15 September 2016

Windar Photonics plc
("Windar Photonics" or the "Group")

Unaudited interim report for the six months ended 30 June 2016

Windar Photonics PLC (AIM:WPHO), the technology group that has developed cost efficient and innovative LiDAR wind sensors for use on electricity generating wind turbines announces its unaudited interim results for the six months ended 30 June 2016.

Chairman's Statement

I am pleased to report that the first half of the year has been one of further progress for Windar Photonics across a number of fields. We have continued to make good progress with a number of customer orders announced during the period, including from two large scale utilities in North America, and were able to initiate and complete a number of trials internationally with OEMs and asset owners. OEMs, which supply new turbines into the market, represent an excellent opportunity for the Group to gain significant market traction with the support of globally recognised and widely adopted turbine manufacturers. Asset owners are attracted to the operational and financial benefits of installing Windar Photonics' proprietary LiDAR technologies on their turbines.

At the corporate level, we also welcomed new investors to our share register with the completion of a cash subscription raising approximately £1.0 million after costs and agreed a factoring facility with Nordea Bank Denmark AS ("Nordea") of up to €400,000 in May 2016. Together, this funding has provided the Group with additional resources to capitalise upon the traction we have witnessed in our target markets.

Revenue for the period amounted to €0.8 million compared to the full year revenue in 2015 of €0.9 million (€0.1 million in the first half year of 2015). Gross profit for the period amounted to €0.4 million, which is greater than the full year result for 2015 of €0.3 million, and first half year 2015 of €0.1 million. In the period the Group incurred a loss before tax of €1.83 million (six months ended 30 June 2015: €1.56 million) including a non-cash warrant cost of €154,415 (2015: €103,107) as it invested in building the sales pipeline and technical engagement with customers.

Despite the strong growth in both revenue and gross profit compared to last year, the revenue growth is lower than previously expected due to delays of planned installations within the retro-fit segment in the US and Europe. A number of tests and trial orders, which have been successfully completed, have not yet resulted in the follow-on orders that would be expected and remain under negotiation.

The Group continues to work with selected OEMs and Wind Turbine Control Manufacturers to facilitate LiDAR integration for deployment within the retro-fit market, which resulted in the launch of a new direct turbine integration of the WindEye™ LiDAR post the period end. This initial product offering is focused on four specific turbine models with four OEMs and Wind Turbine Control Manufacturers and a potential installed base of around 11,000 turbines internationally. LiDAR integration is of great benefit to the retro-fit end user, taking advantage of optimised wind turbine yaw control and also the ability to utilise wind speed and gust detection with a controller software upgrade package. The OEMs and Wind Turbine Control Manufacturers choosing to integrate Windar Photonics' LiDAR data have also invested in adapting their operating software to allow the Windar Photonics devices to be retrofitted on 4 specific wind turbine models. The Board expects this offering to be a substantial driver for sales to the retro-fit market segments in the years to come, with first orders expected imminently.

The Group continued to work with several major OEMs on the direct integration of its LiDAR devices into OEM wind turbines. These discussions and trials, which are in the final stages of turbine control integrations after very extensive tests of the Group's products, have already resulted in the Group being selected as the preferred LiDAR system supplier to the brand new Eleon 3.4M-118 Wind Turbine. Based on current OEM activities, the Group expects to see further traction with OEM implementation in the foreseeable future.

The Directors believe that orders will continue to be forthcoming as the Group progresses its detailed discussions with these commercial parties and, furthermore, believe that the Group may meet or exceed the level of orders required to meet anticipated 2016 revenues during the remainder of the current year. However, lead times and delivery schedules associated with LiDAR units mean some of the revenue associated with such orders will not be fully recognised in the current year. As such, while the Directors believe that the Group will show strong revenue growth year on year, results for the full year are likely to be below current market expectations. One of the order delays relates to a contract announced in September 2015 with an US utility company for approximately US$900k originally expected to be delivered in the second half of 2016. The controller manufacturer involved with that project has withdrawn from the market, and the US utility company is working with Windar Photonics to find an alternative solution to facilitate delivery.

