

BIOSAR HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2012

BIOSAR HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2012

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BIOSAR HOLDINGS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Andreas Mavromatis
Georgios Koutsopodiotis

Company Secretary:

Brena Services Limited
8 Zinonos Kitieos
2322 Kato Lakatamia, Nicosia
Cyprus

Independent Auditors:

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

Registered office:

33 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 report and audited financial statements of the Company for the year ended 31 December 2012.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments and provision of finance.

Review of current position, future developments and significant risks

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

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 and Dividends

The Company's results for the year are set out on page 5. The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital

There were no changes in the share capital of the Company during the year under review.

Board of Directors

The members of the Company's Board of Directors as at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2012.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 17 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,

Andreas Mavromatis
Director

Nicosia, 10 January 2013

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 2012, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, 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 2012, and of its financial performance and its cash flows for the year then ended 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.

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

Nicosia, 10 January 2013

BIOSAR HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Note	2012 €	2011 €
Profit from sale of investments in subsidiaries		200.000	-
Administration expenses		(12.168)	(2.281)
Other expenses	5	<u>-</u>	<u>(1.000)</u>
Operating profit/(loss)		187.832	(3.281)
Net finance costs	7	<u>(240)</u>	-
Profit/(loss) before tax		187.592	(3.281)
Tax	8	<u>-</u>	<u>(5)</u>
Net profit/(loss) for the year/period		187.592	(3.286)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income/expense for the year/period		<u>187.592</u>	<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 2012

	Note	2012 €	2011 €
ASSETS			
Non-current assets			
Available-for-sale financial assets	10	<u>1</u>	<u>1</u>
		1	1
Current assets			
Trade and other receivables	11	999	999
Cash at bank	12	<u>216.040</u>	-
		217.039	999
Total assets		<u>217.040</u>	<u>1.000</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	1.000	1.000
Retained earnings /(accumulated losses)		<u>184.306</u>	<u>(3.286)</u>
Total equity		<u>185.306</u>	<u>(2.286)</u>
Current liabilities			
Trade and other payables	14	31.729	3.281
Current tax liabilities	15	<u>5</u>	<u>5</u>
		31.734	3.286
Total equity and liabilities		<u>217.040</u>	<u>1.000</u>

On 10 January 2013 the Board of Directors of Biosar Holdings Limited authorised these financial statements for issue.

.....
Andreas Mavromatis
Director

.....
Georgios Koutsopodiotis
Director

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

BIOSAR HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2012

	Note	Share capital €	Retained earnings/(accumulated losses) €	Total €
Total comprehensive expense for the period		-	(3.286)	(3.286)
Issue of share capital	13	<u>1.000</u>	<u>-</u>	<u>1.000</u>
Balance at 31 December 2011/ 1 January 2012		1.000	(3.286)	(2.286)
Total comprehensive income for the year		<u>-</u>	<u>187.592</u>	<u>187.592</u>
Balance at 31 December 2012		<u>1.000</u>	<u>184.306</u>	<u>185.306</u>

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 (up to 31 August 2011 the rate was 15% and was increased to 17% for the period thereafter to 31 December 2011) 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

CASH FLOW STATEMENT

Year ended 31 December 2012

	Note	2012 €	2011 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		187.592	(3.281)
Profit from the sale of investments in subsidiaries		<u>(200.000)</u>	-
Cash flows used in operations before working capital changes		(12.408)	(3.281)
Increase in trade and other payables		28.448	3.281
Net cash flows from operating activities		16.040	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in subsidiaries	9	(3.150.000)	-
Proceeds from sale of investments in subsidiary undertakings		<u>3.350.000</u>	-
Net cash flows from investing activities		200.000	-
CASH FLOWS FROM FINANCING ACTIVITIES			
		<u>-</u>	-
Net increase in cash and cash equivalents		216.040	-
Cash and cash equivalents:			
At beginning of the year/period		<u>-</u>	-
At end of the year/period	12	216.040	-

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

BIOSAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

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

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments and provision of finance.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

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 judgment 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 year 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 1 January 2012. This adoption did not have a material effect on the accounting policies of the Company.

