



theolia

2014

Half-year financial report



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HALF-YEAR ACTIVITY REPORT

1 Signature of an agreement with the Group's main bondholder

- THEOLIA's Board of Directors approved today the signature of a memorandum of understanding between THEOLIA and Boussard & Gavaudan in the aim of ensuring the restructuring of the OCEANEs 2007 to face the deadline of January 1, 2015;
- in addition to the support of Boussard & Gavaudan (1st holder of OCEANEs 2007 with 33.35% of the outstanding OCEANEs 2007), this restructuring plan received the support of the Concert, representing 15.93% of the share capital;
- THEOLIA's bondholders and shareholders will be called to approve, before the end of the year, the terms of the restructuring plan;
- the restructuring plan is subordinated to the completion of a capital increase with preferential subscription right to the existing shareholders through the issue of shares with warrants attached, enabling notably a partial early repayment of the OCEANEs 2007;
- the OCEANEs 2007 will be subject to an amendment of their terms and conditions, by means of an increase in the exchange ratio and in the coupon between January 1, 2015 and January 1, 2020, as well as to a partial repayment schedule between January 1, 2017 and January 1, 2019, and to a possibility for the bondholders to request the early repurchase as at January 1, 2020;
- the restructuring plan will enable to reinforce THEOLIA's shareholders' equity, to speed up its debt reduction and to enable it to continue as a going concern after January 1, 2015, as well as to pursue its strategy.

THEOLIA, an international wind farm developer and operator, listed on Euronext in Paris, announces the signature of a memorandum of understanding with Boussard & Gavaudan, the main holder of bonds convertible and/or exchangeable in new or existing shares issued by THEOLIA on October 31, 2007, the terms and conditions of which were amended further to THEOLIA's General Meeting of Bondholders of February 18, 2010 and to THEOLIA's General Meeting of Shareholders of March 19, 2010 (the "OCEANEs 2007").

As announced in its Registration Document, filed with the French *Autorité des marchés financiers* ("AMF"), on April 23, 2014 (under number D.14-0393), THEOLIA is currently in a situation which does not enable it to face the risk of early repayment request of the OCEANEs 2007 as at January 1, 2015. Indeed, in the event of an early repurchase request from all the outstanding OCEANEs 2007, the amount THEOLIA would have to repay would reach 125.8 million euros.

In this context, THEOLIA looked for the best options likely to enable it to ensure a significant decrease in its financial debt, as well as a reinforcement of its shareholders' equity, and got in touch with Boussard & Gavaudan, its main bondholder, holding today 33.35% of the outstanding OCEANEs 2007, in order to renegotiate the terms and conditions of the OCEANEs 2007.

Boussard & Gavaudan and THEOLIA reached, at the end of their negotiations, an agreement on the restructuring plan (the "Restructuring Plan"), which is based on the following main steps:

- the amendment of some terms of the issuance contract of the OCEANEs 2007, as amended on July 20, 2010 (the "Issuance Contract"), and which have to be approved by THEOLIA's general meeting of bondholders and extraordinary general meeting of shareholders;
- the completion of a reduction in the unit par value of THEOLIA's shares from 1.40 euro to 0.10 euro (the "Capital Reduction"); and

- the completion of a capital increase in the amount of 60 million euros through the issue of shares with warrants attached with preferential subscription right to the existing shareholders, this capital increase being made in the aim of financing the partial early repayment of the OCEANES 2007 in the amount of 7.266 euros per OCEANE 2007 at the latest on March 6, 2015 (the “**Capital Increase**”).

The Concert, constituted by Mr Michel Meeus, Mr Pierre Salik, Mrs Brigitte Salik and CRC Active Value Fund Ltd, holding 15.93% of THEOLIA's share capital and 15% of its voting rights (the “**Concert**”), confirmed its total support to the Restructuring Plan and said that it would vote in favor of the resolutions submitted to the vote of the shareholders.

The Concert indicated that it would enter into a commitment to subscribe on an irreducible and reducible basis, to the Capital Increase, in the amount of 10 million euros.

The portion of the Capital Increase not subscribed by the Concert (i.e. 50 million euros) will be subject to a guarantee by Boussard & Gavaudan pursuant to an underwriting agreement, which will have to be signed with THEOLIA. This underwriting agreement would have the usual conditions for this type of agreement.

THEOLIA's Board of Directors considers that the memorandum of understanding on the Restructuring Plan complies with THEOLIA's corporate interest as it will enable it to reinforce its shareholders' equity, to speed up its debt reduction and to continue as a going concern after January 1, 2015.

The implementation of the Restructuring Plan is notably subordinated to meeting the following conditions:

- compliance with a certain number of commitments made by THEOLIA to the benefit of Boussard & Gavaudan;
- the completion of a satisfactory confirmatory due diligence by Boussard & Gavaudan on specific and limited elements;
- the approval, by THEOLIA's general meeting of bondholders, before December 12, 2014, of (a) the terms of the Restructuring Plan and (b) the amendment of the terms of the Issuance Contract of the OCEANES 2007;
- the approval, by THEOLIA's extraordinary general meeting of shareholders, before December 12, 2014 of (i) the terms of the Restructuring Plan, (ii) the amendment of the terms of the Issuance Contract of the OCEANES 2007, (iii) the Capital Reduction and (iv) the Capital Increase;
- the subscription, on an irreducible and reducible basis, to the Capital Increase by the Concert in the amount of 10 million euros;
- the completion of the Capital Increase before March 6, 2015, subject to obtaining:
 - the approval of the AMF on the prospectus which will have to be drafted and provided by THEOLIA regarding the Capital Increase;
 - a waiver of the obligation to launch a mandatory tender offer in accordance with the provisions of articles 234-8 and 234-9, 2° of the AMF General Regulations;
- the absence of transaction on THEOLIA's share capital (unless as regards identified dilutive instruments) before the completion of a Capital Increase and of the partial early repayment; and
- as soon as the Capital Increase is definitively completed, the partial early repayment of the OCEANES 2007 in the amount of 7.266 euros (increased by the accrued coupon) per OCEANE 2007.

In order to be duly approved, the resolutions presented to THEOLIA's general meeting of bondholders and general meeting of shareholders will have to gather at least two thirds of the voting rights attending or represented at these general meetings.

The Capital Increase should, in principle, be launched before the end of the year 2014, as soon as (i) the Restructuring Plan is approved by THEOLIA's general meeting of bondholders and general meeting of shareholders and (ii) the required approval of the AMF is obtained.

In case the Restructuring Plan is performed, THEOLIA will have:

- brought its remaining debt due with respect to the convertible bond to 66 million euros, repayable in four installments in compliance with the amended terms of the Issuance Contract of the OCEANEs 2007. Repayment of the four installments will be made in the following manner (i) 1.702 euro as at January 1, 2017 per OCEANE 2007, (ii) 2.431 euros as at January 1, 2018 per OCEANE 2007, (iii) 1.945 euro as at January 1, 2019 per OCEANE 2007 and (iv) 5.685 euros as at January 1, 2041 per OCEANE 2007 (with the ability, for bondholders, to exercise their put option as at January 1, 2020 at the price of 1.945 euro per OCEANE 2007); and
- increased its equity by 60 million euros, it being specified that the impact on the Group's shareholders' equity of the restructuring of the convertible bond is being reviewed by THEOLIA's Statutory Auditors.

Detailed presentation of the various steps of the operation

Amendment of the Issuance Contract

Amendments, in favor of which Boussard & Gavaudan committed to voting during the general meeting of bondholders, read as follows:

- approval of the Restructuring Plan;
- amendment of the Issuance Contract which will have to be effective as from the approval of amendments to the Issuance Contract by THEOLIA's general meeting of bondholders and general meeting of shareholders:
 - amendment of the bondholder put option at the initiative of the holders of OCEANEs 2007 as at January 1, 2015 provided for in section 4.9.5.1 of the Issuance Contract, in order to postpone it to April 1, 2015 (the "**Amended Put Option**");
- amendments which will have to be effective as from the definitive completion of the Capital Increase enabling the partial early repayment of the OCEANEs 2007, the latter having to be performed before March 6, 2015:
 - partial early repayment of 7.266 euros per OCEANE 2007 to repay to the bondholders no later than ten trading days following the completion date of the Capital Increase (the "**Partial Early Repayment Date**"), plus the accrued coupon for each OCEANE 2007 until the Partial Early Repayment Date;
 - cancellation of the Amended Put Option;
 - amendment of the provisions of the Issuance Contract relating to the partial repayments, the adjusted par value, the conversion/exchange ratio and the conversion period:

Installment	From	To	Par value (in euros)	Conversion ratio (subject to standard adjustments)	Amount of the partial repayment per OCEANE (in euros)	Partial repayment date
1	Partial Early Repayment Date	December 31, 2016	11.764	9.222	1.702	January 1, 2017
2	January 1, 2017	December 31, 2017	10.062	7.266	2.431	January 1, 2018
3	January 1, 2018	December 31, 2018	7.630	4.472	1.945	January 1, 2019

It being specified that in compliance with the provisions of the Issuance Contract of the OCEANEs 2007, the amount of the partial repayment for installments 1, 2 and 3 will be increased by the accrued coupon on the amount subject to partial repayment.

As from January 1, 2019, the par value of the OCEANEs 2007 will be 5.685 euros. Between January 1, 2019 and December 31, 2019, the conversion ratio will be 2.236 (subject to standard adjustments). Bondholders will no longer be able to convert/exchange the OCEANEs 2007 after the 10th business day preceding December 31, 2019.

The aforementioned conversion ratios will not be adjusted further to the completion of the Capital Increase.

