

**more:** You also say that you've booked very little EPC contracts in Q4. Could you clarify that? I'm guessing Photon's booked ~8-9 MWp EPC in Q3 and the remaining 3,5-4,5MWp in Q4 to a total of 12,5 MWp EPC that you've confirmed at year-end. That should provide some sizeable income, last year similar amounts in Q4 gave about 1m EUR?

**Georg Hotar:** Most of the EPC work had been completed or was near completion by the end of Q3 and was therefore included in the Q3 results based on the percentage of completion method according to IFRS. The high net income on EPC in 2009Q4 was mainly driven by the Sychrov project where we sold the project + EPC to the final investor. As keeping the completed plants in our ownership creates more value for us (both measured over time and on a Net Present Value basis) we focused on building into our portfolio in 2010.

**more:** In the statement of financial position, what is hidden under the term 'reserves' amounting to nearly 16,5m EUR?

**Georg Hotar:** The "Reserves" line in our equity position represents the total Other Comprehensive Income (minus the applicable amortization) on projects built for our portfolio. Economically, this represents the Net Present Value of projects held in our proprietary portfolio. The revaluation is amortized over the period for which the Feed-in-Tariff applies (20 years in CZ, 15 years in SK).

**more:** In the press release you mention "conservative provisioning of inventories and receivables at year-end 2010". Could you explain what you mean by that and how it affects the results?

**Georg Hotar:** One item is a provision for bonuses, which were linked to our successful completion of projects in 2010Q4. As our auditors KPMG are aware that we intend to IPO on the main market of the WSE, they are understandably very cautious with respect to the financial accounts of our company. Hence, they asked us to create conservative provisions for our receivables and inventory, which account for approximately CZK 25 million (EUR 1 million, PLN 4 million).

**more:** Do you have any provisional time reference for the next piece of news regarding Photon's transfer to the main market of WSE?

**Georg Hotar:** We have initiated the process at the level of Photon Energy N.V. The intention is to complete the transaction in 2011Q3. There are many factors that could cause a delay, including market conditions. We hope to complete before the summer, but we may slip until September.

**more:** With Czech market closed and Slovak market considerably limited, do you think Photon's Trading results in 2011 can be comparable to those from 2010? How does your current trading backlog look like compared to the respective period last year?

**Georg Hotar:** Trading typically does not have a substantial backlog as most of our customers are in the project business and order ad hoc. The market for both modules and inverters has become significantly more transparent and margins are generally on the slide. With respect to external trading we are in the process of increasing our sales force significantly with a view of quickly covering a growing number of markets beyond CZ, Slovakia, Italy and Germany. It is too early to give any guidance as the market is always very quiet in Q1.

**more:** At what sort of margin erosion in EPC and trading are we looking at in 2011? I am making the assumption that the margins in Italy and Germany are weaker than in Czech Republic and Slovakia, is it right?

**Georg Hotar:** It is important to separate our approach in EPC and trading. In both business lines CZ and SK are actually very unattractive as customers (installers and investors alike) are extremely price driven without a proper understanding of the downside this approach may entail. In EPC we have a firm policy of having to reach a certain target margin to compensate us properly not only for the work but also the warranties we provide to the client. In 2010 we targeted a mark-up of 15%, which on several occasions we had to reduce below this level to win business. But we also turned a lot of business away to competitors willing or desperate to accept ultra-low margins. We could have probably done 40-50 MWp of external EPC in 2010, but the risk-return balance would not have been right. In 2011 as we enter Germany and Italy, we also may have to accept a somewhat lower mark-up, but we are always prepared to walk away if the margin is too thin. In trading a lot depends on whether we have to tie up our capital and if so, for how long. For a back-to-back sale a 1-2% gross margin is perfectly fine but if we have to finance a trade or keep merchandise on stock, of course we have to earn our cost of capital and a fair margin for taking the risk. Trading margins are changing constantly and also depend on the value we can add in specific situations. Nevertheless, trading is valuable as it provides a constant "finger on the pulse" of the market.

**more:** Can we expect the release of forecasts for 2011 by the end of Q1 or is it more likely to be Q2?

**Georg Hotar:** In the context of our planned IPO we have been advised by our legal advisors not to publish any forecasts for the time being. We will constantly review this approach but cannot promise anything at this stage.

