

Moderator: Hello everyone in chat with Photon Energy a.s. Thank you for your questions already asked, let's begin!

morc: Dear Georg, first of all congratulations on your sales, TCI, operational cash flow and book value results in 2010. However, by the looks of it, your trading activity in Q4 was considerably lower than in Q3, perhaps even lower than in Q2 – is that correct?

Georg Hotar: Good morning to you! Actually our trading activity was the highest in Q4 and it was mainly focused on modules rather than inverters.

morc: Am I correct in saying that your net loss in Q4 is a “cost” of connecting such a huge proprietary portfolio in time? I mean, nearly 1,5m EUR of administrative costs and 0,5m EUR of overheads in Q4 alone. Also, some 0,4m EUR of “other costs”. Are the relatively weak net results in Q4 purely an effect of those costs and lukewarm trading&EPC activity?

Georg Hotar: You could consider the loss as a "cost" as it mainly consists of insurance costs during the construction phase, legal costs related to the project acquisition and financing and other external services. The higher overheads are mainly linked to our growing headcount and year-end bonuses which were largely linked to the successful completion of our projects.

morc: You say in the press release that the income tax liability of Photon Engineering resulting from proprietary projects impacts the net profit line. Shouldn't the liability be eliminated by the fact that the constructions were performed within the group, i.e. between Photon Engineering and Photon project companies?

Georg Hotar: The impact of all internal projects gets completely eliminated in consolidation, i.e. revenues, costs, margins. However, the resulting tax liability at the level of Photon Engineering is a hard external liability and such it gets recorded. This is a real net cost of our model where we invest equity into the project company and earn a part of it back on the construction. The consolidated net effect on the 14 MWp we built into our portfolio last year was material.

morc: Nearly 17m EUR of tax payables in the statement of financial position. Could you explain which taxes are included in this position and why this number is so big?

Georg Hotar: This tax payable relates to VAT for both the external revenues and our own investments.

at: Does Photon have any guaranteed new projects for its own portfolio in Slovakia?

at: Czy Photon ma już zagwarantowane jakieś nowe projekty do własnego portfolio na Słowacji?

Georg Hotar: We are currently negotiating the acquisition of 6-8 MWp of projects. Given the hard deadline of 30 June we want to have the acquisitions concluded by early March so that we have sufficient time to complete and connect all projects in time.

at: When can we expect the official forecast for 2011?

at: Kiedy można się spodziewać oficjalnej prognozy na 2011r?

Georg Hotar: As we have commenced our preparations for the IPO on the main market we have been advised by our legal advisors not to publish and forecasts for the time being.

at: Will debut on the Warsaw Stock Exchange main market will be preceded by a new share issue? Subject to pre-emptive rights? If no, is a minimum price of a new issue already set?

at: Czy debiut na parkiecie głównym GPW będzie poprzedzony nową emisją akcji? Czy będzie ona z zachowaniem prawa poboru? Jeśli nie, to czy jest określony jakiś minimalny poziom cenowy nowej emisji?

Georg Hotar: The transaction in preparation is a combination of an exchange offer for PE a.s. shareholders to exchange for shares in PE N.V., a concurrent capital increase and the listing of PE N.V. on the main market of the GPW. We intend to mimic the principles of a rights issue through a preferential allocation mechanism for the PE a.s. shareholders.

Tomasz: Does the company include in the Q'4 report, "reverse tax" imposed by the Czech government?

Tomasz: Czy spółka uwzględniła w raporcie za IV kwartał "wsteczny podatek" nałożony przez czeski rząd?

Georg Hotar: I assume you mean the 26% revenue tax on PV plants in 2011-2013. We have included the impact of this tax and the other changes (cancellation of tax holidays, etc.) into our valuation model so that the revaluation gain (= other comprehensive income) is lower by ca. CZK 229 million.

Tomasz: Strategy and objectives of Photon Energy company for 2011 are:

Tomasz: Strategia i cele spółki Photon Eenergy na rok 2011 to:

Georg Hotar: 1. Complete as many projects into our portfolio as safely possible in Slovakia during 2011H1 2. Enter Italy and Germany replicating our integrated business model there 3. Enter the remaining markets in Europe initially via Trading 4. Prepare the expansion to markets outside Europe.

Konrad: What is the competitive edge of Photon in markets like Italy, Germany and Australia?