- creation of a bondholder put option at the initiative of the holders of OCEANEs 2007 as at January 1, 2020 at the repurchase price of 1,945 euro per OCEANE 2007;
- amendment of the bondholder put option at the initiative of the holders of OCEANEs 2007 in the event of a change of control of THEOLIA for the repurchase price per OCEANE 2007 to be equal to:
 - 8.023 euros if the change of control occurs between the Partial Early Repayment Date and December 31, 2016;
 - 6.231 euros if the change of control occurs between December 31, 2016 and December 31, 2017;
 - 3.890 euros if the change of control occurs between December 31, 2017 and December 31, 2018; and
 - 1.945 euro if the change of control occurs after December 31, 2018;

the price to be paid per OCEANE 2007 being increased by the accrued coupon on the amount being subject to the partial repayment. Bondholders will not be able to exercise the bondholder put option for OCEANEs 2007 in the event the Capital Increase would trigger a change of control (such as this term is defined in the Issuance Contract);

- the conversion/exchange period is amended so that the OCEANEs 2007 may be converted/exchanged at any time, except during a period of 10 business days preceding January 1, 2017, January 1, 2018, January 1, 2019 and January 1, 2020, or (as the case may be), the Partial Early Repayment Date;
- amendment of the provisions relating to the coupon in the following manner:
 - payment on the Partial Early Repayment Date of the total amount of interests accrued until the Partial Early Repayment Date for each OCEANE 2007;
 - as from the Partial Early Repayment Date to December 31, 2016: 3.922% of the par value of the OCEANE 2007 (i.e. 11.764 euros) per annum. If the Partial Early Repayment Date is prior to January 1, 2015, the first interest period will be from the Partial Early Repayment Date to December 31, 2014. If the Partial Early Repayment Date is after January 1, 2015, the first interest period will be from the Partial Early Repayment Date to June 30, 2015;
 - from January 1, 2017 to December 31, 2017: 3.613% of the OCEANE 2007 par value, (i.e. 10.062 euros) per annum;
 - from January 1, 2018 to December 31, 2018: 2.932% of the OCEANE 2007 par value, (i.e. 7.630 euros) per annum;
 - from January 1, 2019 to December 31, 2019: 1.967% of the OCEANE 2007 par value, (i.e. 5.685 euros) per annum;
 - from January 1, 2020 to the repayment or repurchase of the OCEANEs 2007 by THEOLIA: 0.1% per annum;
 - the coupon will be payable half-yearly on January 1 and July 1 of each year on the outstanding par value;
- provision of an undertaking of THEOLIA (i) not to pay any dividends to its shareholders as long as installments 1 and 2 have not occurred and (ii) once payment of installments 1 and 2 have occurred, not to pay any dividend until January 1, 2020 representing more than 50% of the distributable result (*profit distribuable*) of the previous fiscal year;

- provision of a ratchet clause in the event of the implementation of a purchase or exchange tender offer on the THEOLIA shares which may lead to a change of control of THEOLIA;
- amendment of the period to exercise the early repayment in cash by THEOLIA (*call*) of the OCEANES 2007. This early repayment call option may be exercised by THEOLIA:
 - at any time, as from January 15, 2018 and until the maturity date of the OCEANES 2007, on all outstanding OCEANES, at their par value, plus the accrued coupon from the immediately preceding interest payment date if the product from the conversion/exchange ratio effective as at that date and the arithmetic mean of the opening quoted prices on Euronext Paris calculated over a period of 20 consecutive trading days during which the shares are quoted as selected by THEOLIA from the 40 consecutive trading days immediately preceding the date of publication of a notice relating to such early repayment exceeds 130% of the OCEANE 2007 par value;
 - by repurchase of OCEANES 2007 by THEOLIA and cancellation of the bonds repurchased or by tender offer initiated by THEOLIA on the OCEANES 2007;
 - for all outstanding OCEANES 2007 if there is less than 10% of the bonds outstanding;it being specified that the other provisions of the Issuance Contract of the OCEANES 2007 (including the provisions relating to the dividend entitlement of the existing and new shares upon conversion) remain unchanged.

Additional conditions of the Capital Increase

The Capital Increase will be carried out at the highest price between:

- a 30% discount compared to THEOLIA's market price (this discount being calculated compared to the theoretical ex-right price);
- and 0.50 euro.

Conditions of the stock warrants (the "Stock Warrants")

- Exchange ratio: three (3) Stock Warrants for one (1) THEOLIA share
- Maturity: 18 months
- Strike price for Stock Warrants: 120% of the issue price

Stock warrants will be detachable from the shares with warrants issued by THEOLIA in the scope of the Capital Increase and will be freely transferable after issuance.

The new shares will be admitted to trading on Euronext Paris as from the date of issuance. Stock warrants will be admitted to trading on Euronext Paris as from the date of issuance. The new shares will be entirely assimilated to the existing ordinary shares admitted to trading on Euronext Paris.

Possible dilution of THEOLIA's shareholders

For information purposes, the impact of the Restructuring Plan to the share capital participation of a shareholder holding 1% of the share capital and not participating to the Capital Increase, according to the various possible issuing prices for the shares with respect to the Capital Increase, would be as follows:

Issue price	€0.50	€0.60	€0.70	€0.80	€0.90	€1.00
Percentage held after the Capital Increase	0.35%	0.39%	0.43%	0.46%	0.49%	0.52%
Percentage held after the exercise of Stock Warrants	0.29%	0.33%	0.36%	0.39%	0.42%	0.45%
Percentage held after the conversion/exchange of the OCEANEs 2007						
Until December 31, 2016	0.22%	0.24%	0.27%	0.29%	0.31%	0.33%
Until December 31, 2017	0.23%	0.26%	0.29%	0.31%	0.33%	0.35%
Until December 31, 2018	0.25%	0.28%	0.31%	0.34%	0.36%	0.38%
Until December 31, 2019	0.27%	0.30%	0.33%	0.36%	0.39%	0.41%

Shareholders holding 1% of THEOLIA's share capital and subscribing to the Capital Increase in the amount of their share: no dilution.

2 Key highlights of the first half of 2014

Beginning of the construction, financing and sale of the Haute Borne wind project in France

In April 2014, THEOLIA entered into a financing agreement for the Haute Borne wind project. This non-recourse long term loan is secured by the future cash flows that will be generated by the wind farm.

The Haute Borne wind project is located on the territory of the towns of Languuevoisin-Quiquery, Breuil and Billancourt, in the Somme French department.

In order to carry out this project, THEOLIA selected wind turbines with a unit capacity of 3 MW, therefore bringing the total installed capacity of the future wind farm to 21 MW.

According to the planned schedule, construction works started during the first quarter of 2014.

The wind farm is planned to be commissioned during the second half of 2015.

In compliance with its co-investment strategy, THEOLIA sold this wind project to its investment vehicle THEOLIA Utilities Investment Company on June 13, 2014. After this sale, THEOLIA keeps an indirect interest in the Haute Borne wind project and is responsible for its construction and future operation on behalf of the investment vehicle.

Release of escrow of the Giunchetto wind farm in Italy

The escrow regarding 10 wind turbines of the Giunchetto wind farm (over the 35 wind turbines making up the wind farm) in effect as at the closing of the fiscal year was released on March 18, 2014.

Two wind turbines had been stopped pending the performance of compliance works. The works being completed, one of them has already returned to service and the second one will return to service in the immediate future.

Disposal of Seres Environnement

On March 27, 2014, THEOLIA sold Seres Environnement, a company operating in the field of designing and manufacturing instruments to measure and analyze air and water quality.

This disposal is part of THEOLIA's strategy to withdraw from its non-wind activities.

As part of the discontinued activities, Seres Environnement was consolidated in compliance with IFRS 5.

Disposal of the solar park

On May 30, 2014, THEOLIA sold its photovoltaic power plant located in the district of Merzig-Wadern in Saarland, Germany. This solar park, with a total output of 2.9 MWp, had been commissioned in December 2007.

With this new disposal, THEOLIA carries on its strategy to withdraw from its non-wind activities.

3 The Group's business activity over the first half of 2014

THEOLIA's consolidated financial statements for the first half of 2014 were approved by THEOLIA's Board of Directors during its meeting on August 26, 2014, in the presence of the Statutory Auditors.

CONSOLIDATED INCOME STATEMENT

<i>(in thousand euros)</i>	First half of 2014	First half of 2013 ⁽¹⁾
Revenue	51,684	46,143
EBITDA ⁽²⁾	31,595	24,710
Current operating income	12,939	5,827
Operating income	7,771	3,301
Financial income	(17,144)	(20,691)
Net income of the consolidated Group	(9,946)	(17,820)
Of which Group share	(10,894)	(11,723)

(1) Restated in compliance with the new IFRSs 10 and 11 enforceable retrospectively as at January 1, 2014.

(2) EBITDA = current operating income + amortization and non-operational risk provisions.

• Consolidated revenue

THEOLIA's consolidated revenue for the first half of 2014 reached 51.7 million euros, an increase of + 12% compared to the first half of 2013.

<i>(in thousand euros)</i>	Wind activities			Non-wind activity	Consolidated total
	Sales of electricity for own account	Operation	Development, construction, sale		
First half of 2014	47,822	3,192	172	498	51,684
First half of 2013 ⁽¹⁾	40,326	3,193	2,076	549	46,143
Change	+ 19%	-	- 92%	- 9%	+ 12%

(1) Restated in compliance with the new IFRSs 10 and 11 enforceable retrospectively as at January 1, 2014.

The revenue from the **Sales of electricity for own account** activity includes the revenue from the sales of electricity produced by operating wind farms held and controlled by the Group in Germany, France, Morocco and Italy.

As it benefited from favorable wind conditions during the first quarter of 2014, in Germany and France, as well as from a positive scope effect related to the consolidation of Breeze Two Energy over 6 months in 2014, compared to 5 months in 2013, the revenue from the Sales of electricity for own account activity reached 47.8 million euros for the first half of 2014, an increase of + 19% compared to the first half of 2013.

As at June 30, 2014, THEOLIA held 307 MW and Breeze Two Energy 337 MW, which brings the installed capacity held and controlled to 644 MW. In compliance with IFRS 11, capacities which contributed to the Sales of electricity for own account activity amounted to 648 MW as at June 30, 2014.

The Sales of electricity for own account activity, which relies on 15- to 20-year electricity buy-back contracts, benefits from a recurring revenue and significant margins over the long term. This secure activity accounted for 93% of the consolidated revenue for the first half of 2014.