Despite the widening loss in the first half of the year when compared with 2015, the Group expects a substantially improved result in the second half due to both increased sales and a cost reduction programme. Having maintained inventories of completed devices and long order lead items, the Group expects to be cash flow positive in the second half of the financial year as higher sales activity converts inventory to cash, utilising the Nordea Factoring facility, and with support from the Danish Export Credit Fund. At 30 June 2016, the Group had net cash of €0.25 million, the Nordea Factoring facility of €0.4 million had still not been utilised, and the Group had current assets, excluding cash, of some €2.03 million.

With the groundwork already laid with the success of the trial programmes, the highest priority for the Group is to convert the potential sales into firm orders. Martin Rambusch's greatest strength lies in his sales ability. As a result the Board has asked Martin to step down as CEO and from the Board, and for him to focus full time on driving the sales effort as Chief Commercial Director. Jørgen Korsgaard Jensen, founder and currently part time CTO of the Group, has assumed the role of interim CEO with immediate effect until such time as a new CEO is identified.

Based upon current traction with our customers and a varied product offering, the Directors believe that that the Group is well positioned to show substantial growth and ultimately profitability over the coming years. The Board looks forward to providing further updates in due course.

For further information:

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The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Note	**Six months ended 30 June 2016**	Six months ended 30 June 2015	Year ended 31 December 2015
		(unaudited)	(unaudited)	(audited)
	Note	**€**	€	€
Revenue		**775,813**	145,075	945,905
Cost of Goods Sold		**(375,946)**	(11,548)	(678,524)
Gross profit		**399,867**	133,527	267,381
Administrative expenses		**(2,175,327)**	(1,768,652)	(4,204,259)
Foreign exchange on change of functional currency		**-**	340,632	354,072
Administrative expenses - Cost in respect of the Introduction and Listing on AIM		-	(216,637)	(222,634)
Loss from operations		**(1,775,460)**	(1,511,130)	(3,805,440)
Finance expenses		**(51,209)**	(46,729)	(100,211)
Loss before taxation		**(1,826,669)**	(1,557,859)	(3,905,651)
Taxation		**59,223**	51,750	120,524
Loss for the period		**(1,767,446)**	(1,506,109)	(3,785,127)
Other comprehensive income				
Items that will or maybe reclassified to profit or loss:				
Exchange losses arising on translation of foreign operations		**(3,676)**	(2,197)	351
Total comprehensive loss for the period		**(1,771,122)**	(1,508,306)	(3,784,776)
Loss per share for loss attributable to the ordinary equity holders of Windar Photonics plc				
Basic, cents per share	2	**(4.60)**	(3.95c)	(9.92c)
Diluted, cents per share		**(4.60)**	(3.95c)	(9.92c)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	**As at 30 June 2016 (unaudited) €**	As at 30 June 2015 (unaudited) €	As at 31 December 2015 (audited) €
Assets				
Non-current assets				
Intangible assets		**1,202,791**	1,078,900	1,120,209
Property, plant & equipment		**131,802**	130,615	144,275
Deposits		**92,182**	74,033	98,096
Total non-current assets		**1,426,775**	1,283,548	1,362,580
Current assets				
Inventory	3	**943,216**	849,702	769,624
Trade receivables	4	**710,662**	313,124	795,766
Other receivables	4	**313,199**	605,106	397,168
Prepayments		**66,351**	26,030	75,993
Cash and cash equivalents		**254,795**	2,777,947	593,907
Total current assets		**2,288,223**	4,571,909	2,632,458
Total assets		**3,714,998**	5,855,457	3,995,038
Equity				
Share capital	5	**498,853**	487,688	487,688
Share premium		**7,962,366**	6,994,646	6,994,646
Merger reserve		**2,910,866**	2,910,866	2,910,866
Foreign currency reserve		**(14,217)**	(13,089)	(10,541)
Accumulated loss		**(9,315,154)**	(5,671,833)	(7,702,123)
Total equity		**2,042,714**	4,708,278	2,680,536
Non-current liabilities				
Loans	6	**876,220**	759,364	826,705
Total non-current liabilities		***876,220***	*759,364*	*826,705*
Current liabilities				
Trade and other payables	7	**526,474**	253,227	187,655
Other liabilities		**265,142**	134,588	295,839
Loans		**4,448**	-	4,303
Total current liabilities		**796,064**	387,815	487,797
Total liabilities		**1,672,284**	1,147,179	1,314,502
Total equity and liabilities		***3,714,998***	*5,855,457*	*3,995,038*

