUDP”) in conjunction with the project partner Danish Technological University, Department of Wind Energy and includes a combined cash grant of €1.0 million over the coming 24 months that is to be split equally between the project partners.

Having initially focused on measuring Wind Direction for optimising Turbine Yaw misalignment, today our product range includes detection of Wind Speed, Wind Gust, Turbulence Intensity, Wind Shear intensity and the above-mentioned Wake Intensity bringing additional opportunities for various turbine optimisation. These additional capabilities (obtained without increasing the cost base of our products) have positioned us favourably with both the OEM and IPP market segments and is expected to support our future growth expectations.

The Group has capitalised its continued cost of investment in technology during the year. This amounts to €474,435 (2015: €570,087) before grants of €48,420 (2015: €261,065).

Given our stable and strong LiDAR product platforms, which are increasingly being integrated directly into turbine operating systems, we believe we are well placed to further our progress in both the Original Equipment Turbine Manufacturer (“OEMs”) market and also with Independent Power Producers and Wind Farm Owners (“IPPs”) with validation and support from the turbine manufacturers.

During 2016 the Group made very important progress in respect of test projects with several major OEMs. Some of these projects have now been ongoing for more than two years, and based on some of these test projects the Board do expect to realise turbine design wins with Windar’s LiDAR technology included in the near future. The development of these discussions to the follow-on contract stage are likely to have a significant effect on the Group’s prospects and activity levels.

During the second half of 2016 the Group changed its general sales and marketing approach to focus primarily on the IPP market. A key part of the strategic change has been to establish an external non-exclusive regional, distribution network for the Group’s LiDAR based products. At the end of 2016 we had entered into seven regional distribution agreements globally and the network has since been expanded to fifteen at the end of May 2017. This strategic approach is intended to increase our global market presence while reducing our overall operating expenses. We have already seen positive signs that this approach is working, with initial orders being received from certain of our partners and their clients, and the Board expects to see the further positive results of this strategic change with increased IPP market penetration in 2017.

2017 has started well with total order intake during the first four months of the year showing an accelerated growth over 2016.

Overall, the Group remains very confident for 2017 and the future, and I would like to take the opportunity to thank the management and staff for their efforts in 2016.

John Weston  
Chairman

Date 8 June 2017

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016**

		Year ended 31 December 2016 €	Year ended 31 December 2015 €
	Note		
<b>Revenue</b>	4	<b>1,196,037</b>	945,905
Cost of goods sold		<b>(627,255)</b>	(678,524)
<b>Gross profit</b>		<b>568,782</b>	267,381
Administrative expenses		<b>(3,804,798)</b>	(3,850,187)
Administrative expenses - Costs in respect of the Introduction and Listing on AIM		-	(222,634)
Other operating income		<b>69,074</b>	-
<b>Loss from operations</b>		<b>(3,166,942)</b>	(3,850,440)
Finance expenses	6	(106,882)	(100,211)
<b>Loss before taxation</b>		<b>(3,273,824)</b>	(3,905,651)
Taxation	7	<b>128,109</b>	120,524
<b>Loss for the year</b>		<b>(3,145,715)</b>	(3,785,127)
<b>Other comprehensive income</b>			
Items that will or may be reclassified to profit or loss:			
Exchange (losses)/gains arising on translation of foreign operations		<b>(22,087)</b>	351
<b>Total comprehensive loss for the year attributable to the ordinary equity holders of Windar Photonics plc</b>		<b>(3,167,802)</b>	(3,784,776)
<b>Loss per share attributable to the ordinary equity holders of Windar Photonics plc</b>			
Basic and diluted, cents per share	8	<b>(0.08)</b>	(0.10)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016**

