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BIOSAR HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS
Period from 8 June 2011 to 31 December 2011

BIOSAR HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS Period from 8 June 2011 to 31 December 2011

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BIOSAR HOLDINGS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Andriana Pias

Company Secretary:

Maria Shoufta
21 Kritonos, Lakatamia
2325 Nicosia
Cyprus

Independent Auditors:

Horwath DSP Limited
Certified Public Accountants and Registered Auditors
Photiades Business Centre
1st floor, 8 Stasinou Avenue
P.O Box 22545
1522 Nicosia

Registered office:

Vas. Freiderikis
Palais D' Ivoire, 1st floor, flat/office 403-404
1066 Nicosia
Cyprus

BIOSAR HOLDINGS LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its first report and audited financial statements of the Company for the period from 8 June 2011 to 31 December 2011.

Incorporation

The Company Biosar Holdings Limited was incorporated in Cyprus on 8 June 2011 as a private limited liability Company under the Cyprus Companies Law, Cap. 113.

Principal activities

The principal activities of the Company are the provision of finance and holding of investments.

Review of current position, future developments and significant risks

The company had incurred losses during the year. However the Board of Directors expects that the appreciation of the value of the available for sale investment in the following years will outweigh the losses incurred.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results

The Company's results for the period are set out on page 5. The net loss for the period is carried forward.

Share capital

Authorised capital

Under its Memorandum the Company fixed its share capital at 5.000 ordinary shares of nominal value of €1 each.

Issued capital

Upon incorporation on 8 June 2011 the Company issued to the subscribers of its Memorandum of Association 1.000 ordinary shares of €1 each at par.

Board of Directors

The member of the Company's Board of Directors as at the date of this report is presented on page 1. The sole director was a member of the Board of Directors throughout the period from 8 June 2011 to 31 December 2011.

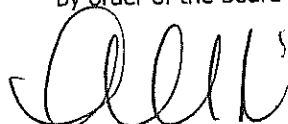
Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 14 to the financial statements.

Independent Auditors

The Independent Auditors, Horwath DSP Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



Andriana Pias
Director

Nicosia, 22 March 2012

Independent auditor's report

To the Members of Biosar Holdings Limited

Report on the financial statements

We have audited the accompanying financial statements of Biosar Holdings Limited (the "Company"), which comprise the statement of financial position as at 31 December 2011, and the statements of comprehensive income, changes in equity and cash flows for the period from 8 June 2011 to 31 December 2011, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report (continued)

To the Members of Biosar Holdings Limited

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Biosar Holdings Limited as at 31 December 2011, and of its financial performance and its cash flows for the period from 8 June 2011 to 31 December 2011 in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

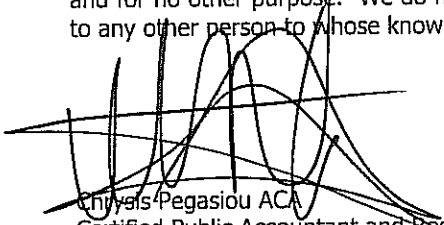
Report on other legal requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Chrysi Pegasiou ACA
Certified Public Accountant and Registered Auditor
for and on behalf of
Horwath DSP Limited
Certified Public Accountants and Registered
Auditors

Nicosia , 22 March 2012

BIOSAR HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Period from 8 June 2011 to 31 December 2011

	Note	2011 €
Administration expenses		(2.281)
Other expenses	5	<u>(1.000)</u>
Operating loss		<u>(3.281)</u>
Loss before tax		(3.281)
Tax	7	<u>(5)</u>
Net loss for the period		(3.286)
Other comprehensive income		<u>-</u>
Total comprehensive expense for the period		<u>(3.286)</u>

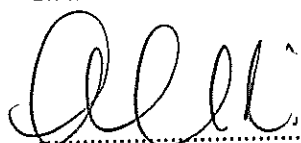
The notes on pages 9 to 15 form an integral part of these financial statements.

BIOSAR HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION 31 December 2011

	Note	2011 €
ASSETS		
Non-current assets		
Available-for-sale financial assets	8	<u>1</u>
		<u>1</u>
Current assets		
Trade and other receivables	9	<u>999</u>
		<u>999</u>
Total assets		<u><u>1.000</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	10	<u>1.000</u>
Accumulated (losses)		<u>(3.286)</u>
Total equity		<u>(2.286)</u>
Current liabilities		
Trade and other payables	11	<u>3.281</u>
Current tax liabilities	12	<u>5</u>
		<u>3.286</u>
Total equity and liabilities		<u><u>1.000</u></u>

On 22 March 2012 the Board of Directors of Biosar Holdings Limited authorised these financial statements for issue.



Andriana Pias
Director

The notes on pages 9 to 15 form an integral part of these financial statements.