The revenue from the **Operation** activity includes management fees for wind farms operated on behalf of third parties, as well as, for a limited number of farms, proceeds from the sales of electricity produced on behalf of third parties under service-provision agreements.

As at June 30, 2014, capacities operated for third parties reached 568 MW, compared to 625 MW as at June 30, 2013. In compliance with IFRS 11, capacities which contributed to the Operation activity amounted to 548 MW as at June 30, 2014.

Despite the decrease in capacities operated for third parties, the revenue from the Operation activity remained stable compared to the first half of 2013, recording 3.2 million euros for the first half of 2014.

The revenue from the **Development, construction, sale** activity includes the income from the sale of projects or operating wind farms, as well as from development and construction services carried out on behalf of third parties. Historically high, the revenue from this activity declined sharply over the past four years, in line with the Group's strategy to reduce the pace of disposals of wind farms and projects, to favor recurring income from the sales of electricity for own account.

For the first half of 2014, the revenue from the Development, construction, sale activity came to 172 thousand euros, as the Group did not sell any wind farms and projects to third parties.

It is reminded that, in compliance with IFRSs, the sale of the Haute Borne wind project to the investment vehicle THEOLIA Utilities Investment Company is not recognized as revenue. Moreover, it is specified that the income from the disposals of Seres Environnement and the solar park are not recorded as revenue.

The revenue from the **non-wind activity** includes the income generated by the sales of electricity produced by the solar farm in Germany. It is reminded that this solar park was sold on May 30, 2014.

For the first 5 months of 2014, the non-wind activity registered a revenue of 498 thousand euros, compared to 549 thousand euros for the first 6 months of 2013.

Supported by favorable wind conditions during the first quarter of 2014 and a positive scope effect, the main activity of the Group, namely the Sales of electricity for own account, recorded a + 19% growth compared to the first half of 2013. In total, the consolidated revenue increased by + 12% during the first half of 2014.

• EBITDA

THEOLIA's consolidated EBITDA recorded a strong increase of + 28% over the period. It reached 31.6 million euros for the first half of 2014, compared to 24.7 million euros for the first half of 2013. The consolidated EBITDA/consolidated revenue margin also increased from 54% for the first half of 2013 to 61% for the first half of 2014.

<i>(in thousand euros)</i>	Wind activities			Non-wind activity	Corporate	Consolidated total
	Sales of electricity for own account	Operation	Development, construction, sale			
First half of 2014	34,215	1,077	(4,326)	383	247	31,595
First half of 2013 ⁽¹⁾	27,927	1,029	(3,084)	(279)	(882)	24,710

(1) Restated in compliance with the new IFRSs 10 and 11 enforceable retrospectively as at January 1, 2014.

The EBITDA for the **Sales of electricity for own account** activity reached 34.2 million euros for the first half of 2014, compared to 27.9 million euros for the first half of 2013. As the majority of operating expenses for this activity are fixed, the + 19% increase in revenue led to a + 23% improvement in EBITDA. The EBITDA/revenue margin for this activity totaled 72% for the first half of 2014. It was 69% for the first half of 2013.

The EBITDA for the **Operation** activity totaled 1.1 million euros for the first half of 2014, a + 5% increase compared to the first half of 2013.

Due to the absence of disposals to third parties and invoicing services to third parties, the EBITDA for the **Development, construction, sale** activity recorded a loss of 4.3 million euros over the first half of 2014. For the first half of 2013, the loss amounted to 3.1 million euros, reduced notably by the margins on the disposals of projects and construction services invoiced over the period.

The **Non-wind activity** recorded a 383 thousand euro EBITDA for the first 5 months of 2014, compared to a 279 thousand euro loss for the first 6 months of 2013. The first half of 2013 had notably been penalized by a 0.8 million euro risk provision.

The **Corporate** activity primarily includes the THEOLIA SA parent company, as well as some sub-holdings with no operational activity.

The EBITDA for the Corporate activity reached 247 thousand euros for the first half of 2014 and benefited, in particular, from services invoiced to Breeze Two Energy. During the first half of 2013, this activity had registered a 882 thousand euro loss.

With an EBITDA increasing more than the revenue over the period, THEOLIA carries on its dynamics to continuously improve its operational profitability: the consolidated EBITDA/consolidated revenue margin reached 61% for the first half of 2014.

The Group's main activity, namely the Sales of electricity for own account, recorded a + 23% increase in its EBITDA.

- **Operating income**

<i>(in thousand euros)</i>	First half of 2014	First half of 2013 ⁽¹⁾
EBITDA	31,595	24,710
Amortization	(18,806)	(19,122)
Impairment	(4,000)	(721)
Other	(1,018)	(1,566)
Operating income	7,771	3,301

(1) Restated in compliance with the new IFRSs 10 and 11 enforceable retrospectively as at January 1, 2014.

The vast majority of amortization is related to wind farms held and controlled by the Group. With a similar capacity over the two half years considered, amortization is stable.

During the first half of 2014, the Group recorded impairment in the amount of 4.0 million euros, in order to take into account the worsening situation of some investments performed before 2009 in Italy.

Despite the negative impact of non-recurring items, the operating income more than doubled, reaching 7.8 million euros for the first half of 2014, compared to 3.3 million euros for the first half of 2013.

- **Financial income**

The Group's financial income represented a net cost of 17.1 million euros for the first half of 2014, compared to a net cost of 20.7 million euros for the first half of 2013. It is reminded that during the first half of 2013, the Group depreciated some financial assets for a cumulated amount of 2.5 million euros, included in the "Other" item hereunder.

<i>(in thousand euros)</i>	First half of 2014	First half of 2013 ⁽¹⁾
Net interest cost related to the convertible bond	(7,529)	(6,892)
Net interest cost related to operating wind farm financing	(9,458)	(11,640)
Other	(157)	(2,159)
Financial income	(17,144)	(20,691)

(1) Restated in compliance with the new IFRSs 10 and 11 enforceable retrospectively as at January 1, 2014.

In compliance with IFRSs, the net interest cost related to the convertible bond increased again over the period. It includes, for the first half of 2014, interests accrued in the amount of 2.1 million euros, as well as an additional non-cash interest cost of 5.4 million euros, due to the convertible nature of the bond. This additional interest cost amounted to 4.8 million euros for the first half of 2013.

The net interest cost related to operating wind farm financing recorded a decrease over the first half of the year. Part of that decrease results from the normal repayment of project financing, reducing over the years the corresponding interest cost.

As the finalization of the valuation of the fair value of Breeze Two Energy's liabilities, performed for the closing of fiscal year 2013, led to the downward revision of Breeze Two Energy's liabilities, interests on Breeze Two Energy's bond debt decreased consequently.

- **Net income of the consolidated Group**

In total, the net income of the consolidated Group for the first half of 2014 was a loss of 9.9 million euros, compared to a loss of 17.8 million euros for the first half of 2013.

DEBT AND CASH POSITION

Net financial debt reached 383.5 million euros as at June 30, 2014. Between December 31, 2013 and June 30, 2014, the net financial debt decreased by 25.9 million euros, as the Group reduced its financial debt by 7.6 million euros, while increasing its cash resources by 18.4 million euros.

<i>(in thousand euros)</i>	2014/06/30	2013/12/31 ⁽¹⁾
Project financing	(135,703)	(147,149)
Bonds related to Breeze Two Energy	(214,700)	(223,519)
Convertible bond	(122,307)	(119,011)
Other financial liabilities	(25,630)	(16,216)
Cash and cash equivalents	99,737	84,822
Other financial assets	15,099	11,623
Net financial debt	(383,504)	(409,450)

(1) Restated in compliance with the new IFRSs 10 and 11 enforceable retrospectively as at January 1, 2014.

Project financing fell by 11.4 million euros over the half year, mainly reflecting normal amortization. The draw-down on the Haute Borne wind farm financing, required to carry on the construction, was offset by the withdrawal from the scope of consolidation of the solar park sold, and therefore the corresponding loan.

It is reminded that project financing is non-recourse or with limited recourse against the parent company. Each special purpose vehicle holding a wind farm directly takes out financing with the bank and ensures reimbursement through the cash flows generated by the operation of the wind farm.

Bonds related to Breeze Two Energy also decreased by 8.8 million euros, also reflecting the amortization of their par value.

It is reminded that bonds related to Breeze Two Energy are only guaranteed by the cash flows generated by the operation of Breeze Two Energy's wind farms and are without recourse on THEOLIA.

To the contrary, in compliance with IFRSs, the convertible bond increased by 3.3 million euros, specifically further to the recognition of additional non-cash interests of 5.4 million euros, due to the convertible nature of the bond.

When project financing has a variable rate, it is subject to rate hedging via an interest rate swap. The fair value of swaps is evaluated at each closing and is included in the "Other financial liabilities" item, in the amount of 9.1 million euros as at June 30, 2014, showing a 1.9 million euro increase compared to December 31, 2013.

The balance of "Other financial liabilities" item, i.e. 16.5 million euros, corresponds to financing brought by the investment vehicle THEOLIA Utilities Investment Company to its three wind farms. It is reminded that since the enforcement of the new IFRSs 10 and 11, wind farms held by THEOLIA Utilities Investment Company are accounted using the global integration method and their parent company, THEOLIA Utilities Investment Company, is accounted using the equity method. This share of the "Other financial liabilities" item recorded an increase of 7.5 million euros, mainly further to the acquisition of its third project, the Haute Borne wind project, by THEOLIA Utilities Investment Company during the first half of 2014.

The Group's cash position recorded a net increase of 14.9 million euros between the end of 2013 and June 30, 2014.

<i>(in thousand euros)</i>	2014/06/30	2013/12/31 ⁽¹⁾
Free cash	25,669	26,765
Cash reserved for special purpose vehicles	35,069	26,574
Pledged cash	38,999	31,483
Total cash and cash equivalents	99,737	84,822

(1) Restated in compliance with the new IFRSs 10 and 11 enforceable retrospectively as at January 1, 2014.

Finally, « Other financial assets » include the loans and receivables granted to subsidiaries accounted using the equity method, i.e. the investment vehicle THEOLIA Utilities Investment Company and the Aerochetto company, bearing the Giunchetto wind farm.