		31 December 2016 €	31 December 2015 €
	Note		
<b>Assets</b>			
<b>Non-current assets</b>			

Intangible assets	10	<b>1,183,675</b>	1,120,209
Property, plant & equipment	11	<b>119,421</b>	144,275
Deposits		<b>54,072</b>	98,096
<b>Total non-current assets</b>		<b>1,357,168</b>	1,362,580
<b>Current assets</b>			
Inventory	12	<b>993,657</b>	769,624
Trade receivables	13	<b>557,721</b>	795,766
Other receivables	13	<b>289,509</b>	397,168
Prepayments		<b>81,237</b>	75,993
Cash and cash equivalents	14	<b>783,166</b>	593,907
<b>Total current assets</b>		<b>2,705,290</b>	2,632,458
<b>Total assets</b>			
		<b>4,062,458</b>	3,995,038
<b>Equity</b>			
Share capital	17	<b>513,327</b>	487,688
Share premium	17	<b>8,964,224</b>	6,994,646
Merger reserve		<b>2,910,866</b>	2,910,866
Foreign currency reserve		<b>(32,628)</b>	(10,541)
Retained earnings		<b>(10,530,769)</b>	(7,702,123)
<b>Total equity</b>		<b>1,825,020</b>	2,680,536
<b>Non-current liabilities</b>			
Loans	16	<b>921,751</b>	826,705
<b>Total non-current liabilities</b>		<b>921,751</b>	826,705
<b>Current liabilities</b>			
Trade payables	15	<b>603,950</b>	187,655
Other payables	15	<b>240,681</b>	295,839
Deferred revenue	15	<b>226,942</b>	-
Invoice discounting	15	<b>239,528</b>	-
Loans	15	<b>4,586</b>	4,303
<b>Total current liabilities</b>		<b>1,315,687</b>	487,797
<b>Total liabilities</b>			
		<b>2,237,438</b>	1,314,502
<b>Total equity and liabilities</b>			
		<b>4,062,458</b>	3,995,038

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	Year ended 31 December 2016 €	Year ended 31 December 2015 €
<b>Loss for the period before taxation</b>		<b>(3,273,824)</b>	(3,905,651)
Adjustments for:			
Finance expenses	6	106,882	100,211
Amortisation	10	366,784	333,614
Depreciation	11	61,034	62,758
Received tax credit		120,305	70,407
Tax paid		(22,008)	-
Foreign exchange differences		(25,898)	(354,072)
Warrants expense		317,069	365,494
		<b>(2,349,656)</b>	(3,327,239)
<b><i>Movements in working capital</i></b>			
Changes in inventory		(224,033)	(521,511)
Changes in receivables		414,296	(442,699)
Changes in trade payables		416,295	(725,629)
Changes in deferred revenue		226,942	-
Changes in other payables		(55,158)	175,589
<b>Cash flow from operations</b>		<b>(1,571,314)</b>	(4,841,489)
<b><i>Investing activities</i></b>			
Payments for intangible assets	10	(474,435)	(570,087)
Payments for tangible assets	11	(35,635)	(175,179)
Grants received	10	48,420	261,065
<b>Cash flow from investing activities</b>		<b>(461,650)</b>	(484,201)
<b><i>Financing activities</i></b>			
Proceeds from issue of share capital		2,252,920	-
Costs associated with the issue of share capital		(257,703)	-
Proceeds from invoice discounting		239,528	-
Repayment of loans		(4,303)	-
Proceeds from new loan		-	29,802
Interest paid		(10,239)	(14,367)
<b>Cash flow from financing activities</b>		<b>2,220,203</b>	15,435
Net increase/(decrease) in cash and cash equivalents		187,239	(5,310,255)
Exchange differences		2,020	355,566
Cash and cash equivalents at the beginning of the year		593,907	5,548,596
<b>Cash and cash equivalents at the end of the year</b>	14	<b>783,166</b>	593,907

**CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	Share Capital	Share Premium	Merger reserve	Foreign currency reserve	Retained earnings	Total
		€	€	€	€	€	€
<b>Group</b>							
At 1 January 2015		487,688	6,994,646	2,910,866	(10,892)	(4,282,490)	6,099,818
Share option and warrant costs		-	-	-	-	365,494	365,494
<b>Transaction with owners</b>		-	-	-	-	<b>365,494</b>	<b>365,494</b>
Comprehensive loss for the year		-	-	-	-	(3,785,127)	(3,785,127)
Other comprehensive loss		-	-	-	351	-	351
<b>Total comprehensive income</b>		-	-	-	<b>351</b>	<b>(3,785,127)</b>	<b>(3,784,776)</b>
<b>At 31 December 2015</b>		<b>487,688</b>	<b>6,994,646</b>	<b>2,910,866</b>	<b>(10,541)</b>	<b>(7,702,123)</b>	<b>2,680,536</b>
New shares issued	17	24,558	2,228,362	-	-	-	2,252,920
New shares issued in respect of services rendered	17	1,081	117,845	-	-	-	118,926
Costs associated with capital raise		-	(376,629)	-	-	-	(376,629)
Share option and warrant costs		-	-	-	-	317,069	317,069
<b>Transaction with owners</b>		<b>25,639</b>	<b>1,969,578</b>	-	-	<b>317,069</b>	<b>2,312,286</b>
Comprehensive loss for the year		-	-	-	-	(3,145,715)	(3,145,715)
Other comprehensive loss		-	-	-	(22,087)	-	(22,087)
<b>Total comprehensive income</b>		-	-	-	<b>(22,087)</b>	<b>(3,145,715)</b>	<b>(3,167,802)</b>
<b>At 31 December 2016</b>		<b>513,327</b>	<b>8,964,224</b>	<b>2,910,866</b>	<b>(32,628)</b>	<b>(10,530,769)</b>	<b>1,825,020</b>
<b>Company</b>							
At 1 January 2015		487,688	6,994,646	658,279	(7,746)	(681,160)	7,451,707
Share option and warrant costs		-	-	-	-	365,494	365,494
<b>Transaction with owners</b>		-	-	-	-	<b>365,494</b>	<b>365,494</b>
Comprehensive loss for the year		-	-	-	-	(471,368)	(471,368)
<b>Total comprehensive income</b>		-	-	-	-	<b>(471,368)</b>	<b>(471,368)</b>
<b>At 31 December 2015</b>		<b>487,688</b>	<b>6,994,646</b>	<b>658,279</b>	<b>(7,746)</b>	<b>(787,034)</b>	<b>7,345,833</b>
New shares issued	17	24,558	2,228,362	-	-	-	2,252,920
New shares issued in respect of services rendered	17	1,081	117,845	-	-	-	118,926
Costs associated with capital raise		-	(376,629)	-	-	-	(376,629)
Share option and warrant costs		-	-	-	-	317,069	317,069
<b>Transaction with owners</b>		<b>25,639</b>	<b>1,969,578</b>	-	-	<b>317,069</b>	<b>2,312,286</b>
Comprehensive loss for the year		-	-	-	-	(984,082)	(984,082)
Other comprehensive loss		-	-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	-	<b>(984,082)</b>	<b>(984,082)</b>
<b>At 31 December 2016</b>		<b>513,327</b>	<b>8,964,224</b>	<b>658,279</b>	<b>(7,746)</b>	<b>(1,454,047)</b>	<b>8,674,037</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

## **1. General information**

The Company is a public limited company domiciled in the United Kingdom and incorporated under registered number 09024532 in England and Wales. The Company's registered office is 3 More London Riverside, London, SE1 2AQ.

The Group was formed when the Company acquired on 29 August 2014 the entire share capital of Windar Photonics A/S, a company registered in Denmark through the issue of Ordinary Shares.

The financial information set out below does not constitute the company's statutory accounts for 2016 or 2015. Statutory accounts for the years ended 31 December 2016 and 31 December 2015 have been reported on by the Independent Auditors. The Independent Auditors' Reports on the Annual Report and Financial Statements for the years ended 31 December 2016 and 31 December 2015 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2015 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2016 will be delivered to the Registrar in due course.

## **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. Based on the Group's latest trading expectations and associated cash flow forecasts, the directors have considered the cash requirements of the Group. The directors are confident that based on the group's forecasts and projections, taking account of possible changes in trading performance, no further funding will be required and are satisfied that the Group has adequate resources to continue in operation for the review period, namely 12 months from the date of these financial statements. It is on that basis they continue to adopt the going concern basis of accounting in preparing these financial statements.

## **3. Basis of preparation**

The consolidated financial statements comprises the consolidated financial information of the Group as at 31 December 2016 and are prepared under the historic cost convention, except for the following:

- share based payments and warrant cost

The principal accounting policies adopted in the preparation of the financial information are set out below. The policies have been consistently applied to all the periods presented.

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 in 2014 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.



#### 4. Revenue

Revenue arises from:

	<b>Year ended 31 December 2016 €</b>	Year ended 31 December 2015 €
Sale of product	<b>1,136,840</b>	646,691
Sale of services	<b>59,197</b>	299,214
	<b><u>1,196,037</u></b>	<u>945,905</u>

#### 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 and therefore segmental results and assets are disclosed in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position.

In 2016, two customers accounted for more than 10 per cent of the revenue (2015: one customer). The total amount of revenue from these customers amounted to €305,639, 20.8% of revenue and €154,101, 10.5% of revenue (2015: €213,519 or 23 per cent of the revenue)

Revenue by geographical location of customer:

	<b>Year ended 31 December 2016 €</b>	<b>Year ended 31 December 2015 €</b>
Europe	<b>133,968</b>	304,775
Americas	<b>376,161</b>	283,787
Asia	<b>685,908</b>	357,343
Revenue	<b><u>1,196,037</u></b>	<u>945,905</u>

#### Geographical information

The parent company is based in the United Kingdom. The information for the geographical area of non-current assets is presented for the most significant area where the group has operations being Denmark.

