

**DIRECTORS' REPORT  
OF THE COMPANY  
BIOSAR ENERGY SA**

**ON THE FINANCIAL STATEMENTS  
FOR 2009**

Dear Shareholders,

We hereby present the annual financial statements for the period 1.1.2009 – 31.12.2009.

Breaking down the balance sheet figures, pursuant to the IFRS, for the year ended on 31 December 2009, the following should be mentioned:

**RESULTS 2009**

The Company's turnover for 2009 stood at €30,348,815 compared to €11,978,319 for 2008, and earnings after taxes stood at €2,911,604 for 2009, compared to € 39,938 for 2008.

2009 was the first year for the Company's active operations in the construction of photovoltaic farms, and this is reflected in its results.

**EQUITY**

The Company's total equity at the end of 2009 was € 3,301,937, significantly boosted due to high profitability, compared to € 390,333 at the end of 2008.

Within the year, Share Capital was reduced by €947,258 to amortise accumulated losses, and article 5 of the Articles was amended accordingly.

**CASH FLOWS**

The Company's net cash inflows for 2009 was € 1,747,396, compared to net cash flows of € 144,331 for 2008.

**2009 HIGHLIGHTS**

In 2009, BIOSAR focused on the construction of PV farms and acquired a significant market share. More specifically, the Company implemented and successfully connected projects with a power over 10MW for large investment groups in Greece and abroad. An illustrative example is the IKTINOS project, currently the largest interconnected farm in Greece, which was connected to the network in December 2009.

In parallel, BIOSAR continued with the licensing of projects (PV and WF) under its investment plan, whose implementation will start in 2010.

## **1. Commercial construction activity**

- Execution of the largest part of the procurement project with regard to the full equipment of a 1.25 MW PV farm of Advanced Photon Dynamics SA (project value €4.9mn). The project was completed in Q2 2009.
- Signing and execution of an engineering-procurement-construction contract in relation to a 2MW PV plant in the industrial area of Tripoli with ROKAS ILIAKI II LTD. The project was completed and connected in October 2009.
- Signing and execution of an engineering-procurement-construction contract in relation to a 2MW PV plant in the Municipality of Koutsopodi, Argolida, with ELTECH ANEMOS SA. The project was completed and connected in August 2009.
- Signing and execution of an engineering-procurement-construction contract in relation to a 4.3MW PV plant in the industrial area of Florina with ALECTRONA, an AES Solar group company. The project was completed and connected in December 2009.
- Signing and execution of an engineering-procurement-construction contract in relation to six 0.7MW PV plants in the Prefecture of Lakonia, with SOLAR OLIVE SA. The projects have been completed and will be connected during the 1<sup>st</sup> quarter of 2010.
- Signing and execution of an engineering-procurement-construction contract in relation to a 0.1MW PV plant in the industrial area B of Kalamata. The project will be completed and connected during the 1<sup>st</sup> quarter of 2010.

To implement the foregoing projects, BIOSAR collaborated with established companies of the industry, by signing programme contracts for the purchase of equipment. In particular, contracts were signed with the companies Suntech for the supply of PV panels, and SMA for the supply of inverters; the contracts made in 2008 with the companies DEGEREnergie for the supply of sun trackers, and ALOUMIL MYLONAS SA for the production of aluminium parts to be used in the assembly of supports are still effective.

Finally, BIOSAR participated in private tender procedures and is currently at the stage of final negotiations for the signing of construction (EPC) contracts in relation to PV farms to be implemented in 2010 in Greece, Bulgaria and Italy. Especially with regard to projects in Bulgaria, a Joint Venture between BIOSAR and AKTOR will be incorporated for the implementation of projects.

## **2. Investment activity**

### **2. A. WIND FARMS**

#### **1. EVRITANIA WF**

The procedure to obtain licences from the competent authorities continues with regard to the company's WF which have already been granted generation licences. The voting of a Special Spatial Planning Framework for RES is encouraging for the progress of projects, under which the relevant Municipalities are included in the priority wind power areas.

- 12.75MW Agia Triada WF
- 14.4MW Nostimon WF
- 7.2MW Neravidovouni WF
- No connection terms have been issued, as the construction of a new substation is required, whose location has not been determined.

## 2. A. 2. ADERES WF

The licensing procedure for all 3 WF on Mount Aderes with a total power of 34MW will be completed within the 1<sup>st</sup> half of 2010 when the installation licence should be obtained. The generation licences for all three projects have been transferred to the subsidiary EOLIKI ADERES SA.