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

Year ended 31 December 2012

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

Year ended 31 December 2012

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.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Share capital

Ordinary shares are classified as equity.

3. Financial risk management

Financial risk factors

The Company is exposed to 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 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.

3.2 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. The Company's overall strategy remains unchanged from last year.

BIOSAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

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.

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 judgment 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.

- **Impairment of available-for-sale financial assets**

The Company follows the guidance of IAS 39 in determining when an investment is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

5. Other expenses

	2012	2011
	€	€
Incorporation expenses	-	1.000
	<u>-</u>	<u>1.000</u>

6. Expenses by nature

	2012	2011
	€	€
Auditors' remuneration	3.540	1.170
Administration expenses	4.137	536
Accounting fees	1.229	575
Other professional fees	3.203	-
Accounting Fees - prior year	59	-
Total expenses	<u>12.168</u>	<u>2.281</u>

BIOSAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

7. Finance costs

	2012 €	2011 €
Sundry finance expenses	240	-
	<u>240</u>	<u>-</u>

8. Tax

	2012 €	2011 €
Defence contribution - current year /period	-	5
Charge for the year	<u>-</u>	<u>5</u>

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

	2012 €	2011 €
Profit/(loss) before tax	<u>187.592</u>	<u>(3.281)</u>
Tax calculated at the applicable tax rates	18.759	(328)
Tax effect of expenses not deductible for tax purposes	1.241	328
Tax effect of allowances and income not subject to tax	(20.000)	-
Defence contribution current year	-	5
Tax charge	<u>-</u>	<u>5</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 (up to 31 August 2011 the rate was 15% and was increased to 17% for the period thereafter to 31 December 2011).

9. Investments in subsidiaries

	2012 €	2011 €
Balance at 1 January/8 June	-	-
Additions	2.100.000	-
Disposals	(2.100.000)	-
Balance at 31 December	<u>-</u>	<u>-</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Holding %</u>
Photovoltaic Parka Voreiou Ellados SA - Alexsun 1	Greece	100
Iliaka Parka Voreiou Ellados S.A. - Alexsun 2	Greece	100

BIOSAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

10. Available-for-sale financial assets

	2012	2011
	€	€
Balance at 1 January/8 June	1	-
Additions	-	1
Balance at 31 December	1	1

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.

11. Trade and other receivables

	2012	2011
	€	€
Shareholders' current accounts - debit balances (Note 16)	999	999
	999	999

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

12. Cash at bank

Cash balances are analysed as follows:

	2012	2011
	€	€
Cash at bank	216.040	-
	216.040	-

13. Share capital

	2012	2012	2011	2011
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1 each	5.000	5.000	5.000	5.000
Issued and fully paid				
Balance at 1 January/8 June	1.000	1.000	-	-
Issue of shares	-	-	1.000	1.000
Balance at 31 December	1.000	1.000	1.000	1.000

BIOSAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

14. Trade and other payables

	2012	2011
	€	€
Trade payables	21.000	-
Accruals	3.540	2.745
Other creditors	7.189	536
	<u>31.729</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.

15. Current tax liabilities

	2012	2011
	€	€
Special contribution for defence	5	5
	<u>5</u>	<u>5</u>

16. Related party transactions

The following transactions were carried out with related parties:

