

## Castor plant starts in Ethiopia - Long-term lease agreement closed

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- Environmental and social aspects are key  
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Munich, 20 June 2007: FEP Ethiopia PLC, Ethiopia, a fully owned subsidiary of Flora EcoPower Holding AG, Germany, signed a land lease agreement with Oromia State and a collaboration agreement with the peasant Associations (Community Farming), 26 associations in total for all Fedis and Midega Region.

The land lease agreement secures the company 8,000 hectares of government land for castor cultivation for 45 years, 15 hectares for building of oil mill factory, residence and other facilities and 2 hectares for residence.

Clemente Signoroni, CEO of Flora EcoPower Holding: "The closing of the agreement is a huge success for our plans. After months of negotiations we now immediately can start to plant castor. We also successfully negotiated options to lease additional land in the district area. We provide work for 2,500 workers from the beginning and also help the people by building a medical care Center, providing fresh water delivered by trucks and transferring agricultural know how. Additionally we are very cautious not to disturb the wild life and the restricted elephant areas. For Flora EcoPower this mandatory concept has strong priority. Social aspects and the efforts to increase children's education and health are one of our company key targets. The agreement with the Oromia government also includes some wild land areas, however, we have refused to start any exploration there and we are expecting to receive different land to be developed.

Furthermore in the area we are working with local villagers we left large areas uncultivated to be used by wild animal as seasonal corridors. All this matters are daily supervised and carefully managed by a committee established with the Oromia State experts."

Alon Hovev, CEO of FEP Ethiopia PLC: "At the lease agreement closing ceremony the commissioner of Oromia State, regional and local administration authorities, heads and chairmen of several associations and many farmers presented the project to the national press. The collaboration agreement is the frame for the community farming in the district of Fedis and Midega, which count 42,000 house-holds. Oromia state is the largest state in Ethiopia and represents approx. 45 percent in the land's population and we are very happy that we now can start the planting castor and produce castor oil. More than 3,000 farmers who feed house holds of approx.

18,000 people work for Flora EcoPower on a community farming basis.

They all grow castor under a contract with Flora EcoPower. This project will increase yearly house hold income by the factor of four compared to the current situation."

++ End of press release ++

About Flora EcoPower Holding Flora EcoPower Holding AG is headquartered in Munich, Germany and conducts deals in Ethiopia and Israel. The company is a spin-off from the highly successful 43-year-old Hovev Group, which has large scale agricultural operations across the globe. Flora EcoPower's vision is to create an end-to-end bio-energy supply chain. In addition, the company offers consultancy services for bio-diesel projects.

About Castor The castor bean plant is a native of tropical Africa cultivated in several varieties for the oil found in its leaves and for its bold foliage. The plant is very robust and may grow 6 to 15 feet (2-5 meters) in one season with full sunlight, heat and adequate moisture.

Castor seed is the source of castor oil. The seeds contain between 40% and 60% oil that is rich in triglycerides. Among vegetable oils, castor oil is distinguished by its high content (over 85%) of ricinoleic acid. No other vegetable oil contains so high a proportion of fatty hydroxyacids. Castor oils unsaturated bond, high molecular weight (298), low melting point (5C) and very low solidification point (-12C to -18C) make it industrially useful, most of all for the highest and most stable viscosity of any vegetable oil.

--- End of Message ---

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