

Press Release

Paris, 27th April 2011

ANNUAL RESULTS 2010: STRONG NET INCOME AGAIN, SIGNIFICANT INCREASE IN CONCESSION PORTFOLIO AND BOOK VALUE

MAIN DATA

	<u>2010</u>	<u>2009</u>	<u>Var %</u>
Revenues (M€)	3,8	3,4	+9 %
EBITDA (M€)	-1,2	-3,5	+66 %
Net Income (M€)	9	11,3	-20 %
Shareholder Equity (M€)	139	126	+10 %
Cash and marketable securities (M€)	98	86	+14 %
Concession Portfolio	593 MW	457 MW	+30 %
Book value per share (€) (net outstanding equity)	21,6	18,9	+15 %

2010 has been a very important year for Velcan Energy. It has been extremely positive in many aspects.

It was the first year during which we have exploited a hydropower concession during a full calendar year. Our Rodeio Bonito concession (Brazil) has confirmed that hydropower is a safe, reliable and profitable business. The power plant has run during the whole year without significant problems.

The job of the Company's team will now be to replicate this first success with many other concessions, in dynamic emerging markets.

The concession portfolio of the Group has increased significantly from 457 MW to 593 MW thanks mainly to the increase of our Indian portfolio. Our Arunachal Pradesh (India) group of concessions increased its size from 300 to 500 MW thanks to better than expected hydrological conditions. This project is extremely significant. At the current level of per capita consumption it would satisfy the need of more than 2.3 millions of people in India. This concession is gradually following the administrative steps which should enable it to start construction in 2013. Commissioning is expected 3 to 4 years later.

The costs of the Company have decreased, thanks to two factors:

- The Company has finished selling its biomass power plants. The associated overheads have been cut.
- The Company has reorganised its teams, increasing interoffice cooperation. The teams have correspondingly been reduced.

The resulting operational costs (Staff and external charges) have decreased by 16% from 5 M€ to 4.2 M€

As the operational costs were decreasing, the Rodeio Bonito concession started to generate its first significant revenues and Ebitda.

The prices of electricity in Brazil, which had completely collapsed during the financial crisis, have now recovered. The Group has started to sell the electricity produced by Rodeio Bonito with long term contracts instead of spot market sales. The contracts last between 1 to 4 Years.

The combined effects of a decreased cost base and increased concession Ebitda means the group Ebitda has significantly improved, from -3.5 M€ to -1.2 M€.

As in the previous years, until it is invested in the construction of the next concessions, the Company's cash is mostly invested in sovereign bonds of the countries the Company is investing in. It is the best proxy of concessional returns the Company has found. These investments have yielded significant financial income of 11 M€, including 6.2 M€ of foreign exchange gain. In 2009, which was exceptional due to the 2008 collapse, the financial income was 16.9 M€.

The group net income is significantly positive, at 9 M€. It has decreased from 11.4 M€. The increase in operational result has partially compensated for the decrease in the financial income.

The book value per outstanding share has improved by 15%, from 18.9 € to 21.6 € per share.

Barring a very negative foreign exchange variation or a serious fall of the value of its financial investments portfolio, the Group covers more than its operational and prospection costs with its financial revenues and the Ebitda of the Rodeio Bonito concession.

The streamlining of the group operations has enabled it to actively enter into a new phase of prospection. When the group started investing in India and Brazil, these two countries were still considered very risky. They are now two strong pillars of the BRIC countries and very sought after by many investors.

The Company has tried to enter into new markets. Hopefully these markets will also go through the same transformation brought by rapid economic growth and increased recognition by the international investment community.

The Company has already started its operations in Laos. The group now owns two exclusive pre concessions there, one gained in September 2010 and the other one in February 2011.

The Company is actively prospecting in two more countries. Hopefully it will be able to announce additional concessions in these countries in 2011.

The target of the Company is that thanks to these new countries, its exclusive hydropower concessional portfolio will reach 1 000 MW in a few years.

The Company has reached a new level of maturity and the management thought appropriate to start distributing dividends. The Board of Directors will propose at the next AGM that the shareholders approve the distribution of a 0.10 Euros dividend per share.