**more:** You mention market entry into Australia in 2012-2013. Do you consider USA as well?

**Georg Hotar:** Actually, we may accelerate Australia. In general, we are considering the US market just like many other markets. As PV is approaching grid parity faster than many expect it is becoming a global industry. Our challenge is to come up with the right strategy and to execute it well so that we capitalize on this opportunity.

**more:** Are you planning a share issue with preemptive (subscription) rights along with main market IPO, or an issue without such rights? I hope you will refrain from the latter solution should the stock price remain at the current levels of 5-7pln.

**Georg Hotar:** First of all, we sincerely hope that our share price will rise above the current level. The planned transaction will combine an exchange offer for PE a.s. shareholders to convert their shares into PE N.V. with a capital increase of PE N.V. Hence, technically PE a.s. shareholders will not be PE N.V. shareholders when the capital increase starts. However, and this is very, very important to us, we will put in place a structure – probably through a preferred allocation mechanism – to treat PE a.s. shareholders in the PE N.V. capital increase as if they already were shareholders.

**Marcin Makowski:** Hello Georg, how are you? Have a question regarding other administrative expenses in amount of 5,873mln PLN. What do they consist of?

**Georg Hotar:** They mainly consist of insurance costs during the construction phase, legal costs related to the project acquisition and financing and other external services.

**at:** From where did the negative financial results at the operational level in 2010Q4 come?

**Georg Hotar:** The dominant part of this item is related to the financial results of our portfolio plants with the balance coming from the interest costs from our overdrafts and credit lines for our operating businesses.

**at:** What is the planned profit from the production of energy from own portfolio in 2011?

**Georg Hotar:** While as a result of the 26% revenue tax the Czech power plants are expected to achieve a net result between CZK 0 and 1 million, the Slovak projects are likely to generate some EUR 80-100,000 in net profit per MWp.

**at:** Does the company plan to take over existing projects in the Czech Republic, Slovakia, or in other countries?

**Georg Hotar:** At this point in time no. Building our own plants is in our view the best way of creating value. However, never say never. If we are presented with an opportunity that creates significant value we will review it very carefully.

**at:** What do you see as the biggest threat to the company's activities in 2011?

**Georg Hotar:** As we have had the questionable privilege to experience ourselves in 2010, many unexpected things can happen (I am referring to the 26% revenue tax in CZ). Nevertheless, we remain potentially our own biggest enemy, i.e. managing our growth and the new market entries it is based on remains the single biggest risk in our view.

**at:** Why does the company publish quarterly reports so late at night? Is there any chance to publish them a bit earlier? And at what stage is the introduction of the reports in the Polish language?

**Georg Hotar:** We apologize for these “late-night-shows”. The reason is that as we have grown so much so fast and our complex business triggers many IFRS adjustments including some very specific ones like the revaluation of power plants. As we want to make sure that our preliminary results are as close as possible with our audited results, which for 2010 will not only be for PE a.s. but also for PE N.V. we spent a lot of time with our auditors (both in CZ and NL) to agree on all material adjustments. This took us literally until the last minute. We are gearing up to also report in Polish in the context of our main market listing.

**at:** President Obama recently urged Congress to increase subsidies for renewable energy producers, instead of supporting the petrochemical industry. Is Photon considering future expansion in the U.S.?

**Georg Hotar:** We view the whole world as our addressable market over the next three years. There are no specific plans for the US market yet, but 2012 looks like a reasonable timing.

**at:** As the main shareholder of the company, do you have a strategy to exit from investments in Photon. Do you consider to sell Photon shares in the future, if so, in what time and price perspective?

**Georg Hotar:** I take the liberty of answering on behalf of both main shareholders. We have no intention of selling anytime soon. We love what we do and we consider ourselves lucky to be in an ideal place to capitalize on „the next big thing”. We believe that solar energy will change the world in a very similar way that mobile communications and the internet did. Our duty to all shareholders is to maximize the value of their shareholdings, whatever this may be, i.e. grow on our own, merge with another company or reflect on a value-maximizing offer by a suitor, or all of the above.

**at:** Will the company implement designs of small roof installation in the Czech Republic in 2011? Will it be your own installations, or rather for external customers?

**Georg Hotar:** Based on current information the issuance of new grid connections even for small roof installations will not be resumed. Hence, the market will only consist of the completion of legacy projects which will not amount to a significant volume. However, even if the market opens up, we are not really interested in completing installations below 80-100 KWp. We prefer supplying installation companies in the Czech Republic with technology.