In 2009, an application was filed for inclusion of WF in the provisions of the Development Law. The approval of inclusion is expected in the 1<sup>st</sup> half of 2010.

## 3. TRAPEZONA WF (44MW)

The opinion of RAE is expected in 2010.

## 2. B. PHOTOVOLTAIC FARMS

BIOSAR has obtained a generation licence for the Sambales PV farm, while the licences for the PV farms of Bigiarezza and Astrapi are expected in the 1<sup>st</sup> half of 2010. The construction of all three projects totalling 5MW in power is anticipated in Q3 and Q4 2010. The licences will be transferred to the subsidiary incorporated under the name ILIAKI ADERES SA.

## EVENTS AFTER 31.12.2009

In 2010 the company signed contracts on the engineering, procurement, construction and commissioning of the following photovoltaic plants:

- 1, 500 KW PV plant in Andravida, Iliia, against the contractual consideration of €1.75 million.
- 1, 100 KW PV plant in Molai, Lakonia, against the contractual consideration of €0.23 million.
- 3, 297 KW PV plants in Kranidi, Argolida, against the contractual consideration of €0.81 million.
- 10, 990 KW PV plants in the Prefecture of Iliia, against the contractual consideration of €3.13 million.

There are no other significant events that took place after the balance sheet date and, consequently, the date of this report.

## OBJECTIVES - OUTLOOK

The main objectives of BIOSAR for 2010 are:

- a) to retain and increase its market share in the construction of large PV farms, in line with the PV growth rates in the Greek market;
- b) to organize the company both in commercial and construction terms so as to successfully meet the increasing construction demands and boost profitability;
- c) to expand the construction activities of BIOSAR in Bulgaria.

The company's short-term objective is to sign the contracts currently at the stage of final negotiations regarding projects of 22MW, with an approximate value of €50 mn, and implement these in 2010. The general objective for 2010 is to construct projects totalling 30MW, negotiate new projects, and sign project contracts to be implemented in 2011.

In parallel, the objectives of BIOSAR in relation to its investment plan are:

- Acquisition of installation permit for the 3 WF on ADERES
- Acquisition of generation licence for the 44MW WF on Trapezona

- Acquisition of installation permit and implementation of 3 PV farms with a total power of 5MW
- Exploration of new investment activities to use solar energy (e.g. solar-thermal plants)

## **UNCERTAINTY RISKS**

Despite the progress made during the recent years, the RES sector is still facing challenges due to the complicated and bureaucratic permit acquisition procedures financing problems, resulting in the prevention of significant projects from being implemented or in their significant delay.

Because of the economic crisis, there is the risk of lack in borrowed funds after 2010, as well as potential decrease in subsidies. These factors would entail delays in the implementation of the projects and/ or reduced attractiveness due to lower returns on equity after 2010.

In view of the above, shareholders are invited to approve the Company's Annual Financial Statements for the period 1.1.2009 – 31.12.2009, together with the Directors' and Certified Auditor's reports, and release the members of the Board of Directors individually and the Board of Directors as a whole, as well as the Certified Auditor, from all liability for compensation with regard to the fiscal year 1.1.2009 – 31.12.2009.

Further, you are invited to also decide on the remaining items on the agenda, namely:

1. Election of one Ordinary and one Replacement Certified Auditor for the fiscal year of 2010, and determination of fees.
2. Permission to Members of the Board of Directors, Executives and or Managers, as well as their replacements, to participate in Boards of Directors or in the Management of subsidiaries or other companies seeking similar objectives to those of the Company, pursuant to article 23(1) of Codified Law 2190/1920.
3. Permission pursuant to article 23(a)(2) of Codified Law 2190/1920 for the making, extension or renewal of contracts made between the Company and its affiliates, within the meaning of article 42(e)(5) of Codified Law 2190/1920.
4. Approval of fees to the members of the Board of Directors for 2009 and pre-approval of fees for 2010.
5. Other issues – announcements.

Kifissia, 24 March 2010

For the Board of Directors

The Vice-Chairman of the BoD  
& Managing Director

EDOUARDOS SARANTOPOULOS

**CERTIFICATE**

This report which comprises five (5) pages is the one mentioned in the audit certificate granted today.

Athens, 27 May 2010  
THE CERTIFIED AUDITOR

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