

HALF-YEAR FINANCIAL REPORT OF THE GROUP THEOLIA

1ST HALF OF 2008 ACTIVITY REPORT

1-OPERATIONS

1.1 ORGANIC ACTIVITY

1.1.1 Operating wind farms

1.1.1.1 Estimate of producible energy

During the development of a wind farm, we conduct different studies, including a study of power production estimated over 15 or 20 years.

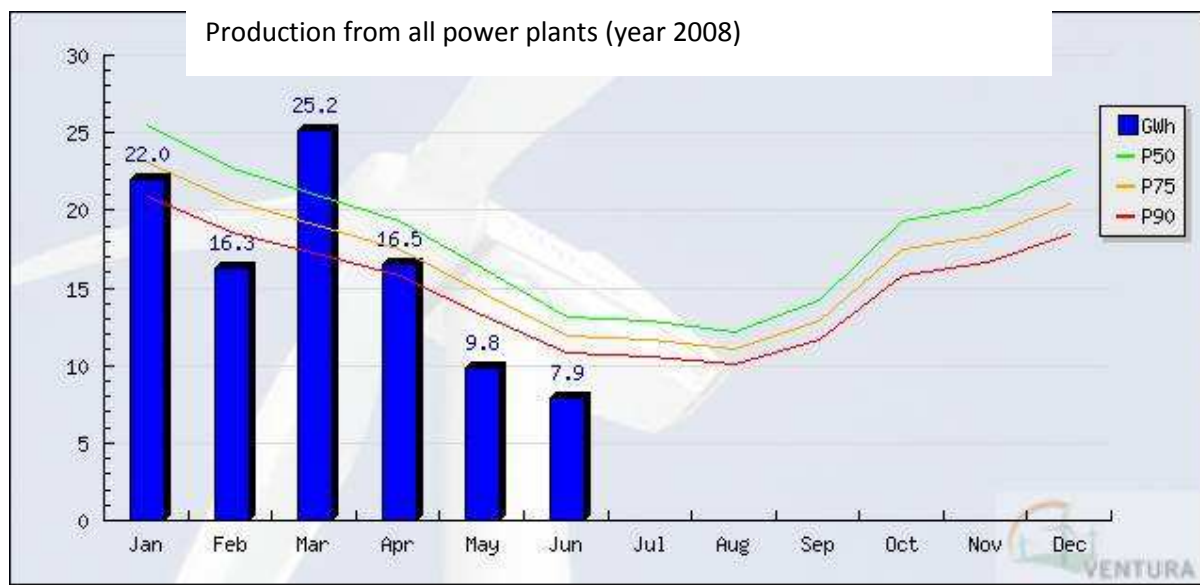
Once these statistical calculations completed, THEOLIA authorises an outside specialist consultant to verify them.

The wind farm project is then presented to banks to obtain financing for a project without possibility of appeal. The bank then conducts detailed audits, including a validation of the projected electricity production, possibly using a new independent consultant which the bank retains.

As a result, through this entire process, THEOLIA has accurate knowledge of the estimated power production. Because of the nature of the wind, these projections are the result of statistical calculations which may vary significantly over the short term.

The business of producers of electricity from wind energy is based on different specific assessment criteria known as P50, P75 and P90. They correspond to production levels which respectively have a 50%, 75% and 90% probability of being exceeded over the long term.

As an illustration, the following graph shows for the THEOLIA wind farms in France the seasonal effect and the variances that may exist between theoretical production and actual power productions. The curves represent the theoretical power which can be produced and the bars represent the actual production.



Thus, we find that provisional production for January is about 2.5 times higher than production in August. So it is incorrect to think that monthly production is equal to one-twelfth the annual production. In France, production for the 3rd quarter represents 18% of the annual production, while 1st quarter production represents 32%.

Superimposing the theoretical production expected and the actual production reveals significant variances. In France, production in January and April was in line with projections, but production in February, May and June was lower. The record for first half 2008 may, therefore, be classified as lower than the provisional production by about 9%.

In Germany, 1st quarter 2008 production was in line with projections. On the other hand, production in the second quarter was well below projections and we can see that production from the THEOLIA wind farms in Germany in the first half was also 4.4% lower than projections.

1.1.1.2 Electricity production and revenues

1.1.1.2.1 Wind farms held by THEOLIA as of June 30, 2008

The planned producibles are presented at P75. In fact, the THEOLIA Group has decided, in contrast to other companies, to work using criterion P75, a choice that gives additional security.

Germany: 227 MW

- Production (projected): 245 GWh
- Production (recorded): 234.5 GWh (-4.3%)
- Revenues: €20,613 K

France: 72.3 MW

- Production (projected): 82.9 GWh
- Production (recorded): 76.5 GWh (-7.8%)
- Revenues: €6,239 K

Morocco: 50.4 MW

- Production (projected): 94 GWh
- Production (recorded): 82.7 GWh (-12%)
- Revenues: €3,306 K

1.1.1.2.2 Wind farms held on behalf of third parties as of June 30, 2008

Germany: 292.85 MW

- Production (projected): 277.3 GWh
- Production (recorded): 264.5 GWh (-4.6%)
- Revenues: €23,057 K

France: 18.4 MW

- Production (projected): 24 GWh
- Production (recorded): 21.1 GWh (-12%)
- Revenues: N/A (The electricity is sold directly by the producer to the distributor. The revenues generated by the company are not consolidated).

1.1.2 Wind farms under construction as of June 30, 2008

A wind farm is said to be in the construction phase when the investments have been authorised by Management, the wind turbines have been ordered and are being supplied and/or the investment is financed.