4

Significant events after the date of closing of the half-year financial statements

THEOLIA secured a new building permit in France

In July 2014, THEOLIA obtained a new building permit free from any third-party claim for the installation of 7 wind turbines in the Charente-Maritime department in France. As long as the turbine type is not selected, the future wind farm's total capacity is estimated to 21 MW.

In total, THEOLIA holds 227 MW in its pipeline which already received all necessary authorizations.

Disposal of a wind farm in Germany

In August 2014, THEOLIA sold a 6 MW wind farm in Germany.

5 Main risks and uncertainties for the second half of 2014

In France, further to the cancellation by the State Council of the tariff decree dated November 17, 2008, setting the conditions for purchase of electricity produced by onshore wind turbines, a new decree was published in the Official Journal on July 1, 2014, setting similar tariff conditions than the previous decree, but this time duly notified. This publication puts an end to the risk related to the electricity sales price in France, presented in THEOLIA's 2013 Registration Document (page 98), filed with the AMF on April 23, 2014.

Nevertheless, the success of the OCEANE restructuring plan, as described in section 1 "Signature of an agreement with the Group's main bondholder" hereof, relies on the joint approval of bondholders and shareholders. In case this plan is not performed, the Company could be forced to consider all legal remedies available, notably those provided for in Book VI of the French Commercial Code, including safeguard procedures, judicial reorganization or judicial liquidation, which, as the case may be, could force it to stop operating.

Apart from these changes, the risk factors that the Company is facing for the second half of 2014 are of the same nature as those exposed in section 4.4 of the Company's 2013 Registration Document, pages 94 to 107.

6 Main transactions between related parties

As regards transactions between the Company and its subsidiaries accounted using the equity method, it is reminded that during the first half of 2014, THEOLIA sold the Haute Borne wind project to its investment vehicle THEOLIA Utilities Investment Company (see section 2 "Key highlights of the first half of 2014" hereof).

Moreover, during the first half of 2014, no transaction was completed with a member of the governing bodies or a shareholder which would have a significant influence on the Group.

CONSOLIDATED HALF-YEAR SUMMARY FINANCIAL STATEMENTS

1 Income statement

<i>(in thousand euros)</i>	Notes	2014/06/30	2013/06/30
Revenue		51,684	46,143
Change in inventories of finished goods and work in progress		(1,847)	(2,104)
External expenses		(14,692)	(14,208)
Tax		(980)	(982)
Staff costs		(4,333)	(4,852)
Operating provisions		1,128	938
Other operating income and expenses		634	(224)
EBITDA		31,595	24,710
Amortization	5	(18,806)	(19,122)
Current provisions		150	239
Current operating income		12,939	5,827
Non-current provisions		239	(209)
Other non-current income and expenses		(980)	(873)
Share in income of joint ventures and associates		(427)	(723)
Operating income (before impairment)		11,771	4,022
Impairment		(4,000)	(721)
Operating income (after impairment)		7,771	3,301
Cost of net financial debt		(17,275)	(18,624)
Other financial income		1,563	983
Other financial expenses		(1,432)	(3,051)
Financial income	6	(17,144)	(20,691)
Corporate tax expenses		(594)	(216)
Net income from continuing operations		(9,968)	(17,607)
Net income for the year from discontinued activities	13	20	(214)
NET INCOME OF THE CONSOLIDATED GROUP		(9,946)	(17,820)
of which Group share		(10,894)	(11,723)
of which non-controlling interests		949	(6,097)
Earnings per share of the consolidated Group (in euros)		(0.17)	(0.18)

Comparative data published for the year 2013 have been restated to include the impact of the retrospective application of IFRSs 10 and 11 (see note 3).

It is reminded that the 2013 data shown above only include 5 months of Breeze Two Energy's activity (which control was taken on January 31, 2013).

2 Comprehensive income

<i>(in thousand euros)</i>	2014/06/30	2013/06/30
Net income of the consolidated Group	(9,946)	(17,820)
Fair value of derivative instruments	(1,895)	2,531
Currency translation adjustments	(148)	297
Deferred tax	-	(682)
Items reclassifiable to net income	(2,043)	2,146
Currency translation adjustments		
Items not reclassifiable to net income	-	-
COMPREHENSIVE INCOME	(11,989)	(15,674)

3 Balance-sheet

<i>(in thousand euros)</i>	Notes	2014/06/30	2013/12/31
Goodwill	7	38,326	38,327
Intangible assets	8	61,369	64,891
Tangible assets	9	460,584	480,034
Investments in joint ventures and associates	10	22	12
Non-current financial assets		20,446	17,159
Deferred tax assets		3,031	2,239
Non-current assets		583,778	602,663
Inventories and work in progress	11	4,377	5,078
Trade and other receivables		14,782	25,010
Other current assets		15,563	14,650
Current financial assets		327	328
Cash and cash equivalents	12	99,737	84,822
Current assets		134,786	129,886
Assets classified as held for sale		9,259	11,630
TOTAL ASSETS		727,823	744,180

<i>(in thousand euros)</i>	Notes	2014/06/30	2013/12/31
Share capital	14	90,856	90,853
Share premiums		305,667	305,663
Retained earnings		(279,820)	(236,727)
Net income of the consolidated scope, Group share		(10,894)	(42,013)
Shareholders' equity, Group share		105,809	117,777
Non-controlling interests		(16,112)	(16,474)
Shareholders' equity		89,697	101,303
Non-current financial liabilities	15	337,887	462,717
Provisions - non-current share	18	37,957	34,593
Retirement benefit obligation		223	205
Deferred tax liabilities		54,360	54,154
Other non-current liabilities		6,320	6,686
Non-current liabilities		436,747	558,355
Current financial liabilities	15	160,453	43,178
Provisions - current share	18	-	39
Trade and other payables		28,560	29,131
Tax and social security liabilities		6,216	4,137
Current corporate tax liabilities		685	285
Current liabilities		195,914	76,770
Liabilities directly associated with assets classified as held for sale		5,465	7,754
TOTAL EQUITY AND LIABILITIES		727,823	744,180

Comparative data published for the year 2013 have been restated to include the impact of the retrospective application of IFRSs 10 and 11 (see note 3).

4 Cash flow statement

<i>(in thousand euros)</i>	2014/06/30	2013/06/30
Net income of the consolidated Group	(9,946)	(17,820)
Net income from discontinued activities	20	214
Elimination of amortization, depreciation and provisions	21,975	23,616
Elimination of change in deferred tax	592	599
Elimination of capital gains/losses from disposals	48	430
Elimination of the share in income of joint ventures and associates	427	723
Financial expenses	16,917	18,074
Other income and expenses with no effect on cash	835	322
Gross cash flow	30,868	26,158
Change in working capital requirements	8,528	4,316
Corporate tax paid	(900)	1,702
Cash flows from discontinued activities	(239)	(1,068)
Net cash flow from operating activities	38,257	31,107
Acquisitions of fixed assets	(4,170)	(8,022)
Disposals of fixed assets	8,326	34
Change in loans granted	(2,508)	(49)
Net effect of change in scope of consolidation (acquisitions/disposals)	1,916	23,730
Net cash flow from investing activities	3,564	15,693
Treasury shares	-	(82)
Loan and other debt subscriptions	12,496	3,738
Repayments of loans and other debt	(24,627)	(21,045)
Interest paid	(14,772)	(15,605)
Net cash flow from financing activities	(26,904)	(32,994)
Effect of change in exchange rates	16	-
CHANGE IN CASH AND CASH EQUIVALENTS	14,934	13,805
Net cash and cash equivalents – opening balance	84,800	69,455
Net cash and cash equivalents – closing balance	99,734	83,261
CHANGE IN CASH AND CASH EQUIVALENTS	14,934	13,805

Comparative data published for the year 2013 have been restated to include the impact of the retrospective application of IFRSs 10 and 11 (see note 3).

It is reminded that the 2013 data shown above only include 5 months of Breeze Two Energy's activity (which control was taken on January 31, 2013).

5

Statement of changes in shareholders' equity

<i>(in thousand euros)</i>	Share capital	Share premiums	Currency translation adjustments	Change in fair value and other	Consolidated reserves and income	Shareholders' equity - Group share	Non-controlling interests	Total Shareholders' equity
As at 2012/12/31	90,841	305,654	743	(4,910)	(226,851)	165,478	66	165,544
Expenses and income directly recorded under shareholders' equity			297	1,621		1,918	228	2,146
Net income of the consolidated scope, Group share					(11,723)	(11,723)	(6,097)	(17,820)
Comprehensive income	-	-	297	1,621	(11,723)	(9,805)	(5,869)	(15,674)
Bond conversions	11	9				20		20
Share-based payments					314	314		314
Treasury shares					(89)	(89)		(89)
Transactions between shareholders					(10)	(10)		(10)
Impact related to IFRSs 10, 11 and 12 enforcement					(9,356)	(9,356)	519	(8,837)
Other reclassifications					5	5	(8,902)	(8,897)
As at 2013/06/30	90,852	305,663	1,041	(3,289)	(247,710)	146,557	(14,186)	132,371
Expenses and income directly recorded under shareholders' equity			125	1,098		1,223	343	1,566
Net income of the consolidated scope, Group share					(30,290)	(30,290)	1,526	(28,764)
Comprehensive income	-	-	125	1,098	(30,290)	(29,067)	1,869	(27,198)
Bond conversions	2	-			-	2		2
Share-based payments					335	335		335
Treasury shares					(28)	(28)		(28)
Transactions between shareholders					(5)	(5)		(5)
Other reclassifications					(17)	(17)	(4,157)	(4,174)
As at 2013/12/31	90,853	305,664	1,166	(2,191)	(277,715)	117,777	(16,474)	101,303
Expenses and income directly recorded under shareholders' equity			(148)	(1,304)		(1,452)	(591)	(2,043)
Net income of the consolidated scope, Group share					(10,894)	(10,894)	949	(9,945)
Comprehensive income	-	-	(148)	(1,304)	(10,894)	(12,347)	358	(11,989)
Bond conversions	3	3			-	6		6
Share-based payments					398	398		398
Transactions between shareholders					(21)	(21)	21	(0)
Other reclassifications					(4)	(4)	(17)	(21)
AS AT 2014/06/30	90,856	305,667	1,018	(3,495)	(288,236)	105,809	(16,112)	89,697

Comparative data published for the year 2013 have been restated to include the impact of the retrospective application of IFRSs 10 and 11 (see note 3).