Georg Hotar: The strength of our business model is its integration along the downstream value chain. Entering Italy or Germany with any of our activities in isolation would be a very hard undertaking. The key why we will succeed is that we are also an investor. Whoever controls the project rights controls everything else, i.e. which components are used, who builds the plant, etc. The know how to arrange the project financing is also crucial. Once we can build reference plants in these markets the rest will follow and will be function of our dedicated hard work. It is also very important that we have cultivated direct relationships with quality manufacturers of modules and inverters giving us the best possible input prices.

ww: What are the prospects for the Italian and German markets?

ww: Jak wyglądają perspektywy odnośnie rynku włoskiego i niemieckiego?

Georg Hotar: Germany has fast declining feed-in-tariffs but it is the most developed market with a high level of legal and regulatory certainty. While the margins are not as high as in Italy, project development and bank financing are much simpler than in Italy or than CZ and SK used to be. Italy is very competitive as it is the most attractive market. However, we have hired a capable team and, to put it politely, our level of experience and organisation provide a competitive advantage. Many Italian project owners or investors actually prefer to work with foreigners.

at: Which of Photon's activities (own portfolio, trade, construction) will be the leading one when it comes to profits in the Italian and German market?

at: Która z działalności Photona (własne portfolio, handel, budowa) będzie przodującą jeśli chodzi o zyski na rynku włoskim i niemieckim?

Georg Hotar: In both markets we want to replicate our business model completely. The key factor in us entering this markets is that we build projects into our portfolio or for resale and thus create reference plants. The economics in the value chain change over time, but as we cover the entire value chain we should benefit.

fotowoltaika: Does the company intends to publish reports in Polish language? Were such concepts considered? How will it be on the main market?

fotowoltaika: Czy spółka zamierza publikować sprawozdania w języku polskim? Czy były takie koncepcje rozważane? Jak będzie na głównym parkiecie?

Georg Hotar: Yes, we are preparing ourselves for reporting in Polish prior to or by the latest once we are on the main market.

smyk1: Please specify the parameters of a proposed issue or please state that you are not able to answer.

smyk1: Proszę o podanie parametrów planowanej emisji lub o odpowiedź że nie można ich udzielić.

Georg Hotar: At this stage we can only comment on the general structure, i.e. an exchange offer to PE a.s. shareholders to convert 1:1 into PE N.V. shares, a concurrent capital increase of PE N.V. where most probably through a preferential allocation mechanism we enable PE a.s. shareholders to participate as if it were a rights issue and listing on the main market of the WSE. For all other parameters of the transaction it is too early to comment.

michalmmm: Who would be your biggest competitor in Germany?

Georg Hotar: Germany is the largest and most mature market, so the list of competitors is almost endless. In volume terms the market may even be declining (from a very high level) and feed-in-tariffs are falling. Many German companies are expanding abroad, so we are actually going against the trend. However, Germany is and will remain the largest market in the world, it has a stable legal and regulatory framework and bank financing works. We have to be there and the falling FiT forces us to be at the cutting edge of reducing investment costs and in that case we can operate there profitably.

observer: How it will be looking for a shareholder when Photon a.s will be transformed into Photon N.V., for example shareholder holds 10000 shares of Photon a.s. currently, how much shares he will have after transformation? It will be 10000 "new shares"?

Georg Hotar: The plan is to structure the exchange offer in exactly this way. After the successful completion of the exchange offer we want Photon Energy N.V. to have 23,000,000 shares, so that the exchange offer will be 1:1. The key principle is that all shareholders will have the same shareholding as before the restructuring.

tedo: Is the information on the planned investments of 100 MWp relates to new developments?

tedo: Czy pojawiające się informacje na temat planowanych inwestycji na poziomie 100 MWp dotyczy nowych inwestycji?

Georg Hotar: This number relates to proprietary portfolio and general contracting (or EPC - engineering, procurement, construction) for external clients.

tedo: How many of those 100 MWp relates to your portfolio?

tedo: Ile z tych 100 MWp dotyczy własnego portfolio?

Georg Hotar: A part of the 100 MWp would be own investments

Tomasz: Does reporting and Investor Relations (e-mail) will be in Polish language?

Tomasz: Czy raportowanie i Relacje Inwestorskie (e-mail) będą po Polsku?

Georg Hotar: We are preparing ourselves to report in Polish and also to have a Polish speaking person in our IR team by the end of 2011Q2.

Konrad: Is low sales margin in Q4 a direct result of changing valuation model because of the retroactive tax law changes? or maybe there are some other factors?