**at:** Photon has a very high ROE. Is it possible to maintain such level in the coming years?

**Georg Hotar:** With a growing capital base it becomes more complicated. Our goal is to create value by achieving a higher return than our cost of capital across our various businesses. As believers in Value-Based Management our key goal is to maximize Market Value Added, i.e. the difference between the market value of our company and invested capital. Therefore we view ROE or ROIC (return on invested capital) as an important figure, but its maximization not as the most important goal.

**ryszard:** Hi, I wanted to know what decisions were taken at the Czech Government on the tax for solar energy producers in the Czech Republic.

**Georg Hotar:** Czech parliament approved an amendment to the Renewable Energy Act No. 180/2005, which introduces a 26% tax on the REVENUES of photovoltaic power plants connected in 2009 and 2010 in the years 2011-13. The Ministry of Finance also cancelled a six-year tax holiday for all renewable energy projects in force at the time of investment and also increased the charges for the extraction of land used for PV plants from the agricultural land fund by a factor of 10. These measures are indirectly retroactive and change the “rules of the game” after a total of some EUR 6 billion had been committed to investments in PV plants in the Czech Republic.

**Tomasz:** Hi, why did the company publish reports for 4Q so late?

**Georg Hotar:** We apologize for these “late-night-shows”. The reason is that as we have grown so much so fast and our complex business triggers many IFRS adjustments including some very tricky ones like the revaluation of power plants. As we want to make sure that our preliminary results are as close as possible with our audited results, which for 2010 will not only be for PE a.s. but also for PE N.V. we spent a lot of time with our auditors (both in CZ and NL) to agree on all material adjustments. This took us literally until the last minute.

**~investor:** Hello, do you think that the share price reflects the true, fair valuation of the company?

**Georg Hotar:** No, but it is our job to convince the market that this is the case. For once, we obviously need to explain the revaluation of our power plants and our strategy better. Secondly, we must put meat on the bone of our expansion into Italy and Germany asap. We are convinced that the rest will follow.

**lukasz:** Do you plan to 'move' to the Stock Exchange regulated market this year?

**Georg Hotar:** Yes, our parent company Photon Energy N.V. intends to list on the main market of the Warsaw Stock Exchange in 2011. The planned transaction will consist of an exchange offer to Photon Energy a.s. shareholders to exchange their shares on a 1:1 basis into PE N.V. shares, a capital increase at which we want to enable PE a.s. shareholders to participate pro rata, and a listing on the main market.

**juri\_Warszawa:** Do you know what has caused yesterday's share sale?

**Georg Hotar:** I can only speculate. From the feedback we have received the net loss in Q4 was viewed as a negative surprise by investors. As we view TCI as the most relevant measure of our performance we also strive to maximize this number. Under the war-like conditions in Q4 in relation to completing our plants as the 26% revenue tax law was prepared and passed completing our plants was the top priority to create value. In the run-up to our IPO our auditors KPMG also required conservative provisioning which further impacted our net profit/loss line. I assume, we have to educate the market better about the rationale and merits of TCI compared to net profit as the most relevant measure of our performance.

**Tomasz:** What are the plans of the share issue – what is the idea for the minority investors not to lose on this?

**Georg Hotar:** The planned transaction will combine an exchange offer for PE a.s. shareholders to convert their shares into PE N.V. with a capital increase of PE N.V. Hence, technically PE a.s. shareholders will not be PE N.V. shareholders when the capital increase starts. However, and this is very, very important to us, we will put in place a structure – probably through a preferred allocation mechanism – to treat PE a.s. shareholders in the PE N.V. capital increase as if they already were shareholders.

**Tomasz:** Regarding new issue of shares, for what purpose and more or less on what basis – i.e. pp or new issue?

**Georg Hotar:** It is too early to provide specifics of the planned transaction except for that the founding shareholders will not sell any shares, the new capital will be used to allow us to expand faster and that it will be a public offering.

**Tomasz:** Please write something more about the company under the Dutch law.

**Georg Hotar:** When we were analysing how to execute a capital increase and move to the main market in the middle of last year we realised that due to certain limitations in Czech corporate law it is virtually impossible to do this. Of the few Czech businesses that went public during the past 20 years, all of them listed a holding company in NL or LUX as the corporate law (and also the legal environment) are more flexible and stable at the same time. Fortuna was the most recent example where a Czech business went public as a Dutch entity. The tax regime and other advantages in NL are just a bonus. PE N.V. currently holds nearly 72% of PE a.s. and after the exchange offer should be the sole shareholder of PE a.s. allowing the complete integration of PE a.s. into the new group.