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Note 1. General information

THEOLIA (the “Company”) is a French Public Limited Company which registered office is located in Aix-en-Provence, France. The Company and its subsidiaries (the “Group”) form an integrated industrial operator involved at each stage of wind project development. The Group’s expertise covers the entire wind value chain: prospecting, development, construction and operation of wind farms. The Group’s activities are primarily in Europe.

The Company is listed on the Euronext Paris market, Compartment C.

The Company closes its annual accounts on December 31. The period for which the financial statements are presented began on January 1, 2014 and ended on June 30, 2014.

The Group’s summary financial statements were approved by the Board of Directors on August 26, 2014.

The explanatory notes below are provided with the presentation of the consolidated financial statements and are an integral part of the statements.

The financial statements are presented in thousands of euros, unless otherwise indicated.

Note 2. Accounting principles and valuation methods

Basis for preparing the financial statements

In accordance with European regulation No.1606/2002 dated July 19, 2002, the THEOLIA Group’s consolidated summary financial statements as at June 30, 2014 have been prepared in accordance with IFRSs (International Financial Reporting Standards) as adopted by the European Union and as published by the IASB at that date.

The summary half-year financial statements for the period ended June 30, 2014 are presented and have been prepared on the basis of the IAS 34 standard “Interim financial reporting”.

Because these are interim statements, they do not include all the information required by the IFRS principles for the preparation of consolidated financial statements. These notes may therefore be complemented by reading THEOLIA’s financial statements published for the year ended December 31, 2013.

The summary consolidated financial statements are established using the accounting principles and methods applied by the Group to the financial statements for fiscal year 2013 (described in note 2 to the consolidated financial statements as at December 31, 2013), with the exception of the following standards and amendments to the standards applicable as from January 1, 2014:

Standards and interpretations	Denomination	Possible impact on the Group’s financial statements
IAS 27 (2011)	Separate Financial Statements	
IAS 28 (2011)	Investments in Associates and Joint Ventures	
Amendment IAS 32	Offsetting Financial Assets and Financial Liabilities	
Amendment IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	
Amendment IAS 39 and IFRS 9	Novation of OTC Derivatives and Continuing Designation for Hedge Accounting	
IFRS 10	Consolidated Financial Statements	
IFRS 11	Joint Arrangements	
IFRS 12	Disclosure of Interests in Other Entities	
Amendment IFRSs 10 and 12 and IAS 27	Investment Entities	Impacts of these standards and amendments are described in note 3
Amendment IFRSs 10,11 and 12	Transition Guidance	

Going concern

On October 23, 2007, THEOLIA floated an issue of convertible bonds (OCEANES) which was the object of a prospectus approved by the AMF on October 23, 2007 under number 07-0368. The terms of this convertible bond were modified on July 20, 2010, in accordance with the prospectus number 10-198 dated June 23, 2010. These new terms notably entitle the bondholders to ask for the early repayment of all or part of their bonds as at January 1, 2015 at the early repayment price of 15.29 euros per OCEANE.

The Company considers that it is highly likely that bondholders will choose to ask for the early repayment. In the event all outstanding bonds are subject to early repayment requests, the maximum amount to repay as at January 1, 2015 would reach 125.8 million euros. The Company considers that, in its current situation, it would not be capable of paying this entire amount.

In this context, THEOLIA looked for the best options likely to enable it to ensure a significant decrease in its financial debt, as well as a reinforcement of its shareholders' equity, and got in touch with Boussard & Gavaudan, its main bondholder, holding today 33.35% of the outstanding OCEANES, in order to renegotiate the terms and conditions of the OCEANES 2007.

Boussard & Gavaudan and THEOLIA reached, at the end of their negotiations, an agreement on the restructuring plan, which is based on the following main steps:

- The amendment of some terms of the insurance contract of the OCEANES, as amended on July 20, 2010, and which has to be approved by THEOLIA's general meeting of bondholders and extraordinary general meeting of shareholders; these amendments enabling notably to postpone as at January 1, 2020, the ability given to the bondholders to request an early repayment, as well as the implementation of new repayment characteristics as from January 1, 2017 ;
- The completion of a reduction in the unit par value of THEOLIA's shares from 1.40 euro à 0.10 euro ; and
- The completion of a fully guaranteed capital increase in the amount of 60 million euros, in the aim of financing the partial early repayment of the OCEANES.

This plan, approved by the Board of Directors on August 26, 2014, will enable THEOLIA to reinforce its shareholders' equity, to speed up its debt reduction and to continue as a going concern after January 1, 2015, as well as to carry on on the implementation of its strategy.

The success of this restructuring plan relies on the joint approval of bondholders and shareholders. In case this plan is not performed, the Company could be forced to consider all legal remedies available, notably those provided for in Book VI of the French Commercial Code, including safeguard procedures, judicial reorganization or judicial liquidation, which, as the case may be, could force it to stop operating.

Use of estimates

The preparation of the half-year financial statements, in compliance with the conceptual framework of IFRSs, implies the use of estimates and assumptions which could have an impact on the amounts of certain assets, liabilities, income and expenses shown in the statements. The key assumptions are as follows:

- likelihood of success and commissioning of the wind projects;
- discounting assumptions applied in the valuation models;
- capacity to secure financing for the wind projects.

The financial statements and information subject to significant estimates notably relate to intangible assets, tangible assets, goodwill, other non-current assets, derivative financial instruments, provisions for risks and charges and deferred tax assets.

Since these assumptions are uncertain in nature, actual performance may differ from these estimates. The Group regularly reviews its estimates and evaluations in order to take into account its past experience and factors considered as relevant due to the economic context.

These items were explained in detail in the 2013 Registration Document published on April 23, 2014.

Note 3. Change in scope of consolidation and impact of the retrospective application of IFRSs 10 and 11

Scope of consolidation

For the first half of 2014, the scope of consolidation included, in addition to the parent company:

- 100 companies subject, directly or indirectly, to exclusive control; and
- 6 companies in which it has a significant influence.

Enforcement of IFRSs 10 “Consolidated Financial Statements” and 11 “Joint arrangements”

The enforcement, as at January 1, 2014, of IFRSs 10 and 11, as well as their amendment “Transition Guidance”, resulted in a change in the consolidation method for six companies (including three wind farms) previously accounted using the proportionate consolidation method. Two out of the three wind farms will be accounted using the global integration method. The third wind farm will be accounted using the equity method.

The Maestrale Project Holding SA, Neoanemos Srl, Aerochetto Srl and THEOLIA Utilities Investment Company companies will now be accounted using the equity method. The Centrale Éolienne des Gargouilles and Centrale Éolienne de Magremont companies will now be accounted using the global integration method.

In compliance with those standards, the Group implemented this change in the consolidation method retrospectively, considering that the companies involved had been accounted according to these methods from the beginning. It notably led to eliminating all internal margins included in non-current assets (companies accounted using the global integration method) and to not eliminating the share of depreciations on intercompany receivables (companies accounted using the equity method).

Impacts on the comparative information are shown hereunder:

Income statement as at June 30, 2013

<i>(in thousand euros)</i>	THEOLIA Group published 2013/06/30	IFRS 10 and 11 impacts	THEOLIA Group restated 2013/06/30
Revenue	46,537	(393)	46,143
Changes in inventories of finished goods and work in progress	(2,180)	76	(2,104)
External expenses	(14,728)	520	(14,208)
Staff costs	(4,905)	53	(4,852)
Tax	(1,053)	70	(982)
Other operating income and expenses	(338)	113	(224)
Operating provisions	938	-	938
EBITDA	24,270	440	24,710
Net amortization and current provisions	(18,512)	(371)	(18,883)
Current operating income	5,758	69	5,827
Impairment	(618)	(104)	(721)
Non-current provisions	(209)	-	(209)
Other non-current income and expenses	(873)	-	(873)
Share in income of joint ventures and associates	(4)	(720)	(723)
Operating income	4,054	(754)	3,300
Cost of net financial debt	(18,767)	144	(18,624)
Other financial income and expenses	(2,341)	274	(2,067)
Financial income	(21,108)	418	(20,691)
Corporate tax expenses	(292)	76	(216)
Net income from continuing operations	(17,346)	(260)	(17,606)
Net income for the year from discontinued activities	(214)	-	(214)
NET INCOME OF THE CONSOLIDATED GROUP	(17,560)	(260)	(17,820)
of which Group share	(11,676)	(47)	(11,723)
of which non-controlling interests	(5,884)	(213)	(6,097)

Balance-sheet as at December 31, 2013

<i>(in thousand euros)</i>	THEOLIA Group published 2013/12/31	IFRS 10 and 11 impacts	THEOLIA Group restated 2013/12/31
Goodwill	39,402	(1,074)	38,327
Intangible assets	66,008	(1,117)	64,891
Tangible assets	482,059	(2,025)	480,034
Investments in joint ventures and associates	11	1	12
Non-current financial assets	12,797	4,362	17,159
Deferred tax assets	1,343	897	2,239
Non-current assets	601,620	1,043	602,663
Inventories and work in progress	5,078	-	5,078
Trade and other receivables	26,170	(1,160)	25,010
Other current assets	15,186	(535)	14,650
Current financial assets	205	124	328
Cash and cash equivalents	84,722	100	84,822
Current assets	131,361	(1,475)	129,886
Assets classified as held for sale	11,630	-	11,630
TOTAL ASSETS	744,611	(431)	744,180