16.1 Shareholders' current accounts - debit balances (Note 11)

	2012	2011
	€	€
	999	999
As at 31 December	<u>999</u>	<u>999</u>

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

17. 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

BIOSAR HOLDINGS LIMITED

DETAILED INCOME STATEMENT

Year ended 31 December 2012

	Page	2012 €	2011 €
Other operating income			
Profit from sale of investments in subsidiaries		<u>200.000</u>	-
		200.000	-
Operating expenses			
Administration expenses	17	<u>(12.168)</u>	(2.281)
		187.832	(2.281)
Other operating expenses			
Incorporation expenses		<u>-</u>	(1.000)
Operating profit/(loss)		187.832	(3.281)
Finance costs	18	<u>(240)</u>	-
Net profit/(loss) for the year/period before tax		<u>187.592</u>	<u>(3.281)</u>

BIOSAR HOLDINGS LIMITED

OPERATING EXPENSES

Year ended 31 December 2012

	2012 €	2011 €
Administration expenses		
Auditors' remuneration	3.540	1.170
Accounting fees	1.229	575
Professional expenses	3.203	-
Administration expenses	4.137	536
Accounting fees-Prior year	59	-
	<u>12.168</u>	<u>2.281</u>

BIOSAR HOLDINGS LIMITED

FINANCE COSTS

Year ended 31 December 2012

	2012	2011
	€	€
Finance costs		
Sundry finance expenses		
Bank charges	<u>240</u>	<u>-</u>
	<u>240</u>	<u>-</u>

BIOSAR HOLDINGS LIMITED

COMPUTATION OF CORPORATION TAX
Year ended 31 December 2012

	Page	€	€
Net profit per detailed statement of comprehensive income	16		187.592
<u>Add:</u>			
Expenses not allowable for tax purposes:			
Overhead expenses disallowed		<u>12.408</u>	<u>12.408</u>
			200.000
<u>Less:</u>			
Profit from sale of investments in subsidiaries		<u>200.000</u>	<u>(200.000)</u>
Chargeable income for the year			<u><u>-</u></u>

BIOSAR HOLDINGS LIMITED

33 Vas. Freiderikis

Palais D' Ivoire, 1st floor, flat/office 403-404

1066 Nicosia

Cyprus

Nicosia, 10 January 2013

Horwath DSP Limited

Certified Public Accountants and Registered Auditors

Photiades Business Centre

1st floor, 8 Stassinou Avenue

P.O. Box 22545

Nicosia

10 January 2013

Management representation letter for the audit of the year ended 31 December 2012

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Biosar Holdings Limited (the "Company") for the year ended 31 December 2012 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Company as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

By a resolution of the Board of Directors, passed today, I am directed to confirm to you, in respect of the financial statements of the Company for the year ended 31 December 2012, the following:

We confirm, to the best of our knowledge and belief and having made appropriate inquiries of other Directors and officials and staff of the Company as we considered necessary for the purpose of appropriately informing ourselves, that we can make the following representations to you.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that you are aware of that information.

I. Financial statements

- 1) We have fulfilled our responsibilities, for the preparation of the financial statements in accordance with IFRSs as adopted by the EU and the Cyprus Companies Law, Cap. 113, which give a true and fair view in accordance therewith, and for making accurate representations to you. We have approved the financial statements.
- 2) We confirm that we have reviewed the Company's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of the financial statements are the most appropriate to give a true and fair view for the Company's particular circumstances, as required by International Accounting Standard IAS1: Presentation of Financial Statements.
- 3) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 4) We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.
- 5) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IFRSs as adopted by the EU.

6) Litigation

- i) We confirm that all known, actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in the financial statements in accordance with IFRSs as adopted by the EU.
- ii) We are not aware of any pending or threatened litigation, proceedings, hearing or claims negotiations, which may result in significant loss to the Company

7) Events after the reporting period

All events subsequent to the date of the financial statements and for which IFRSs as adopted by the EU require adjustment or disclosure have been adjusted or disclosed in the financial statements. Other than as described in the financial statements, there have been no circumstances or events subsequent to the period end, which require adjustment of or disclosure in the financial statements or in the notes thereto.

8) Uncorrected misstatements

We confirm that the financial statements are free of material misstatements, including omissions. We believe that the effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements as a whole.