**mk:** During the chat in October, when asked about steps which You undertake in case when retroactive tax will be finally approved, You've respond 'Rest assured, that we will use all legal means available to us to protect the value of our investments in the interests of all our shareholders.'. What exact steps did You undertake?

**Georg Hotar:** Unfortunately, I cannot be specific. We are analyzing various options very carefully at the moment.

**mk:** What are the results of these steps, or when they are expected?

**Georg Hotar:** We will inform our shareholders as soon as possible.

**sumik:** Hello. First let me congratulate you the excellent result for 2010. As we know in 2011, there will be a change to the company's business district ( from Czech Republic to Italy, Germany and Slovakia). Therefore, whether is it possible to repeat the very good result from last year?

**Georg Hotar:** Thank you very much for your congratulations. Indeed, entering new markets is a formidable challenge. Slovakia does provide some continuity and we are fully focused on Italy and Germany right now. We know how to finance, build and operate high quality PV plants and we are convinced that our integrated model will prove successful in these two markets and beyond.

**kodi:** Will you publish financial forecasts for 2011?

**Georg Hotar:** In the context of our planned IPO we have been advised by our legal advisors not to publish any forecasts for the time being. We will constantly review this approach but cannot promise anything at this stage.

**Niekumaty.:** When can we receive reports in our native language?

**Georg Hotar:** We are gearing up to also report in Polish in the context of our main market listing.

**padre:** Hello. Looking at the exchange rate, we can see a strong investor's disappointment, the value of the company grows, but many preferred to see net profits, when can we expect it?

**Georg Hotar:** We view TCI as the most relevant measure of our performance and therefore we strive to maximize this number. We obviously need to explain the revaluation of our power plants and the created value better. Net profit is important, but it only includes four of our five activities. The first quarter is always quiet, so Q2 is the next period when it is reasonable to expect a positive net profit line.

**Tomasz:** How does the company present itself compared to others in the industry? Who are the potential competitors?

**Georg Hotar:** We present ourselves as an integrated photovoltaic company able to provide complex solutions around our proven ability to build and operate top quality and high performance PV plants. We stress that we are a transparent company with a dedicated long-term commitment to the industry. As investors in plants ourselves, we can be trusted in applying the same care to our clients' plants as we do to our own. There is an endless string of competitors in each of our activities, but there are not many with an integrated approach like ours. Two competitors worth mentioning are JUWI and Colexion, both German companies. Colexion is also publicly listed.

**padre:** The company is thinking of moving to the main market and a share issue, how much does the company plans to raise from this issue?

**Georg Hotar:** It is too early to provide specifics of the planned transaction except for that the founding shareholders will not sell any shares, the new capital will be used to allow us to expand faster and that it will be a public offering.

**Niekumaty.:** What could the position of net profit with booking own projects look like? Not according to TCI?

**Georg Hotar:** I assume you mean net profit if we included the margin generated by Photon Engineering on the projects into our own portfolio. We do not publish this information separately.

**ala.kryspin:** How do you estimate the competition in Italy and Germany-the countries where you want to review your business model?

**Georg Hotar:** Competition in both markets will be fierce. However, we are not afraid of competition. Our business model will allow us to enter these markets and to be very competitive. As investors we will be able to create our own references rather than „waiting for customers to walk through the door”. The rest will be hard work.

**marko:** Good Morning, I wanted to ask what does for the company mean the last year's change in Czech law and withdrawal of tax privileges for companies such as Photon? In financial terms, and changes in strategy?

**Georg Hotar:** While the end to Feed-in-Tariffs means the end to major new installations in the Czech Republic, the 26% revenue tax and related measure mean that the revaluation of our portfolio at year-end 2010 was by CZK 229 million lower. These retroactive measures have highlighted that the regulatory risk is not simply a theoretical risk but that it can be very real even within the European Union. The lesson for us is clear in that we must be diversified across many markets, many of which should be countries with stable legal and regulatory frameworks.

**Niekumaty.:** The company also eliminated the revenues and margins from its own projects from the consolidated profit and loss account, while the Photon's income tax resulting from its projects affects the net incomes. What is the amount? As this is important. In our standards it confuses the investors and it had a clear effects yesterday's course.