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
	(unaudited)	(unaudited)	(audited)
	€	€	€
Loss for the period before tax	**(1,826,669)**	(1,557,859)	(3,905,651)
Adjustments for:			
Finance expenses	**51,209**	46,729	100,211
Provision for bad debts	**115,000**	-	-
Amortisation	**166,997**	164,200	333,614
Depreciation	**28,331**	52,434	62,758
Tax received/(paid)	**(18,629)**	-	70,407
Foreign exchange difference	**-**	(340,632)	(354,072)
Warrants expense	**154,415**	116,766	365,494
	(1,329,346)	(1,518,362)	(3,327,239)
Movements in working capital			
Changes in inventory	**(173,592)**	(601,589)	(521,511)
Changes in receivables, prepayments and deposits	**147,905**	(92,336)	(442,699)
Changes in trade payables	**338,819**	(660,056)	(725,629)
Changes in other payables	**(30,697)**	14,338	175,589
Cash flow (used in) operations	**(1,046,911)**	(2,858,005)	(4,841,489)
Investing activities			
Payments for intangible assets	**(251,888)**	(97,992)	(570,087)
Grants received	**-**	-	261,065
Payments for tangible assets	**(9,507)**	(151,130)	(175,179)
Cash flow (used in) investing activities	**(261,395)**	(249,122)	(484,201)
Financing activities			
Proceeds from issue of share capital	**1,231,664**	-	-
Costs associated with the issue of share capital	**(252,779)**	-	-
Net change in long term borrowing	**(814)**	42,300	29,802
Finance expenses	**(880)**	(46,729)	(14,367)
Cash flow from financing activities	**977,191**	(4,429)	15,435
Net (decrease)/increase in cash and cash equivalents	**(331,115)**	(3,111,556)	(5,310,255)
Exchange differences	**(7,997)**	340,907	355,566
Cash and cash equivalents at the beginning of the period	**593,907**	5,548,596	5,548,596
Cash and cash equivalents at the end of the period	**254,795**	2,777,947	593,907

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Share Capital	Share Premium	Merger reserve	Foreign currency reserve	Accumulated Losses	Total
	€	€	€	€	€	€
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	-	-	-	-	116,766	116,766
Transaction with owners	**-**	**-**	**-**	**-**	**116,766**	**116,766**
Comprehensive loss for the period	-	-	-	-	(1,506,109)	(1,506,109)
Other comprehensive income	-	-	-	(2,197)	-	(2,197)
Total comprehensive income	**-**	**-**	**-**	**(2,197)**	**(1,506,109)**	**(1,508,306)**
At 30 June 2015	**487,688**	**6,994,646**	**2,910,866**	**(13,089)**	**(5,671,833)**	**4,708,278**
Share option and warrant costs	-	-	-	-	248,728	248,728
Transaction with owners	**-**	**-**	**-**	**-**	**248,728**	**248,728**
Comprehensive loss for the period	-	-	-	-	(2,279,018)	(2,279,018)
Other comprehensive loss	-	-	-	2,548	-	2,548
Total comprehensive income	**-**	**-**	**-**	**2,548**	**(2,279,018)**	**(2,276,470)**
At 31 December 2015	**487,688**	**6,994,646**	**2,910,866**	**(10,541)**	**(7,702,123)**	**2,680,536**
New shares issued	10,084	1,102,654	-	-	-	1,112,738
Costs associated with capital raise	-	(252,779)	-	-	-	(252,779)
New shares issued in respect of services rendered	1,081	117,845	-	-	-	118,926
Share option and warrant costs	-	-	-	-	154,415	154,415
Transaction with owners	**11,165**	**967,720**	**-**	**-**	**154,415**	**1,133,300**
Comprehensive loss for the period	-	-	-	-	(1,767,446)	(1,767,446)
Other comprehensive loss	-	-	-	(3,676)	-	(3,676)
Total comprehensive income	**-**	**-**	**-**	**(3,676)**	**(1,767,446)**	**(1,771,122)**
At 30 June 2016	**498,853**	**7,962,366**	**2,910,866**	**(14,217)**	**(9,315,154)**	**2,042,714**