9) Going concern

- i) We confirm that, having considered our expectations and intentions for the next twelve months, and the availability of working capital, the Company is a going concern. We further confirm that the disclosures in the accounting policies are an accurate reflection of the reasons for our consideration that the financial statements should be drawn up on a going concern basis.

II. Information provided

10) Accounting records

- i) All the accounting records, supporting documentation, agreements and details of all bank accounts have been made available to you for the purpose of your audit and all the transactions undertaken have been properly reflected and recorded in the accounting records. All other records and related information which might affect the truth and fairness of, or necessary disclosure in, the financial statements, including minutes of directors, shareholders and relevant management meetings, have been made available to you and no such information has been withheld. We have also provided unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- ii) All transactions undertaken by the Company have been properly reflected in the accounting records and the financial statements.

11) Related parties

We confirm that we have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware. We also confirm that we have appropriately accounted for and disclosed in the financial statements all related party transactions relevant to the Company and that we are not aware of any other such matters required to be disclosed in the financial statements under International Accounting Standard 24 'Related Party Disclosures'.

12) Fraud

- i) We acknowledge as Directors that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud and error.

- ii) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- iii) We have disclosed to you all information relating to any fraud or suspected fraud known to us that may have affected the Company (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), and involves management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements. We have also disclosed any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others, that could affect the Company's financial statements.

13) Laws and regulations

- i) We confirm that we are not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations that are central to the Company's ability to conduct its business or that could have a material effect on the financial statements.
- ii) We confirm that we are not aware of any irregularities, or allegations of irregularities including fraud, involving management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the financial statements.

14) Contractual arrangements / agreements

- i) All contractual arrangements entered into by the Company with third parties have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you.
 - ii) The Company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
 - iii) There are no other agreements not in the ordinary course of business.
- 15) The Company has satisfactory title to all assets and there are no liens or encumbrances on the Company's assets, except for those disclosed in the financial statements.

III. Other representations

Assets and liabilities

- 16) We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- 17) In our opinion on realization in the ordinary course of business, the current assets in statement of financial position are expected to produce no less than the net book amounts at which they are stated.
- 18) We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realizable value.
- 19) Details of all financial instruments, including derivatives, entered into during the year have been made available to you. Any such instruments open at the year-end have been properly valued and that valuation incorporated into the financial statements. When appropriate, open positions in off-balance sheet financial instruments have also been properly disclosed in the financial statements.

Provisions

- 20) Provisions for depreciation and diminution in value including obsolescence have been made against property, plant and equipment on the basis and at rates calculated to reduce the net book amount of each asset to its estimated residual value by the end of its probable useful life in the Company's business. In this respect, we are satisfied that the probable useful lives have been realistically estimated.

- 21) Full provision has been made for all liabilities at the reporting date including guarantees, commitments and contingencies where the items are expected to result in significant loss to the Company. Other such items, where in our opinion provision is unnecessary, have been appropriately disclosed in the financial statements.

Disclosures

- 22) We have recorded or disclosed, as appropriate, all capital stock repurchase options or agreements, and capital stock reserved for options, warrants, conversions and other requirements.
- 23) We have recorded or disclosed, as appropriate, all arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.
- 24) We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in the notes to the financial statements all guarantees that we have given to third parties, including oral guarantees made by the Company on behalf of an affiliate, director, officer or any other third party.

25) Taxation

We have provided you with all information related to all significant income tax uncertainties of which we are aware. We have also provided you with access to all opinions and analyses that relate to positions we have taken in regard to significant income tax matters.

26) Transactions with Directors/officers

Except as disclosed in the financial statements, no other transactions involving Directors, officers and others requiring disclosure in the financial statements under the Companies Law, Cap. 113 have been entered into.

Yours faithfully,
For and on behalf of the Board of Directors

.....
Andreas Mavromatis
Director

.....
Georgios Koutsopodiotis
Director