BIOSAR HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

Period from 8 June 2011 to 31 December 2011

	Note	Share capital €	Accumulated (losses) €	Total €
Total comprehensive expense for the period		-	(3.286)	(3.286)
Issue of share capital	10	1.000	-	1.000
Balance at 31 December 2011		1.000	(3.286)	(2.286)

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (in 2011 the rate was 15% up to 30 August 2011 and 17% thereafter) will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 9 to 15 form an integral part of these financial statements.

BIOSAR HOLDINGS LIMITED

STATEMENT OF CASH FLOWS

Period from 8 June 2011 to 31 December 2011

	2011 €
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax	<u>(3.281)</u>
Cash flows used in operations before working capital changes	(3.281)
Increase in trade and other payables	3.281
Net cash flows used in operating activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>
Net increase in cash and cash equivalents	-
Cash and cash equivalents:	
At beginning of the period	<u>-</u>
At end of the period	<u><u>-</u></u>

The notes on pages 9 to 15 form an integral part of these financial statements.

BIOSAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 8 June 2011 to 31 December 2011

1. Incorporation and principal activities

Country of incorporation

The Company Biosar Holdings Limited (the "Company") was incorporated in Cyprus on 8 June 2011 as a private limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at Vas. Freiderikis, Palais D' Ivoire, 1st floor, flat/office 403-404, 1066 Nicosia, Cyprus.

Principal activities

The principal activities of the Company are the provision of finance and holding of investments.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

During the current period the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 8 June 2011.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

(1) Classification

BIOSAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 8 June 2011 to 31 December 2011

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless management intends to dispose of the investment within twelve months of the reporting date.

(2) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

BIOSAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 8 June 2011 to 31 December 2011

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Share capital

Ordinary shares are classified as equity.

3. Financial risk management

Financial risk factors

The Company is exposed to market price risk, liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's available-for-sale financial assets and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of the investment portfolio.

3.2 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

3.3 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

BIOSAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 8 June 2011 to 31 December 2011

3. Financial risk management (continued)

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

The fair value of financial instruments traded in active markets, such as publicly traded trading and available-for-sale financial assets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. Other expenses

	2011
	€
Incorporation expenses	1.000
	<u>1.000</u>

6. Expenses by nature

	2011
	€
Auditors' remuneration	1.170
Administration expenses	536
Accounting expense	575
Total expenses	<u><u>2.281</u></u>

7. Tax

	2011
	€
Defence contribution - current period	5
Charge for the period	<u><u>5</u></u>

BIOSAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 8 June 2011 to 31 December 2011

7. Tax (continued)

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2011 €
Loss before tax	<u>(3.281)</u>
Tax calculated at the applicable tax rates	(328)
Tax effect of expenses not deductible for tax purposes	328
Defence contribution current period	<u>5</u>
Tax charge	<u><u>5</u></u>

The corporation tax rate is 10%.

Under certain conditions interest income may be subject to defence contribution at the rate of 15% (10% to 30 August 2011). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (in 2011 the rate was 15% up to 30 August 2011 and 17% thereafter).

8. Available-for-sale financial assets

	2011 €
Balance at 8 June	-
Additions	<u>1</u>
Balance at 31 December	<u><u>1</u></u>

Available-for-sale financial assets consist of 5% participation in partnership Consortium Biosar Energy-Aktor registered in Bulgaria. Consortium Biosar Energy-Aktor is in charge for the research, design, construction and the maintenance of photovoltaic electric stations in Bulgaria.

9. Trade and other receivables

	2011 €
Shareholders' current accounts - debit balances (Note 13)	<u>999</u>
	<u><u>999</u></u>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

BIOSAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 8 June 2011 to 31 December 2011

10. Share capital

	2011 Number of shares	2011 €
Authorised		
Ordinary shares of €1 each	<u>5.000</u>	<u>5.000</u>
Issued and fully paid		
Issue of shares	<u>1.000</u>	<u>1.000</u>
Balance at 31 December	<u>1.000</u>	<u>1.000</u>

Authorised capital

Under its Memorandum the Company fixed its share capital at 5.000 ordinary shares of nominal value of €1 each.

Issued capital

Upon incorporation on 8 June 2011 the Company issued to the subscribers of its Memorandum of Association 1.000 ordinary shares of €1 each at par.

11. Trade and other payables

	2011 €
Accruals	2.745
Other creditors	<u>536</u>
	<u>3.281</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

12. Current tax liabilities

	2011 €
Special contribution for defence	<u>5</u>
	<u>5</u>

13. Related party transactions

The following transactions were carried out with related parties:

13.1 Shareholders' current accounts - debit balances (Note 9)

	2011 €
As at 31 December	<u>999</u>

The shareholders' current accounts are interest free, and have no specified repayment date.

BIOSAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 8 June 2011 to 31 December 2011

14. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent Auditor's report on pages 3 and 4