	<b>As at 31 December 2016 €</b>	<b>As at 31 December 2015 €</b>
Denmark	<b><u>1,303,096</u></b>	<u>1,264,484</u>
	<b><u>1,303,096</u></b>	<u>1,264,484</u>

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

## 6. Finance income and expense

### *Finance expense*

	Year ended 31 December 2016 €	Year ended 31 December 2015 €
Interest expense on financial liabilities measured at amortised cost	(106,882)	(100,211)
Finance expense	<u>(106,882)</u>	<u>(100,211)</u>

## 7. Income tax

	Year ended 31 December 2016 €	Year ended 31 December 2015 €
<b>(a) The tax credit for the year:</b>		
Corporation tax	<u>(128,109)</u>	<u>(120,524)</u>
<b>(b) Tax reconciliation</b>		
Loss on ordinary activities before tax	<u>(3,273,824)</u>	<u>(3,905,651)</u>
Loss on ordinary activities at the UK standard rate of corporation tax 20%	(654,765)	(781,130)
Effects of:		
Expenses non-deductible for tax purposes	168,233	114,976
Deferred tax not recognised	-	(9,408)
Depreciation for the period in excess of capital allowances	(9,920)	-
Unrecognised tax losses	434,825	817,856
Different tax rates applied in overseas jurisdictions	83,822	(142,294)
Tax credit on research and development	<u>(150,304)</u>	<u>(120,524)</u>
Tax credit for the year	<u>(128,109)</u>	<u>(120,524)</u>

The tax credit is recognised as 22 per cent. (2015: 23.5 per cent) of the company's deficit that relates to research and development costs. Companies in Denmark, who conduct research and development and accordingly experience deficits can apply to the Danish tax authorities for a payment equal to 22 per cent. (2015 23.5 per cent) of deficits relating to research and development costs up to DKK 25 million.

### **(c) Deferred tax – Group**

In view of the tax losses carried forward there is deferred tax available on losses of approximately €2,174,230 (2015: €1,572,060) 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.

### **(d) Deferred tax – Company**

In view of the tax losses carried forward there is a deferred tax of approximately €252,441 (2015: €223,051) which has not been recognised in these Financial Statements. This contingent asset will be realised when the company can demonstrate future profit against which the losses will be able to be used.

## 8. 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 2016 €	Year ended 31 December 2015 €
<b>Loss for the year</b>	<b>(3,145,347)</b>	(3,785,127)
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>38,950,108</b>	38,166,377
<b>Basic loss and diluted, cents per share</b>	<b>(0.08)</b>	(0.10)

There is no dilutive effect of the warrants as the dilution would reduce the loss per share.

## 9. Dividends

No dividends were proposed by the Group during the period under review (2015: €Nil).

## 10. Intangible assets

<b>Group</b>	<b>Development projects</b>
<b>Cost</b>	<b>€</b>
<b>At 1 January 2015</b>	<b>1,775,208</b>
Additions – internally developed	570,087
Grants received	(261,065)
Exchange differences	(4,373)
<b>At 31 December 2015</b>	<b>2,079,857</b>
Additions – internally developed	474,435
Grants received	(48,420)
Exchange differences	7,862
<b>At 31 December 2016</b>	<b>2,513,734</b>
<b>Accumulated amortisation</b>	
<b>At 1 January 2015</b>	<b>627,698</b>
Charge for the year	333,614
Exchange differences	(1,664)
<b>At 31 December 2015</b>	<b>959,648</b>
Charge for the year	366,784
Exchange differences	3,627
<b>At 31 December 2016</b>	<b>1,330,059</b>
<b>Net carrying value</b>	

At 1 January 2015	1,147,510
At 31 December 2015	1,120,209
<b>At 31 December 2016</b>	<b>1,183,675</b>

The Group has received Research and Development Grants from Energiteknologisk Udvikling og Demonstration Projekt of €48,420 (2015: €261,065) in respect of the capitalised research and development. The Group has the ability to claim a further €388,393 (2015: €5,000) of grants in future years in respect of on-going Research and Development.