**Georg Hotar:** The income tax impact is approximately CZK 32 million.

**Niekumaty.:** Various press releases on various sites gave different information about the report yesterday. Some of them stated very good results, others that the result were very poor. Did yesterday's drop in share value have anything in common with this, and does the company see any legal grounds to intervene?

**Georg Hotar:** The lesson is that we must spend more effort on educating the market about how we create value and why TCI is more important than net profit. We do not see any legal grounds to intervene in the reporting on our results or any other aspect of our business. Having said that, Czech press has a way of tempting us on a regular basis.



**Niekumaty.:** Is it possible to provide a report in the revised version taking into account, however, our accepted accounting principles?

**Georg Hotar:** Since our formation we have been reporting consolidated financial according to IFRS on a quarterly basis. From the beginning it was our intention to report like a company on the main market so that once we reach that stage we will be able to provide our investors with a consistent reporting history. Given that IFRS is the most widely used accounting standard in Europe and globally, we do not see the need to report according to any other accounting standard. We will, however, start reporting in Polish in the context of our listing on the main market. We hope that this will contribute to a better understanding of our accounting principles and the concept of our value creation among Polish investors.

**gosu:** How will the move into Warsaw Stock Exchange look like? Will company issue new stocks?

**Georg Hotar:** Our parent company Photon Energy N.V. intends to list on the main market of the Warsaw Stock Exchange in 2011. The planned transaction will consist of an exchange offer to Photon Energy a.s. shareholders to exchange their shares on a 1:1 basis into PE N.V. shares, a capital increase at which we want to enable PE a.s. shareholders to participate pro rata and a listing on the main market.

**michalmmm:** What do you think caused such a dramatic stock market reaction yesterday?

**Georg Hotar:** I can only speculate. From the feedback we have received the net loss in Q4 was viewed as a negative surprise by investors. As we view TCI as the most relevant measure of our performance we also strive to maximize this number. Under the war-like conditions in Q4 in relation to completing our plants as the 26% revenue tax law was prepared and passed completing our plants was the top priority to create value. In the run-up to our IPO our auditors KPMG also required conservative provisioning which further impacted our net profit/loss line. I assume, we have to educate the market better about the rationale and merits of TCI compared to net profit as the most relevant measure of our performance.

**Tomasz:** What does the idea of 'conquest' of Australia look like?

**Georg Hotar:** It is early days for a detailed strategy. However, the Australian market for rooftop systems has been growing very dynamically thanks to a generous support system in several territories. While these support mechanisms are subject to change, the shortage of energy in some parts of Australia and the material potential for island systems (i.e. not connected to the grid) make Australia attractive. Furthermore, given the high level of sun irradiation we believe that Australia is on the brink to grid parity even for utility scale projects where solar is competing with traditional energy sources. Similarly to the first PV projects in the Californian deserts, which generate revenue based on commercial PPAs (power purchase agreements), we believe that Australia offers the right mix of high solar irradiation, a stable legal and regulatory framework, a developed capital market as well as an unmet and growing demand for peak electricity (think air-conditioning). The reason to target Australia over other markets is that our CEO Michal Gärtner grew up in Australia and still has good contacts Down Under.

**Konrad:** How do you explain lower sales margin in Q4?

**Georg Hotar:** In Q4 we mainly sold PV modules which generally only generate 2-3% gross margin, which on back-to-back transactions (i.e. without the need to invest our own capital or if, then only for a short period of time) is fine.

**gosu:** Will the company issue new stocks with subscription right?

**Georg Hotar:** The planned transaction will combine an exchange offer for PE a.s. shareholders to convert their shares into PE N.V. with a capital increase of PE N.V. Hence, technically PE a.s. shareholders will not be PE N.V. shareholders when the capital increase starts. However, and this is very, very important to us, we will put in place a structure – probably through a preferred allocation mechanism – to treat PE a.s. shareholders in the PE N.V. capital increase as if they already were shareholders.

**vicki:** Hello, new private placement, for new investor?

**Georg Hotar:** The planned transaction will be a public offering and will combine an exchange offer for PE a.s. shareholders to convert their shares into PE N.V. with a capital increase of PE N.V. Hence, technically PE a.s. shareholders will not be PE N.V. shareholders when the capital increase starts. However, and this is very, very important to us, we will put in place a structure – probably through a preferred allocation mechanism – to treat PE a.s. shareholders in the PE N.V. capital increase as if they already were shareholders.