<i>(in thousand euros)</i>	THEOLIA Group published 2013/12/31	IFRS 10 and 11 impacts	THEOLIA Group restated 2013/12/31
Share capital	90,853	-	90,853
Share premiums	305,663	-	305,663
Retained earnings	(227,359)	(9,368)	(236,727)
Net income of the consolidated scope, Group share	(41,210)	(803)	(42,013)
Shareholders' equity, Group share	127,947	(10,171)	117,777
Non-controlling interests	(17,070)	596	(16,474)
Shareholders' equity	110,877	(9,575)	101,303
Non-current financial liabilities	445,791	16,926	462,717
Provisions - non-current share	21,531	13,062	34,593
Retirement benefit obligation	205	-	205
Deferred tax liabilities	54,245	(91)	54,154
Other non-current liabilities	6,969	(283)	6,686
Non-current liabilities	528,741	29,614	558,355
Current financial liabilities	63,068	(19,891)	43,178
Provisions - current share	374	(335)	39
Trade and other payables	29,389	(258)	29,131
Tax and social security liabilities	4,115	22	4,137
Current corporate tax liabilities	293	(8)	285
Current liabilities	97,239	(20,470)	76,770
Liabilities directly associated with assets classified as held for sale	7,754	-	7,754
TOTAL EQUITY AND LIABILITIES	744,611	(431)	744,180

Note 4. Sector information

The Group defines its business segments as follows:

- the Sales of electricity for own account activity corresponds to sales of the electricity produced by wind farms held and controlled by the Group;
- the Development, construction, sale activity includes development, construction and sale of wind farms and projects;
- the Operation activity includes the management of wind farms, as well as sales of the electricity produced by some wind farms that are managed but not owned by the Group;
- the Non-wind activity;
- the Corporate activity includes mainly the parent company THEOLIA SA.

Information as at June 30, 2014

Income statement (in thousand euros)	Wind activities					TOTAL
	Sales of electricity for own account	Development, construction, sale	Operation	Non-wind activity	Corporate	
Revenue						
France	13,322	16	181	-	-	13,519
Germany	29,899	-	2,857	498	-	33,255
Italy	1,376	-	154	-	-	1,530
Morocco	3,225	-	-	-	-	3,225
Other countries	-	157	-	-	-	157
TOTAL	47,822	172	3,192	498	-	51,684
EBITDA	34,215	(4,326)	1,077	383	247	31,595
Current operating income	15,956	(4,527)	1,039	145	327	12,939
Impairment	-	(4,000)	-	-	-	(4,000)
Non-current provisions	34	(4)	209	-	-	239
Other non-current income and expenses	(2)	594	(542)	-	(1,030)	(980)
Share in income of joint ventures and associates	(64)	(27)	-	-	(336)	(427)
OPERATING INCOME	15,927	(7,965)	706	145	(1,042)	7,771

Information as at June 30, 2013

Income statement (in thousand euros)	Wind activities					TOTAL
	Sales of electricity for own account	Development, construction, sale	Operation	Non-wind activity	Corporate	
Revenue						
France	11,461	470	275	-	-	12,207
Germany	24,492	1,049	2,851	549	-	28,941
Italy	510	-	67	-	-	577
Morocco	3,863	-	-	-	-	3,863
Other countries	-	556	-	-	-	556
TOTAL	40,326	2,076	3,193	549	-	46,143
EBITDA	27,927	(3,084)	1,029	(279)	(882)	24,710
Current operating income	9,818	(3,580)	983	(431)	(963)	5,827
Impairment	-	(219)	-	(503)	-	(721)
Non-current provisions	49	(159)	-	-	(100)	(209)
Other non-current income and expenses	74	(33)	(622)	1	(292)	(873)
Share in income of joint ventures and associates	(196)	(441)	-	-	(86)	(723)
OPERATING INCOME	9,744	(4,433)	361	(932)	(1,440)	3,301

Revenue and operating income are commented in part 2 of the half-year activity report.

Note 5. Amortization

<i>(in thousand euros)</i>	2014/06/30	2013/06/30
Germany	(12,342)	(13,146)
France	(4,532)	(3,837)
Italy	(365)	(549)
Morocco	(1,384)	(1,382)
Rest of the world	(145)	(149)
Holding company	(37)	(60)
TOTAL	(18,806)	(19,122)

Note 6. Net financial income

<i>(in thousand euros)</i>	2014/06/30	2013/06/30
Interest income generated by cash and cash equivalents	15	20
Change in fair value of cash equivalents	110	78
Other income	-	152
INCOME FROM CASH AND CASH EQUIVALENTS	126	250
Interest cost on financing operations	(17,401)	(18,874)
COST OF GROSS FINANCIAL DEBT	(17,401)	(18,874)
COST OF NET FINANCIAL DEBT	(17,275)	(18,624)

The cost of net financial debt breaks down and changed as follows:

<i>(in thousand euros)</i>	2014/06/30	2013/06/30
Convertible bond (OCEANEs)	(7,529)	(6,892)
Wind farms in operation in Germany	(6,557)	(8,442)
Wind farms in operation in France	(2,956)	(3,252)
Wind farm in operation in Morocco	77	54
Solar park in operation	(338)	(189)
Other	28	96
TOTAL	(17,275)	(18,624)

Note 7. Goodwill

<i>(in thousand euros)</i>	2014/06/30			2013/12/31
	Gross amount	Impairment	Net amount	Net amount
DCS* of wind projects/farms in France	11,309	(93)	11,217	11,217
DCS* of wind projects/farms in Germany	76,000	(55,654)	20,346	20,348
DCS* of wind projects/farms in Italy	10,004	(10,004)	-	-
DCS* of wind projects/farms in Spain	1,645	(1,645)	-	-
Sales of electricity for own account activity	92,838	(86,074)	6,763	6,762
Corporate activity	1,709	(1,709)	-	-
TOTAL	193,505	(155,179)	38,326	38,327

* Development, construction, sale.

The Group reviewed its assets with regard to the IAS 36 standard and did not identify any impairment factor as at June 30, 2014.

Note 8. Intangible assets

<i>(in thousand euros)</i>	Projects under development	Development costs	Software and similar rights	Other intangible assets	TOTAL
Gross amounts as at 2014/01/01	42,710	34,681	895	71,557	149,843
Acquisitions and internally generated fixed assets	799	-	1	-	800
Currency translation adjustments	1	-	1	77	79
Other changes	393	-	-	-	393
GROSS AMOUNTS AS AT 2014/06/30	43,903	34,681	897	71,634	151,115
Total depreciation and amortization as at 2014/01/01	(34,259)	(7,164)	(825)	(42,704)	(84,952)
Amortization	-	(901)	(20)	(1,793)	(2,714)
Depreciations/Reversals on impairment	(2,000)	-	-	-	(2,000)
Currency translation adjustments	-	-	-	(50)	(50)
Other changes	(30)	-	-	-	(30)
TOTAL DEPRECIATION AND AMORTIZATION AS AT 2014/06/30	(36,289)	(8,065)	(845)	(44,547)	(89,746)
NET AMOUNTS AS AT 2014/01/01	8,451	27,517	70	28,853	64,891
NET AMOUNTS AS AT 2014/06/30	7,614	26,616	52	27,087	61,369

Intangible assets mainly include:

- development costs incurred to obtain the authorizations needed for the construction and operation of wind projects currently under development (“Projects under development” item);
- development costs incurred to obtain the authorizations needed for the construction and operation of wind farms currently in operation (“Development costs” item); and
- operating rights for the wind farm located in Morocco as part of a concession granted by the Moroccan government (included in the “Other intangible assets” item).

The Group recognized an impairment on the projects under development to take into account the worsening situation in Italy.

Note 9. Tangible assets

<i>(in thousand euros)</i>	Land	Fittings & fixtures	Projects under construction	Technical facilities (1)	Other tangible assets	TOTAL
Gross amounts as at 2014/01/01	6,306	4,091	21,402	796,619	3,370	831,788
Acquisitions and internally generated fixed assets	-	6	6,338	(176)	8	6,176
Disposals	-	-	-	(12,800)	(381)	(13,181)
Impact of change in consolidation method	-	-	32	-	-	32
Currency translation adjustments	-	-	-	-	6	6
Other changes	-	-	2	1,326	(174)	1,154
GROSS AMOUNTS AS AT 2014/06/30	6,306	4,097	27,774	784,969	2,829	825,975
Total depreciation and amortization as at 2014/01/01	(1,177)	(2,378)	(12,884)	(332,676)	(2,639)	(351,754)
Amortization	-	(45)	-	(16,011)	(46)	(16,102)
Depreciations for impairment	-	-	(2,004)	-	-	(2,004)
Reversals on disposals	-	-	-	4,451	-	4,451
Currency translation adjustments	-	-	-	-	(5)	(5)
Other changes	-	-	-	-	24	24
TOTAL DEPRECIATION AND AMORTIZATION AS AT 2014/06/30	(1,177)	(2,423)	(14,888)	(344,236)	(2,666)	(365,390)
NET AMOUNTS AS AT 2014/01/01	5,129	1,713	8,518	463,943	731	480,034
NET AMOUNTS AS AT 2014/06/30	5,129	1,674	12,886	440,733	163	460,585

(1) Mainly relating to wind farms under operation.

The change in the “Acquisitions and internally generated fixed assets” item mainly corresponds to the construction of a 21 MW wind farm in France.

The decrease of 12,800 thousand euros of the technical facilities and the amortization reversal of 4,451 thousand euros come from the disposal, on May 30, 2014, of the photovoltaic power plant located in Germany.