## 11. Property, plant & equipment

Group	Plant and equipment €
<b>Cost</b>	
<b>At 1 January 2015</b>	<b>51,463</b>
Additions	175,179
Exchange differences	(214)
<b>At 31 December 2015</b>	<b>226,428</b>
Additions	35,635
Exchange differences	870
<b>At 31 December 2016</b>	<b>262,933</b>
<b>Accumulated depreciation</b>	
<b>At 1 January 2015</b>	<b>19,474</b>
Charge for the year	62,758
Exchange differences	(79)
<b>At 31 December 2015</b>	<b>82,153</b>
Charge for the year	61,034
Exchange differences	325
<b>At 31 December 2016</b>	<b>143,512</b>
<b>Net carrying value</b>	
At 1 January 2015	31,989
At 31 December 2015	144,275
<b>At 31 December 2016</b>	<b>119,421</b>

## 12. Inventory

	Group	
	As at 31 December 2016 €	As at 31 December 2015 €
Raw material	496,442	471,877
Work in progress	110,654	267,153
Finished goods	386,561	30,594
<b>Inventory</b>	<b>993,657</b>	<b>769,624</b>

The cost of inventory sold and recognised as an expense during the year was €627,255 (2015: €678,524).

### 13. Trade and other receivables

	Group		Company	
	As at 31 December 2016 €	As at 31 December 2015 €	As at 31 December 2016 €	As at 31 December 2015 €
Trade receivables	557,721	795,766	-	-
Less: provision for impairment of trade receivables	-	-	-	-
Trade receivables – net	557,721	795,766	-	-
Intragroup receivables	-	-	813,237	2,582,968
<b>Total financial assets other than cash and cash equivalents classified as loans and receivables</b>	<b>557,721</b>	<b>795,766</b>	<b>813,237</b>	<b>2,582,968</b>
Tax receivables	150,336	120,524	-	-
Restricted cash	30,609	-	-	-
Other receivables	108,564	276,644	20,922	16,163
Total other receivables	289,509	397,168	20,922	16,163
<b>Total trade and other receivables</b>	<b>847,230</b>	<b>1,192,934</b>	<b>834,159</b>	<b>2,599,131</b>
Classified as follows:				
Current Portion	847,230	1,192,934	834,159	2,599,131

Restricted cash represents 10% on the amounts due from debtors and financed under the terms of export credit agreement and is held by Danske Bank until such time as the customer has paid in full. Once payment is made the cash will be transferred into the group's unrestricted cash.

The ageing of the trade receivables as at 31 December 2016 is detailed below:

	Group	
	2016 €	2015 €
Neither past due nor impaired:	407,616	683,792
Past due but not impaired:		
0 to 30 days	21,261	48,293
30 to 60 days	8,601	2,294
60 to 90 days	-	-
Over 90 days	120,243	61,387
	<b>557,721</b>	<b>795,766</b>

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.

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

Maturity analysis of the financial assets, including trade debtors, restricted cash and other receivables, classified as financial assets measured at amortised cost, is as follows (the amounts shown are undiscounted and represent the contractual cash-flows):

	Group		Company	
	As at 31 December 2016 €	As at 31 December 2015 €	As at 31 December 2016 €	As at 31 December 2015 €
Up to 3 months	557,721	795,766	-	-
Within 12 months	139,173	276,644	834,159	2,599,131
	<b>696,894</b>	<b>1,072,410</b>	<b>834,159</b>	<b>2,599,131</b>

#### 14. 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:

	Group		Company	
	As at 31 December 2016 €	As at 31 December 2015 €	As at 31 December 2016 €	As at 31 December 2015 €
Cash at bank	783,166	593,907	251,310	470,185

#### 15. Trade and other payables

	Group		Company	
	As at 31 December 2016 €	As at 31 December 2015 €	As at 31 December 2016 €	As at 31 December 2015 €
Invoice discounting	239,528	-	-	-
Trade payables	603,950	187,655	98,210	551
Other payables	240,681	295,839	-	26,860
Current portion of Nordea loan	4,586	4,303	-	-
<b>Total financial liabilities, excluding non-current loans and borrowings classified as financial liabilities measured at amortised cost</b>	<b>1,088,745</b>	<b>487,797</b>	<b>98,210</b>	<b>27,411</b>
Deferred revenue	226,942	-	-	-
<b>Total trade and other payables</b>	<b>1,315,687</b>	<b>487,797</b>	<b>98,210</b>	<b>27,411</b>
Classified as follows:				
Current Portion	1,315,687	487,797	98,210	27,411

The amounts included within bank overdrafts represents an invoice discounting arrangement and is secured upon the trade debtors to which the arrangement relates.