**krzysiek:** Hello. Please indicate the company's development strategy for 2011. Mainly in Italy and Germany.

**Georg Hotar:** In both markets we intend to replicate our integrated business model including the investment into portfolio power plants. While Germany is lower risk and lower margin, Italy is highly attractive in terms of project economics. By hiring an experienced local team we are comfortable to be able to mitigate most of the local risks. The main difference between both markets may be that in Germany we are probably more likely to resell completed projects to final investors as German investors in general tend to be less demanding with respect to yields as long as risks are mitigated. This should allow for attractive immediate margins and a valuation that would make it unattractive for us to keep these projects.

**Konrad:** Does sales of SPV companies to Raiffeisen Leasing show up in sales in company's financial results?

**Georg Hotar:** The project SPVs are sold to Raiffeisen Leasing Real Estate at par value of the base capital (in all cases CZK 200,000). These receipts are not booked in the consolidated revenues. In fact they are not booked at all in the financial statements according to IFRS as we consolidate these SPVs as we are the controlling beneficial owners of these projects. The legal ownership is simply a strong form of taking security of the projects.

**access06:** Good morning Mr. Hotar - what is your comment regarding yesterday behaviour of Photon stocks on WSE in relation to Q4 report?

**Georg Hotar:** I can only speculate. From the feedback we have received the net loss in Q4 was viewed as a negative surprise by investors. As we view TCI as the most relevant measure of our performance we also strive to maximize this number. Under the war-like conditions in Q4 in relation to completing our plants as the 26% revenue tax law was prepared and passed completing our plants was the top priority to create value. In the run-up to our IPO our auditors KPMG also required conservative provisioning which further impacted our net profit/loss line. I assume, we have to educate the market better about the rationale and merits of TCI compared to net profit as the most relevant measure of our performance.

**krzysiek:** How about the listing on the WSE, and the issue of shares for small investors, will they again be at a lost position?

**Georg Hotar:** The planned transaction will combine an exchange offer for PE a.s. shareholders to convert their shares into PE N.V. with a capital increase of PE N.V. Hence, technically PE a.s. shareholders will not be PE N.V. shareholders when the capital increase starts. However, and this is very, very important to us, we will put in place a structure – probably through a preferred allocation mechanism – to treat PE a.s. shareholders in the PE N.V. capital increase as if they already were shareholders. With respect to private investors who will not be shareholders in PE a.s. at the time of the capital increase but will be interested in participating in the capital increase, we will make sure that the retail allocation will be fair. Do not forget that our mission statement is “Solar Power to the People”. This includes our shareholder base.

**gosu:** How will the IPO on the WSE impact on current stockholders business?

**Georg Hotar:** The planned transaction will combine an exchange offer for PE a.s. shareholders to convert their shares into PE N.V. with a capital increase of PE N.V. Hence, technically PE a.s. shareholders will not be PE N.V. shareholders when the capital increase starts. However, and this is very, very important to us, we will put in place a structure – probably through a preferred allocation mechanism – to treat PE a.s. shareholders in the PE N.V. capital increase as if they already were shareholders.

**Verschuren:** Could you provide more info about issuing new shares in 2011?

**Georg Hotar:** The planned transaction will combine an exchange offer for PE a.s. shareholders to convert their shares into PE N.V. with a capital increase of PE N.V. Hence, technically PE a.s. shareholders will not be PE N.V. shareholders when the capital increase starts. However, and this is very, very important to us, we will put in place a structure – probably through a preferred allocation mechanism – to treat PE a.s. shareholders in the PE N.V. capital increase as if they already were shareholders.

**Artek:** Are you planning to issue new shares soon?

**Georg Hotar:** We have initiated the process at the level of Photon Energy N.V. The intention is to complete the transaction in 2011Q3. There are many factors that could cause a delay, including market conditions. We hope to complete before the summer, but we may slip until September.

**smyk1:** Hello, could you tell us more about the planned issue.

**Georg Hotar:** The planned transaction will combine an exchange offer for PE a.s. shareholders to convert their shares into PE N.V. with a capital increase of PE N.V. Hence, technically PE a.s. shareholders will not be PE N.V. shareholders when the capital increase starts. However, and this is very, very important to us, we will put in place a structure – probably through a preferred allocation mechanism – to treat PE a.s. shareholders in the PE N.V. capital increase as if they already were shareholders.