Amortization of technical facilities in the amount of 16,011 thousand euros involve:

• Wind farms located in France (including Breeze Two Energy)	€(4,111) K
• Wind farms located in Germany (including Breeze Two Energy)	€(11,583) K
• The wind farm located in Italy	€(294) K
• Other	€(23) K

Note 10. Investments in joint ventures and associates

<i>(in thousand euros)</i>	% held	Share in net assets of joint ventures and associates	Share in income of joint ventures and associates
THEOLIA UTILITIES INVESTMENT COMPANY	40.00%	-	(9)
MAESTRALE PROJECT HOLDING SA	50.32%	-	(327)
NEOANEMOS Srl	47.88%	-	(27)
AEROCHETTO Srl	51.00%	-	(74)
ERNEUERBARE ENERGIE ERNTE VIER GmbH & Co. KG	48.00%	22	10
TOTAL		22	(427)

100% financial data

<i>(in thousand euros)</i>	THEOLIA UTILITIES	MAESTRALE	NEOANEMOS Srl	AEROCHETTO Srl	TOTAL
	INVESTMENT	PROJECT HOLDING			
	COMPANY	SA			
Revenue	-	-	-	3,526	3,526
Operating expenses and income	(82)	(11)	(56)	(997)	(1,147)
EBITDA	(82)	(11)	(56)	2,529	2,379
Net income	(23)	(650)	(56)	(145)	(874)
- of which Group share in the consolidated income	(9)	(327)	(27)	(74)	(437)
Non-current assets	20,215	-	(159)	32,308	52,364
Current assets	2,030	0	904	3,917	6,851
Cash and cash equivalents	133	(0)	1	3,783	3,917
Current financial liabilities	-	-	-	2,217	2,217
Non-current financial liabilities	20,127	14,929	8,539	53,833	97,427
Contributive shareholders' equity as at 2014/06/30	(211)	(5,336)	(7,158)	(15,161)	(27,867)
- of which Group share in shareholders' equity	(85)	(2,685)	(3,427)	(7,732)	(13,929)

Note 11. Inventories

Inventories mainly include:

- development costs incurred prior to applying for building permits; and
- components and parts.

<i>(in thousand euros)</i>	2014/06/30	2013/12/31
Wind projects and farms	15,832	15,674
Turbine components and other parts	627	602
Depreciation	(12,082)	(11,199)
NET AMOUNT	4,377	5,078

Inventories are listed below by geographical zone:

<i>(in thousand euros)</i>	2014/06/30			2013/12/31
	Gross amount	Depreciation	Net amount	Net amount
Germany	367	(98)	269	269
France	9,440	(6,012)	3,428	3,680
Italy	3,591	(3,530)	61	250
Morocco	619	-	619	594
Rest of the world	1,052	(1,052)	-	285
Corporate	1,391	(1,391)	-	-
TOTAL	16,459	(12,082)	4,377	5,078

Note 12. Cash and cash equivalents

Position

<i>(in thousand euros)</i>	2014/06/30	2013/12/31
Marketable securities	33,776	22,615
Cash	65,961	62,207
Total cash and cash equivalents	99,737	84,822
Bank overdrafts	(4)	(23)
NET CASH	99,733	84,799

Details of free/restricted cash

<i>(in thousand euros)</i>	2014/06/30	2013/12/31
Free cash	25,669	26,765
Cash reserved for SPVs *	35,069	26,574
Pledged cash	38,999	31,483
Bank overdrafts	(4)	(23)
NET CASH	99,733	84,799

* Special purpose vehicle.

The Group's treasury resources consist of free cash (26%), cash reserved for special purpose vehicles ("SPVs") (35%) and pledged cash (39%):

- free cash may be used by the Group at any time;
- reserved cash may be freely used by SPVs for current operational expenses, but may not be transferred to the French holding companies (THEOLIA France and THEOLIA SA), to the German holding company (THEOLIA Naturenergien GmbH) and to the Italian holding company (Maestrale Green Energy) due to financing conditions, during a certain number of years following the financing's implementation;
- pledged cash corresponds to cash that SPVs cannot, due to financing conditions, either transfer to their shareholder nor use freely for their current activities, generally corresponding to amounts pledged in favor of lending banks.

As at June 30, 2014, total cash of the Group amounted to 99,733 thousand euros. Cash is subject to a day-to-day investment policy in secured SICAV mutual funds (euro), as well as in capital guaranteed deposits. All investments have immediate availability.

Note 13. Activities discontinued, sold or held for sale

In March 2014, the Seres Environnement company and its subsidiaries were sold. The Board of Directors, in its meeting dated April 22, 2014, confirmed the Group's will to dispose of the Ecoval 30 company.

Since 2012, the assets and liabilities involved, representing the environmental division, are recorded in the Seres Environnement (and its subsidiaries) and Ecoval 30 companies.

All transactions for the fiscal year pertaining to the environmental division were grouped on the income statement line entitled "Net income for the year from discontinued activities". Assets and liabilities were grouped together in a line on the balance-sheet "Assets classified as held for sale/liabilities directly associated with assets classified as held for sale".

Asset values were depreciated based on the probable sales prices. A depreciation of (2,927) thousand euros appeared in this respect as at the closing of fiscal year 2013. As at June 30, 2014, this provision was readjusted to take into account changes in net assets: a (868) thousand euro provision was recorded.

Information on the income statement as at June 30, 2014

<i>(in thousand euros)</i>	THEOLIA Group pre-IFRS 5		THEOLIA Group restated for IFRS 5
	2014/06/30	IFRS 5 restatments	2014/06/30
Revenue	53,805	(2,121)	51,684
EBITDA	31,716	(120)	31,595
Current operating income	12,931	8	12,939
Impairment	(4,000)		(4,000)
Operating income	7,747	24	7,771
Financial income	(17,219)	76	(17,144)
Net income from continuing operations	(10,064)	98	(9,966)
Net income for the year from discontinued activities		20	20
NET INCOME OF THE CONSOLIDATED GROUP	(10,064)	118	(9,946)
of which Group share	(11,013)	118	(10,894)
of which non-controlling interests	949		949

Information on the income statement as at June 30, 2013

<i>(in thousand euros)</i>	THEOLIA Group pre-IFRS 5		THEOLIA Group restated for IFRS 5
	2013/06/30	IFRS 5 restatments	2013/06/30
Revenue	50,850	(4,707)	46,143
EBITDA	25,232	(522)	24,710
Current operating income	6,192	(364)	5,827
Impairment	(721)		(721)
Operating income	3,710	(410)	3,300
Financial income	(20,775)	84	(20,691)
Net income from continuing operations	(17,580)	(26)	(17,606)
Net income for the year from discontinued activities		(214)	(214)
NET INCOME OF THE CONSOLIDATED GROUP	(17,580)	(239)	(17,820)
of which Group share	(11,483)	(239)	(11,723)
of which non-controlling interests	(6,097)		(6,097)

Note 14. Share capital

	2013/12/31	Creation of shares by conversion of OCEANEs	2014/06/30
Number of shares	64,894,862	2,110	64,896,972
Number of securities	64,894,862	2,110	64,896,972
SHARE CAPITAL (IN EUROS)	90,852,807	2,954	90,855,761

As at June 30, 2014, the share capital comprised 64,896,972 shares with a par value of 1.40 euro. As at that date, the Company held 295,959 treasury shares.

Note 15. Financial debt

Change in borrowings and financial debt

<i>(in thousand euros)</i>	Bank loans	Convertible bond	Breeze Two Energy's bonds	Bank overdrafts and equivalents	Other financial liabilities	TOTAL
Amounts as at 2014/01/01	147,149	119,011	223,519	23	16,193	505,895
Increase	5,000	7,529	1,827	-	9,388	23,744
Repayments	(16,446)	(4,233)	(10,646)	(19)	-	(31,344)
Other changes	-	-	-	-	45	45
AMOUNTS AS AT 2014/06/30	135,703	122,307	214,700	4	25,626	498,340

As at June 30, 2014, financial debt represented 498,340 thousand euros, a decrease of (7,555) thousand euros compared to December 31, 2013.

This variation is related to the following elements:

Bank loans decreased by a net amount of (11,446) thousand euros, mainly due to the three following items:

- draw-down on new project financing in France €4,942 K
- normal project financing repayments €(9,261) K
- disposal of the solar park in Germany €(7,181) K

The convertible bond (OCEANEs) changed by +3,296 thousand euros, due to:

- the payment of 2013 interests €(4,227) K
- the recognition of additional interests (IFRSs) €5,437 K
- interests accrued as at June 30, 2014 €2,096 K

The change in Breeze Two Energy's bonds, i.e. a decrease of (8,819) thousand euros, is mainly as follows:

- par value amortization €(8,757) K
- interests accrued as at June 30, 2014 €1,827 K
- payment of interests accrued as at December 31, 2013 €(1,889) K

Other financial liabilities include interest rate hedging instruments, as well as financing granted to three wind farms and projects by the investment vehicle THEOLIA Utilities Investment Company.

The change in other financial liabilities, i.e. an increase of 9,433 thousand euros, is due to:

- establishment of a new derivative instrument (new wind farm under construction) €626 K
- change in valuation of interest rate hedging instruments €1,300 K
- change in shareholder loans €7,507 K

Group debt by maturity

The table below presents the financial debt based on the projections for repayment of the nominal amount in the short, medium and long term.

<i>(in thousand euros)</i>	< 1 year	> 1 year < 5 years	> 5 years	TOTAL 2014/06/30	TOTAL 2013/12/31
Bonds	141,714	82,649	112,643	337,006	342,529
France	1,656	7,053	9,615	18,323	19,076
Germany	17,751	75,596	103,028	196,376	204,443
OCEANEs	122,307	-	-	122,307	119,010
Project financing	18,651	63,146	53,907	135,704	147,150
France	8,003	31,733	40,343	80,079	78,696
Germany	10,649	31,413	13,564	55,625	68,454
Derivative financial instruments (interest rate swap)	-	-	9,072	9,072	7,145
France	-	-	9,072	9,072	7,145
Bank overdrafts	4	-	-	4	23
France	4	-	-	4	23
Other financial debt	84	-	16,470	16,554	9,048
France	84	-	16,462	16,546	8,909
Italy	-	-	8	8	139
TOTAL FINANCIAL DEBT	160,453	145,795	192,092	498,340	505,895

Analysis by type of rate

<i>(in thousand euros)</i>	Excluding the effect of financial instruments		Including the effect of financial instruments		Remaining capital
	Fixed rate	Variable rate	Fixed rate	Variable rate	
Project financing	60,508	75,197	120,292	15,412	135,704
Convertible bond	122,307	-	122,307	-	122,307
Breeze Two Energy's bonds	214,698	-	214,698	-	214,698
Bank overdrafts	4	-	4	-	4
Other financial debt, of which:	16,554	9,072	16,554	9,072	25,626
<i>Derivative financial instruments (interest rate swap)</i>	-	9,072	-	9,072	9,072
<i>Other (current accounts)</i>	16,554	-	16,554	-	16,554
FINANCIAL DEBT BY TYPE OF RATE	414,070	84,269	473,854	24,484	498,339
PERCENTAGE OF FINANCIAL DEBT	83.09%	16.91%	95.09%	4.91%	

Analysis by type of rate excluding the effect of hedging instruments

As at June 30, 2014, the fixed rate part of the debt was 414,070 thousand euros, or 83% of total debt. The "Project financing" item, i.e. 60,508 thousand euros, broke down as follows:

- project financing in France €4,882 K
- project financing in Germany €55,625 K

Variable rate debt (including the associated swaps) amounted to 84,269 thousand euros, or 17% of total debt and involved project financing in France.