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):

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 December 2016 €</b>	<b>As at 31 December 2015 €</b>	<b>As at 31 December 2016 €</b>	<b>As at 31 December 2015 €</b>
Up to 3 months	<b>1,143,039</b>	484,546	<b>98,210</b>	27,412
Within 12 months	<b>172,648</b>	3,251	-	-
	<b>1,315,687</b>	487,797	98,210	27,412

## 16. Borrowings

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

	<b>Group Book and fair value</b>	
	<b>As at 31 December 2016 €</b>	<b>As at 31 December 2015 €</b>
<b>Loans</b>		
Growth Fund	<b>900,743</b>	801,207
Nordea Ejendomme	<b>25,594</b>	29,801
Current portion of Nordea Loan	<b>(4,586)</b>	(4,303)
<b>Total non-current financial liabilities measured at amortised costs</b>	<b>921,751</b>	826,705

The Growth Fund borrowing from the Danish public institution, Vækstfonden, bears interest at a fixed 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 loan from Nordea Ejendomme is in respect of amounts included in the fitting out of the offices in Denmark. The loan is repayable over the 6 years and matures in November 2021 and carries a fixed interest rate of 6 per cent.

Both Loans are denominated in Danish Kroner.

The Company had no borrowings.

## 17. Share capital

On 6 May 2016 the Company issued 800,002 ordinary shares of 1 pence each for cash consideration at £1.10 per share and 85,500 ordinary shares of 1 pence each at £1.10 for the satisfaction of fees.

On 26 September 2016 the Company issued 710,018 ordinary shares of 1 pence for cash consideration at 67.5 pence per share.

On 19 December 2016 the Company issued 522,082 ordinary shares of 1 pence for cash consideration at 94 pence per share.

	<b>Authorised</b>	<b>€</b>
<b>Shares at 1 January 2016</b>	<b>38,166,377</b>	<b>487,688</b>
<b>Shares at 31 December 2016</b>	<b>40,283,979</b>	<b>513,327</b>

	<b>Number of shares issued and fully paid</b>	<b>€</b>
<b>Shares at 1 January 2016</b>	<b>38,166,377</b>	<b>487,688</b>
Issue of shares for cash	2,032,102	24,558
Issue of shares for the satisfaction of fees	85,500	1,081
<b>Shares at 31 December 2016</b>	<b>40,283,979</b>	<b>513,327</b>

At 31 December 2016 the share capital comprises 40,283,979 shares of 1 pence each.

### **Warrants**

Warrants are granted to Directors and employees. In 2014, warrants were issued to Martin Rambusch, John Weston and Simon Barrell, all Directors in the Company. The Group has no legal or constructive obligation to repurchase or settle the warrants in cash. The warrants are exercisable immediately from time of grant and lapse at 31 December 2017 but the directors have to remain employed to be able to exercise the warrants so on that basis the charge is being recognised over the periods ending 31 December 2017.

Warrants are valued using the Black-Scholes pricing model and no performance conditions are included in the fair value calculations. The risk free rate was 1.15%. The expected volatility is based on historical volatility of the AIM market over the last two years and is estimated to be 40%. The average share price during the year was 89.8 pence (2015:100 pence). At the year end the Company had the following warrants outstanding:

<b>At 31 December</b>	<b>Number of warrants</b>		<b>Exercise price (£ pence)</b>	<b>Exercise date</b>
	<b>Granted</b>	<b>At 31 December 2016</b>		
1,520,956	-	1,520,956	35.44	29/08/14 to 31/12/17
75,000	-	75,000	100	08/12/14 to 31/12/17
<u>1,595,956</u>	<u>-</u>	<u>1,595,956</u>		



## 18. Contingencies and Commitments

The total future value of the minimum lease payment is due as follows:

	<b>2016</b>	<b>2015</b>
	<b>€</b>	<b>€</b>
Not later than one year	<b>11,743</b>	11,743
Later than one year and not later than five years	<b>245,494</b>	345,917
Later than five years	-	-
	<b>257,237</b>	<b>357,660</b>

All leasing commitments are in respect of property leased by the Group. The terms of property leases vary from country to country, although they all tend to be tenant repairing with rent reviews every 2 to 5 years and many have break clauses.

## 19. Related Party Transactions

Jørgen Korsgaard Jensen and Johan Blach Petersen are directors and shareholders of O-Net Wavetouch Denmark A/S (Wavetouch). Wavetouch has during the year rented office space from Windar Photonics A/S, the amount payable during the year to Windar was €22,565 (2015: €Nil). There were no amounts outstanding at the year end from Wavetouch (2015:€ Nil).