**Niekumaty.:** Does the company consider the preparation of a statement, clarifying the situation with often mistaken reading of the financial results for the previous year?

**Georg Hotar:** We will certainly review the way we are presenting our financial and operational information in order to allow investors to gain a better understanding of the issues.

**Tomasz:** What is the growth of development planned for 2011?

**Georg Hotar:** As a company we are geared for international/global expansion. However, in the context of our planned IPO we have been advised by our legal advisors not to publish any forecasts for the time being. We will constantly review this approach but cannot promise anything at this stage.

**michal\_S:** Hello, what is your opinion of the reaction to yesterday's Q4 report?

**Georg Hotar:** I can only speculate. From the feedback we have received the net loss in Q4 was viewed as a negative surprise by investors. As we view TCI as the most relevant measure of our performance we also strive to maximize this number. Under the war-like conditions in Q4 in relation to completing our plants as the 26% revenue tax law was prepared and passed completing our plants was the top priority to create value. In the run-up to our IPO our auditors KPMG also required conservative provisioning which further impacted our net profit/loss line. I assume, we have to educate the market better about the rationale and merits of TCI compared to net profit as the most relevant measure of our performance.

**Konrad:** Why do you want to use 'preferential allocation mechanism' in capital increase instead of a simple rights issue?

**Georg Hotar:** Because technically PE a.s. shareholders will most likely not yet be PE N.V. shareholders at the time of its capital increase as both transactions are likely to take place simultaneously. We are still working out the details of the transaction. What we can give to our shareholders is that we will treat PE a.s. shareholders in the PE N.V. capital increase as if they already were shareholders.

**ww:** Does yesterday's 16% drop in the share price reflects the situation of a company, or maybe it was a bad understanding of the company's strategy? Thank you.

**Georg Hotar:** I can only speculate. From the feedback we have received the net loss in Q4 was viewed as a negative surprise by investors. As we view TCI as the most relevant measure of our performance we also strive to maximize this number. Under the war-like conditions in Q4 in relation to completing our plants as the 26% revenue tax law was prepared and passed completing our plants was the top priority to create value. In the run-up to our IPO our auditors KPMG also required conservative provisioning which further impacted our net profit/loss line. I assume, we have to educate the market better about the rationale and merits of TCI compared to net profit as the most relevant measure of our performance.

**Konrad:** What is the current energy producing potential of Photon Energy in MWh per year?

**Georg Hotar:** The pro-rata proprietary portfolio of Photon Energy a.s. consist of approximately 18.1 MWp. Across the portfolio the average expected annual production is 1,000 KWh per KWp of installed capacity. Hence, the total expected production is 18,100 MWh per year. We would expect that in a good year (i.e. without a volcano eruption in Iceland or anywhere near) we could get close to 20,000 MWh.

**emkoski:** I support the activity of the company, but it seems to me that it is still small. What level of consolidated income would satisfy management board in 2 years and in 5 years time?

**Georg Hotar:** We are a company geared up for growing with or even faster than the solar industry as we are planning to expand to new markets in and outside Europe. I would not want to pin down our growth targets to net profit, and if only for the reasons that we view TCI as a much better measurement of our performance. Our objective must be for sure growth by orders of magnitude rather than single- or double-digit percentage points. Whether we can achieve this, though, remains subject to a long list of factors under and beyond our control.

**Konrad:** Does Photon lease all of its SPV companies to RLRE?

**Georg Hotar:** We financed our entire portfolio of large-scale PV plants with RLRE. In fact, RLRE does not provide leasing financing but rather an amended form of project financing where it takes ownership of the equity of the SPV as security and provides a senior loan to the SPV. As the long term investor we have a call option on the equity at nominal subject to the repayment of the loan after 3 years.

**Konrad:** What is the margin current on portfolio projects (it DCF valuation - cost of building)?

**Georg Hotar:** This depends very strongly on the given market. In Slovakia TCI per MWp is approximately EUR 500-700,000 while in Italy this number can reach up to EUR 1.5-2.0 million per MWp subject to the local irradiation.

**marek:** How much capital do you want to raise in the new issue?

**Georg Hotar:** This parameter of the planned transaction has not been set yet. We will inform our shareholders as soon as we can publish this information.