Analysis by type of rate including the effect of hedging instruments

Including the effect of derivative hedging instruments, debt as at June 30, 2014 broke down as follows:

- fixed rate debt of 473,854 thousand euros, or 95% of total debt;
- variable rate debt of 24,484 thousand euros, or 5% of total debt.

Note 16. Derivative financial instruments

The Group's derivative financial instruments only involve interest rate risk hedging instruments (swap); the underlying debt is made up of variable rate loans. These derivative instruments are recorded at their fair value as at June 30, 2014. The hedge ratio used is the cash flow hedge allowing the effective part to be recorded directly under shareholders' equity and the ineffective part on the income statement.

Valuation of derivative financial liabilities as at June 30, 2014 was 9,072 thousand euros, an increase of 1,926 thousand euros compared to December 31, 2013.

During the first half of 2014, the Group established a new derivative financial instrument for a wind farm under construction. The valuation of this derivative financial instrument contributed to the increase in financial liabilities in the amount of 626 thousand euros.

Note 17. Covenants

Project financing related to the operating wind farms in France and Germany includes financial covenants relating particularly to compliance with cash flow ratios of the special purpose vehicles (cash generated by the activity/debt service) and financial structure ratios (financial debt/shareholders' equity).

As at June 30, 2014, all wind farms (accounted using the global integration method) comply with these bank covenants.

Note 18. Provisions

<i>(in thousand euros)</i>	Provisions for litigation	Provisions for subsidiary risks	Other provisions	TOTAL
Amounts as at 2014/01/01	3,171	16,414	15,046	34,631
Increases	31	868	16	915
Reversals	(605)	-	(34)	(639)
Change in scope of consolidation	-	-	(16)	(16)
Currency translation adjustments	-	-	-	-
Other changes	-	1,824	1,242	3,066
AMOUNTS AS AT 2014/06/30	2,597	19,106	16,254	37,957
of which current part	-	-	-	-
of which non-current part	2,597	19,106	16,254	37,957

Litigation in which the Group is involved comes in great part from operations concluded in the past years, half due to the development activity and half due to the purchase-sale activity in Germany. The change in litigation over the first half of 2014 led the Group to decrease the amount of its provisions in the net amount of (574) thousand euros. The unused portion amounts to (423) thousand euros.

The provisions for subsidiary risks varied during the period, due to:

- the 868 thousand euro adjustment for risks on current assets related to discontinued activities. This 3,795 thousand euro provision was established in 2009 (and adjusted at each year-end) to maintain the net assets of the companies classified according to IFRS 5 at the same level as the probable resale value;
- the 1,824 thousand euro adjustment for provisions related to the negative shares of companies accounted using the equity method. As at the end of the period, these provisions accounted for 14,541 thousand euros.

The other provisions of 16,254 thousand euros break down as follows:

- in Germany, a provision was made in 2010 for future losses on some third-party wind farm management contracts. This provision, with a balance of 3,066 thousand euros as at the end of the period, will be partially reversed every year until the end of the contracts in question, in order to compensate for the negative margin. No change was recognized as at June 30, 2014;
- provisions for dismantling Breeze Two Energy's wind farms and some wind farms located in France and Germany accounted for 10,521 thousand euros as at the end of the period.

Note 19. Related parties

Transactions with joint ventures and associates

Transactions with joint ventures and associates involve operations with companies over which the Group exercises joint control or a significant influence and which are accounted using the equity method.

Transactions with these companies are based on the market price. These operations are not cancelled further to the consolidation process, except for margins relating to operations having an asset as counterpart.

On June 13, 2014, the Group sold the Haute Borne wind project to its investment vehicle THEOLIA Utilities Investment Company. The Group therefore continues its co-investment strategy which enables it to develop, while maximizing the use of its equity.

The Haute Borne wind project is located on the territory of the towns of Languuevoisin-Quiquery, Breuil and Billancourt, in the Somme French department. It comprises 7 wind turbines with a unit capacity of 3 MW, for a total capacity of the farm of 21 MW.

Due to the existence of a confidentiality clause with its partners, the amount of the transactions cannot be disclosed.

Note 20. Commitments and contingent liabilities

The Group's off-balance-sheet commitments mainly include:

- guarantees to wind suppliers;
- guarantees related to financing of subsidiaries developing wind projects (joint and several guarantee, pledged securities and pledged securities accounts, etc.);
- obligations as regards simple lease agreements; and
- other contractual commitments (direct agreements, pledges on equipment/materials, stock options, liability guarantees, etc.).

The tables below show a breakdown of off-balance-sheet commitments related to the scope of the consolidated Group, financing and operational activities of the Company and its subsidiaries as at June 30, 2014.

20.1. Off-balance-sheet commitments related to the Group's scope of consolidation

<i>(in thousand euros)</i>	2014/06/30	2013/12/31
France ⁽¹⁾	113,653	115,036
Germany	107,702	124,115
Italy	23,988	23,842
THEOLIA SA	15,309	9,704
TOTAL	260,652	272,697

⁽¹⁾ Excluding THEOLIA SA and the non-wind activity.

<i>(in thousand euros)</i>	Less than 1 year	From 1 to 5 years	More than 5 years	TOTAL
France ⁽¹⁾	15,317	36,219	62,117	113,653
Germany	11,395	37,451	58,857	107,702
Italy	10,314	4,557	9,117	23,988
THEOLIA SA	3,461	11,277	570	15,309
TOTAL	40,487	89,503	130,661	260,652

⁽¹⁾ Excluding THEOLIA SA and the non-wind activity.

20.2 Off-balance-sheet commitments related to the commitments of subsidiaries

Off-balance-sheet commitments related to commitments in the scope of the French business ⁽¹⁾

<i>(in thousand euros)</i>	Less than 1 year	From 1 to 5 years	More than 5 years	TOTAL
Endorsements, pledges and guarantees given	5,845	6,404	21,436	33,685
Turbine orders	6,248	14,578	-	20,826
Contractual commitments	2,829	12,967	22,690	38,486
Simple leases	565	2,270	9,382	12,217
Financial assets	-	-	9,033	9,033
Endorsements, pledges and guarantees received	(170)	-	-	(170)
TOTAL	15,317	36,219	62,117	113,653

⁽¹⁾ Excluding THEOLIA SA and the non-wind activity.

Off-balance-sheet commitments related to commitments in the scope of the German business ⁽²⁾

<i>(in thousand euros)</i>	Less than 1 year	From 1 to 5 years	More than 5 years	TOTAL
Endorsements, pledges and guarantees given	-	-	9,054	9,054
Contractual commitments	8,222	25,223	15,925	49,369
Simple leases	3,173	12,228	34,332	49,733
Endorsements, pledges and guarantees received	-	-	(455)	(455)
TOTAL	11,395	37,451	58,857	107,702

⁽²⁾ Including the Solarkraftwerk Merzig solar park.

Off-balance-sheet commitments related to commitments in the scope of the Italian business

<i>(in thousand euros)</i>	Less than 1 year	From 1 to 5 years	More than 5 years	TOTAL
Endorsements, pledges and guarantees given	500	2,740	-	3,240
Stock purchase options awarded	1,650	-	-	1,650
Contractual commitments	-	720	300	1,020
Simple leases	240	1,097	3,898	5,235
Financial assets	8,064	-	4,919	12,983
Other commitments received	(140)	-	-	(140)
TOTAL	10,314	4,557	9,117	23,988

STATUTORY AUDITORS' REVIEW REPORT ON FIRST HALF-YEAR FINANCIAL INFORMATION FOR 2014

(for the period January 1, 2014 to June 30, 2014)

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report includes information relating to the specific verification of information presented in the Group's interim management report. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of Article L.451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the limited review of the accompanying summary consolidated financial statements of THEOLIA for the half year ended June 30, 2014 ;
- the verification of the information contained in the interim management report.

These summary half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our limited review.

1. Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures. A review is substantially less in scope than an audit conducted in accordance with professional practice standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying summary half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the following points:

- note 2 to the consolidated half-year summary financial statements "Accounting principles and valuation methods" which presents the conditions enabling the Company to continue as a going concern;
- note 3 "Change in the scope of consolidation and impact of the retrospective application of IFRSs 10 and 11" to the consolidated half-year summary financial statements which presents the impact of enforcement, as from January 1, 2014, of IFRSs 10 and 11.

2. Specific verification

We have also verified the information given in the interim management report commenting on the summary half-year consolidated financial statements subject to our limited review.

We have no matters to report as to its fair presentation and consistency with the summary half-year consolidated financial statements.

Marseille and Paris, August 26, 2014

The Statutory Auditors

French original signed by

Deloitte & Associés
Christophe PERRAU

Cabinet Didier Kling & Associés
Didier KLING Christophe BONTE

DECLARATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I declare that, to the best of my knowledge, the summary financial statements for the past half year have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of the Company and all its affiliates included in the scope of consolidation, and that the enclosed half-year activity report, found on page 3 of this Report, presents a fair review of the important events that occurred during the first six months of the year, their impact on the half-year financial statements, and the main transactions between related parties, as well as a description of the main risks and uncertainties for the remaining six months of the year.

Aix-en-Provence, August 26, 2014,

Fady Khallouf

Chief Executive Officer