1. BASIS OF PREPARATION

The financial information for the six months ended 30 June 2016 and 30 June 2015 does not constitute the Group's statutory financial statements for those periods with the meaning of Section 434(3) of the Companies Act 2006 and has neither been audited or reviewed pursuant to guidance issued by the Auditing Practices Board. The annual financial statements of Windar Photonics Plc are prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS"). The principal accounting policies used in preparing the Interim financial statements are those that the Group expects to apply in its financial statements for the year ended 31 December 2016 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2015.

The comparative financial information for the year ended 31 December 2015 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2015 have been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report and Financial Statements for 2015 was unqualified, did not include references to any matters which the auditors drew attention to by way of emphasis without qualifying their report and did not contain a statement under section 498(2)-498(3) of the Companies Act 2006.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue operating for the next 12 months. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly condensed consolidated financial statements.

This interim report was approved by the directors.

2. Loss per share

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

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
	€	€	€
Loss for the period	**(1,767,446)**	(1,506,109)	(3,785,127)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**38,433,974**	38,166,377	38,166,377
Basic loss, cents per share	**(4.60c)**	(3.95c)	(9.92c)
Diluted loss, cents per share	**(4.60c)**	(3.95c)	(9.92c)

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

3. Inventory

	As at 30 June 2016	As at 30 June 2015	As at 31 December 2015
	€	€	€
Raw material	**557,277**	365,226	471,877
Goods in progress	**154,375**	252,396	267,153
Finished goods	**231,564**	232,080	30,594
Inventory	**943,216**	849,702	769,624

4. Trade and other receivables

	As at 30 June 2016	As at 30 June 2015	As at 31 December 2015
	€	€	€
Trade receivables	**825,662**	313,124	795,766
Less: provision for impairment of trade receivables	**115,000**	-	-
Trade receivables – net	**710,662**	313,124	795,766
Tax receivables	**198,800**	122,157	120,524
Other receivables	**114,399**	482,949	276,644
Total other receivables	**313,199**	605,949	397,168
Total trade and other receivables	**1,023,861**	918,230	1,192,934

5. Share capital

On 6 May 2016 the Group issued further Ordinary Shares as follows:

800,002 Ordinary Shares in consideration for cash received by the Group; and

85,500 Ordinary Shares in consideration for the satisfaction of fees payable to West Hill Capital LLP.

	Number of shares	€
Shares as 30 June 2015	36,166,377	487,688
Shares at 31 December 2015	38,166,377	487,688

Issue of shares for cash	800,002	10,084
Issue of shares for the satisfaction of fees	85,500	1,081
Shares at 30 June 2016	**39,051,879**	**498,853**

At 30 June 2016 the share capital comprises 39,051,879 shares of 1 pence each.

6. Borrowings

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

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
	€	€	€
Growth Fund (including accrued interest)	**853,070**	759,364	801,207
Nordea Ejendomme	**23,160**	-	25,498
Total financial assets other than cash and cash equivalents classified as loans and receivables	**876,230**	759,364	826,705

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 loan from Nordea Ejendome is in respect of amounts included in the fitting out of the offices in Denmark. The loan is repayable over the 6 years and carries a fixed interest rate of 6 per cent.

7. Trade and other payables

	As at 30 June 2016	As at 30 June 2015	As at 31 December 2015
	€	€	€
Trade payables	**526,474**	253,227	187,655
Other payables	**265,142**	134,588	295,839
Current portion of Nordea loan	**4,448**	-	4,303
Total financial liabilities classified as financial liabilities measured at amortised cost	**796,064**	387,815	487,797

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.

8. Availability of Interim Report

Copies of the Interim Report will not be sent to shareholders but will be available from the Group's website www.investor.windarphotonics.com.