Summary Balance Sheet at 31/12/10

in k€

ASSETS	31/12/10	31/12/09	LIABILITIES	31/12/10	31/12/09
NON CURRENT ASSETS	47,449	41,665	Equity, group share	138,940	125,634
			Minority interests	(290)	(148)
CURRENT ASSETS	102,137	91,279	TOTAL EQUITY	138,651	125,486
o/w cash & equivalents	98,139	85,864	Provisions	2,804	2,078
			Financial debts	1,424	(0)
			Other Liabilities	6,707	5,380
TOTAL ASSETS	149,586	132,944	TOTAL LIABILITIES	149,586	132,944

Summary income statement

in k€

	2010	2009
Net turnover	3,769	3,449
Depreciation, amortization & provisions	(2,322)	(4,956)
Current operating income	(3,519)	(8,473)
Income from operating activities	(1,674)	(5,714)
Financial income	11,021	16,887
Income tax	(369)	118
Share in net income of associates	-	-
Minority interests	(116)	(119)
Net result, group share	9,093	11,411
EBITDA	(1,197)	(3,517)

Cash flow statement

in k€

	31/12/10	31/12/09
Gross cash flow before financial interests and income tax	(740)	(2,691)
Income tax	234	(116)
Change in operating working capital	(950)	3,136
CASH FLOW FROM OPERATING ACTIVITIES	(1,457)	329
Change in Consolidation scope	(1)	148
Net tangible and intangible investments	(4,736)	(9,600)
Disposals and other investment flows	6,824	(3,749)
CASH FLOW FROM INVESTMENTS ACTIVITES	2,087	(13,200)
Dividends paid	83	-
Balance of reimbursement of debt / new debt	-	(597)
Net financial interests	13,314	14,669
Capital increase	-	-
Other cash flows	(2,292)	(9,563)
CASH FLOW FROM FINANCIAL ACTIVITIES	11,105	4,509
Impact of currency, accounting practices and other	540	957
OPENING CASH & CASH EQUIVALENTS	85,864	93,269
TOTAL CASH FLOWS FOR THE PERIOD	12,276	(7,406)
CLOSING CASH & CASH EQUIVALENTS	98,139	85,864

2010 Annual Results

VELCAN Energy

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Summary Information on Velcan Energy

- Velcan Energy develops and operates hydro power concessions in emerging markets.
- The Company's strategy is to become a market leader in up to 200 MW hydro power concessions in among others India, Brazil and Laos. Conditions are favourable for this type of plants because:
 - These countries suffer from serious under capacity in electricity production, particularly India where an estimated 650 million people do not have regular access to electricity.
 - Under capacity has led to both Indian and Brazilian national governments liberalizing the state controlled electricity market and allowing increased private and foreign competition.
 - Laos has a strategic position in South-East Asia, and can export to high power-demand growing countries such as Thailand, Vietnam, Cambodia and China.

- These countries have huge untapped hydroelectric potential; India with an estimated 100,000 MW, Brazil with an estimated 190,000 MW and Laos with an estimated 20 000 MW.
- As of April 2011, Velcan Energy:
 - Has finished the construction and has commissioned its first hydro power concession in Brazil (15 MW)
 - Owns the rights to more than 600 MW of concessions and projects in India and Brazil (Group share).
 - Has an agreement to develop 300 MW in Laos
 - Is actively prospecting three additional emerging markets.
- Velcan Energy's technical team is composed of industry veterans and is one of the most experienced in the world in the construction and operation of hydroelectric plants.
- Velcan Energy is headquartered in Paris, and employs over 60 people, divided between its administrative offices (New Delhi, Paris, and São Paulo) and concession sites.

Disclaimer

This press release contains prospective information about the potential of the projects in progress and/or of the projects of which the development has begun. These information constitute objectives attached to projects and shall, in any case, not be construed as direct or indirect net income forecast of the concerned year. Reader's attention is also drawn on the fact that the performance of these objectives depends on future circumstances and that it could be affected and/or delayed by risks, known or unknown, uncertainties, and various factors of any nature, notably related to economic, commercial or regulatory conjuncture, which occurrence could be likely to have a negative impact on future activity and performances of the Group.

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