

Press Release

Paris, April 17th, 2013

ANNUAL RESULTS 2012 PROFITABLE YEAR, STRONG PROJECT DEVELOPMENT PERSPECTIVES

MAIN DATA

	<u>2012</u>	<u>2011</u>	<u>Var. %</u>
Revenues (m€)	4,9	5,4	-10%
EBITDA (m€)	0,3	-0,1	+185%
Net Income (m€)	4,3	-3,1	+237%
Shareholder Equity (m€)	129	132	-3%
Cash and marketable securities (m€)	91	97	-6%
Concession Portfolio	628 MW	628 MW	+0 %
Book value per share (€) (net outstanding equity)	21,4	20,7	+4%

2012 has been a year of solid financial performance. The Group further confirms the positive perspectives of Hydropower projects under development.

Very significant progress of the prospection in Indonesia allows the Group to foresee the start of the construction of one small project by late 2013 or early 2014, out of a current portfolio of several projects totalling approximately 100 MW capacity. These 100 MW of capacity have not yet been included in the portfolio of concessions. The Indonesian regulatory framework only allows considering a concession allotted once PLN (the national electricity utility) signs the PPA. Indonesia is a country of more than 240 million people. Real GDP growth has been very stable averaging 5.9% since 2006. In the end of 2012, its public debt stands at 29% of GDP and has recently been raised to Investment grade by Moody's rating services. Demand for power is expected to grow 10% per annum in the coming years. The Group is very satisfied to have significantly progressed in such a strategic market.

In India, the Group continues the development of its three projects currently representing 571 MW of capacity (subject to the revision of the concession agreement). All procedures, for environmental, techno-economic authorizations and land acquisition are still on-going. The techno-economic studies of two of the three projects, amounting to 426 MW, have been completed. They confirm the attractive economics of these projects and their technical feasibility. The third project of 145 MW is more complex and requires additional analysis and field studies. Environmental studies for the three projects have been completed and have been submitted to the licensing authority.

The delays in the completion of the studies and in obtaining authorizations are essentially due to local land disputes between landowners. These disputes remain the responsibility of the Government. The Group remains optimistic about a positive outcome for these disputes. Terms of the Concession Agreement provide for an automatic extension of the development schedule timeframe in case of any delays beyond the developer's reasonable control.

In Laos, the Nam Phouan project techno-economic studies have been completed and submitted to the Government for review and approval in December 2012. The studies propose an increased installed capacity of 53 MW (compared to 35 MW initially). The 18 MW increase has not yet been taken into account in the portfolio, as the approval process on Government side may take 6 months from submission. Both the technical feasibility and the economic viability of the project are confirmed. The Group aims to start construction in late 2014.

The Nam Ang Tabeng project techno-economic studies will be completed by July 2013. The last geological drillings are currently being performed on the site. The Group also expects positive conclusions and an increase of the installed capacity. The Group plans to submit the project to the relevant authorities in July 2013.

In Brazil, the Group has not noted any significant progress on the administrative procedures to get authorizations and licences required for the development of its three Greenfield projects. However, the Rodeio Bonito plant (15 MW) operational and financial performance was satisfactory with an EBITDA contribution of 3.5 m€.

In addition, a further decrease in the plant's operating costs and in the Group operating expenses contributed to an overall improvement of the group Ebitda from 0.1 m€ in 2011 to 0.3 m€ in 2012. EBITDA has now been positive for two consecutive years. The recent closure of the Group's French office will help to keep the overall cost base of the Group under control.

The Group's net financial result of 4.8 m€ in 2012 was higher than in 2011 (3.8 m€) despite the sale of the high yield Brazilian bond holdings in September 2011, mainly because of foreign exchange gains. On average, the return on financial investments, excluding Forex, over the 2012 year was above 4% for short and medium-term investments.

As a result, full year Net Income was 4.3 m€, significantly better compared to a Net Loss of 3.1 m€ in 2011, and representing an improvement of 7.4 m€

The Group's cash position decreased by 6% from 97 m€ to 91 m€. This decline is mostly a consequence of 3.7 m€ worth of Company's share buyback. In accordance with IFRS rules, these Velcan Energy shares held by the Group are not accounted for in assets. Market value of these shares amounted to 17.4 m€ at 31 December 2012.

The Book value per share (adjusted for Company's shares) has improved by 4% (21.4 € in 2012 vs. 20.7 € in 2011).

In the short run, the Group anticipates breaking ground in Indonesia on a second hydroelectric power plant by late 2013 or early 2014 and launching construction of a hydroelectric power plant in Laos in late 2014.

Further out, the Group seeks to build a significant portfolio of assets in Indonesia and to complete the development of its 571 MW capacity of concessions in India.

The Board of Directors does not recommend that the company pay a dividend for Fiscal Year 2012.

Financial Results

Summary Balance Sheet as of 31/12/2012 (in k€)

ASSETS	2012	2011
NON CURRENT ASSETS	39.158	40.581
CURRENT ASSETS	92.328	99.476
o/w cash & cash equivalents	90.901	97.066
TOTAL ASSETS	131.486	140.056

LIABILITIES	2012	2011
Equity, group share	128.822	132.702
Minority interests	74	(235)
TOTAL EQUITY	128.896	132.467
Provisions	910	1.896
Financial debts	-	1.119
Other liabilities	1.679	4.574
TOTAL LIABILITIES	131.486	140.056

Summary income statement (in k€)	2012	2011
Revenues	4.907	5.390
Amortization & provisions	(2.549)	(6.440)
Current operating income	(2.250)	(6.335)
Income from operating activities	(740)	(7.141)
Financial income (loss)	4.805	3.831
Income tax	194	208
Share in net income of associates	-	-
Minority interests	(30)	42
Net result, group share	4.290	(3.144)
EBITDA	299	105

Cash Flow statement (in k€)	2012	2011
Gross Cash Flow before financial interests and income tax	1.142	730
Income tax	(537)	(639)
Change in operating working capital	(1.599)	(163)
CASH FLOW FROM OPERATING ACTIVITIES	(994)	(72)
Change in consolidation scope	-	(187)
Net tangible and intangible investments	(5.140)	(5.293)
Disposals and other investment flows	(2)	401
CASH FLOW FROM INVESTMENTS ACTIVITIES	(5.143)	(5.079)
Dividend paid and capital increase	1	(594)
Balance in reimbursement of debt / new debt	-	-
Net financial interests	4.805	3.832
Capital Increase	-	-
Other cash flows	(3.744)	-
CASH FLOW FROM FINANCIAL ACTIVITIES	1.063	3.238
Impact of currency, accounting practices and other	(1.090)	855
OPENING CASH & CASH EQUIVALENT	97.066	98.124
TOTAL CASH FLOWS FOR THE PERIOD	6.165	(1.058)
CLOSING CASH & CASH EQUIVALENT	90.901	97.066

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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, Laos and Indonesia. 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; 100,000 MW in India, 190,000 MW in Brazil, 72 000 MW in Indonesia and 20,000 MW in Laos.
- In April 2013, Velcan Energy :
 - finished building and has put into operation its first hydroelectric concession in Brazil (15 MW),
 - owns rights related to hydroelectric concessions projects amounting to over 600 MW in India, Brazil and Laos (Group share),
 - has an agreement with the Lao PDR Government to co-develop 300 MW,
 - is actively prospecting in Indonesia at an advanced stage.
- 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 and thermal power plants.
- Velcan Energy is headquartered in Paris, and employs over 50 people divided between its administrative offices (New Delhi, Paris, Vientiane, Jakarta 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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