Georg Hotar: The low sales margin in Q4 is not related to the 26% tax. In Q4 we traded over 15 MWp of PV modules. The gross margin on larger module sales are typically 1.5-3%. We inverter market in Q4 reverted to an overhang situation so that the gross margins were also below 10%. This is the nature of trading PV equipment. The market has become very transparent, so the key success factor is volume.

Aleksander: Hi, please explain what reasons have contributed to the establishment of the company in the Netherlands? Is it simply a matter of taxes?

Aleksander: Witam, proszę wyjaśnić jakie powody przyczyniły się do utworzenia spółki w Holandii? Czy to wyłącznie kwestia podatków?

Georg Hotar: This was the first question asked by our Dutch lawyers. The Dutch parent company is not tax driven. 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.

enriko: Can you please comment on yesterday's stock price fall?

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: Are all the projects "leased back" from Raiffeisen Leasing? How is it included in the results of the company?

Konrad: Czy wszystkie projekty są „leasingowane zwrotnie” z Raiffeisen Leasing? Jak jest to uwzględniane w wynikach spółki?

Georg Hotar: All Czech projects are financed by RLRE and the structure is an alternative way of giving security to the financing institution. The agreements are clear that we are the beneficial owner and in control of managing the plants, hence according to IFRS we fully consolidate the plants.

Tomasz: What is the current availability of parts to build power plants? Last year, apparently there were problems with the delivery ...

Tomasz: Jak wygląda aktualnie dostępność części do budowy elektrowni? W zeszłym roku podobno były problemy z dostawą...

Georg Hotar: At the moment it does not appear as if there would be any shortages of components, rather the opposite. This is bad for the manufacturers in the upstream value chain, but good for us and the players in the downstream value chain. However, recent history has shown that shortages can pop-up almost over night.

inwestor_bv: Perhaps I overlooked something, and I was out of the final information on this, but I wanted to ask if the matter was clarified on the plans for the imposition of a special tax (26% from the income for the years 2011 -2013) on producers of solar energy in the Czech Republic?

inwestor_bv: Być może coś przeoczyłem i umknęła mi finalna informacja w tej sprawie, ale chciałem zapytać, czy wyjaśniła się sprawa dotycząca planów nałożeniem specjalnego podatku (26 proc. od przychodów w latach 2011 -2013) na producentów energii słonecznej w Czechach?

Georg Hotar: The passed law stipulates that for all PV plants connected in 2009 and 2010 with an installed capacity over 30 KWp a 26% tax on the REVENUES applies for the years 2011, 2012 and 2013.

more: Your ratio of equity to interest-bearing debt is currently a sound ~0,66. Do you intend to further strengthen this ratio in 2011-2012, i.e. decrease your leverage? How do you perceive the “depth of your pockets” on the brink of launching a substantial entry campaigns into Italian and German markets?

Georg Hotar: Our entry into Italy and Germany is not accompanied by a major spending spree and these operations will be requiring some modest start-up funding but will start generating revenues and realising projects almost immediately. Our business works with a lot of leverage mainly in relation to the projects we own. The revenues generated by our portfolio plants and the profits from our operating activities will help to reduce our leverage. New equity coming in from a capital increase of course allows us to grow faster.

at: Don't you think that the company's current debt is too high? Have you prepared a strategy to reduce it in relation to equity ?

at: Czy nie uważa Pan, że obecne zadłużenie spółki jest za wysokie? Czy jest przygotowana jakaś strategia jego zmniejszenia w stosunku do kapitałów własnych?

Georg Hotar: The projects are financed with up to 80% leverage and also for trading and EPC using leverage when available makes sense. We do have a high level of leverage, but we also own assets generating very stable cash flows. New equity from a capital increase will allow us to grow faster, but we can still grow nicely without.

Tomasz: Will the company fight for compensation for the charging of unconstitutional tax?

Tomasz: Czy spółka będzie walczyła o odszkodowanie za naliczenie podatku który jest niezgodny z konstytucją?

Georg Hotar: We are reviewing all legal options available to us. We will decide based on what is in the best interest of the company and its shareholders and we will inform about our decisions in this sensitive area.

Tomasz: How does the talks with investment funds look like at the moment? Are funds still interested in the company?

Tomasz: Jak aktualnie wyglądają rozmowy z funduszami? Czy nadal jest zainteresowanie spółką?

Georg Hotar: Yes they are! As a matter of fact we have to leave for a meeting with an institution right now.

Moderator: Thank you for your questions. Photon Energy will provide answers to all asked questions and submit it on www.photonenergy.as