Management authorisation is given on the basis of a recommendation from a dedicated THEOLIA unit and includes the following studies:

- Choice of the wind turbine most technically appropriate for the site
- Full investments costs (including financing costs)
- Financing solutions proposed
- Cash needs before financing
- Equity needs
- Impact of the project on the total IRR (Internal Rate of Return) to equity for all Group projects.

France: 74 MW

- Sallen – Calvados - 8MW, where construction is being completed and commissioning will take place in the 4th quarter of 2008
- Plateau de Ronchois – Seine Maritime - 30 MW
- Le Grand Camp – Eure et Loir - 20 MW
- Chasse-Marée – Somme - 16 MW

Other construction start-ups are planned (for about 65 MW) during this year.

Germany: 41 MW

- Dörrenzimmern - Baden-Württemberg – 2 MW
- Coesfeld II - Nordrhein-Westfalen - 2 MW
- Märkish Linden - Mecklenburg-Vorpommern - 30 MW
- Meerbusch - Nordrhein-Westfalen – 2.44 MW
- Oelde - Nordrhein-Westfalen – 1.6 MW
- Bornsted II - Sachsen-Anhalt - 3 MW

Other winds farms are scheduled to come on line early in 2009 with the tariff change.

Italy : 21 MW

Martignano - Puglia - 21 MW, construction of which has been temporarily suspended following an appeal by a third party.

It is also planned to move the 29.75 MW Giunchetto project into the construction phase during this year.

Spain: 40 MW

Almeria – Andalusia - 40 MW

1.1.3 Wind farms which building permits obtained as of June 30, 2008

France: 68.8 MW

- Baudignecourt - Meuse - 12 MW
- Le Charmois - Meuse - 12 MW
- Chermisey - Vosges - 8 MW
- Gargouilles Eure et Loir – 36.8 MW (or 32 MW depending on the supplier selected)

Germany: 28.6 MW

- Netphen - Nordrhein-Westfalen – 2.4 MW
- Rabenau - Rüdtingshausen – Hessen – 3.2 MW
- Waltrop - Nordrhein-Westfalen – 3.2 MW
- Gottberg – Brandenburg - 3 MW
- Hamm - Nordrhein-Westfalen – 0.8 MW
- Leopoldshöhe I - Nordrhein-Westfalen – 1.5 MW
- Leopoldshöhe II - Nordrhein-Westfalen – 1.5 MW
- Turnow Schulweg I – Brandenburg - 3 MW
- Rassnitz 3 – Frankenheim - Sachsen-Anhalt - 4 MW
- Dietlas – Thüringen - 6 MW

Italy: 29.75 MW

Giunchetto – Sicily – 29.75 MW

Brazil: 55 MW

- Xangri-La – Rio Grande do Sul – 27.5 MW
- Imbe – Rio Grande do Sul – 27.5 MW

1.1.4 Wind farms with construction permits applied as of June 30, 2008

- **France** – 361.3 MW for 34 projects
- **Germany**– 57.4 MW for 13 projects
- **Italy** – 148.5 MW for 4 projects
- **India** – 303.7 MW for 9 projects
- **Brazil** - 150 MW for 3 projects

1.1.5 Projects in development as of June 30, 2008

A wind farm is considered to be in the "development phase" when the principal easements have been removed, sufficient land for the project has been secured, an access preliminary study has been completed, environmental impact studies have been started and/or a measurement tower to collect the data necessary to evaluate the wind field and the specific weather conditions at the site has been installed.

This measurement tower is used to accurately determine the wind potential of the specific site selected, and the quality of the study is determinant for the financing and construction of the wind farm. The different phases are as follows:

- choice of the location, which is representative of the site and with maximum clearance of any undesirable disturbance of the air flow;

- installation of a measurement tower on the site studied, at a minimum height equal to 2/3 the average height of the hub of the wind turbines planned;
- installation at several heights of anemometers (at least 3) to measure wind speed and wind vanes (to measure direction) calibrated individually and in compliance with the requirements of the MEASNET recommendations;
- installation of weather sensors (temperature, atmospheric pressure, etc.) to determine the specific weather conditions of the site;
- monitoring and verification of the integrity of the data recorded at the measurement tower, referred to as raw data. A full year of data recorded on site is the minimum requirement;
- computer modelling of the site, topography (5km around the machines), roughness (20km around the machines), nearby obstacles;
- validation of the computer model using data collected at the site, and a study of the wind profile;
- choice of a long-term reference weather station with stability over a period of ten continuous years minimum with a close correlation with the site studied (in France, essentially the use of the Météo France stations);
- choice of the long-term correlation method for the data recorded on site with the reference weather station;
- estimates of the uncertainties related to the various steps to evaluate the wind potential;
- calculation of losses through rotor wake effects and anemometric losses;
- calculation of the various losses (network losses and suppressions, frost, machine maintenance, surface aspect of the blades, etc.)
- calculation of the annual production expected from the wind turbines;
- transmission of the raw data to an independent company for an external audit of the wind field in order to validate the internal study and for the needs of financing audits.

The projects in development are as follows:

France:	348.00 MW	19 projects
Germany:	4.50 MW	1 project (*)
Italy:	220.00 MW	6 projects
Brazil::	22.50 MW	1 project
TOTAL	595.00 MW	

(*) As Germany has a business model based on acquisitions, it rarely develops projects internally. This model allows it to sell 133 MW in 2007. Nearly 300 MW are already planned to be commissioned over 2008 and 2009.

1.1.6 Projects in the prospecting phase as of June 30, 2008

The projects in the prospecting phase are as follows:

France:	262.25 MW	21 projects
Morocco:	300.00 MW	1 project
Central Europe:	90.30 MW	10 projects
TOTAL	652.55 MW	

1.1.7 Specific case of Germany

As Germany has a business model based on acquisitions of assets, this activity is considered to be organic. In this context, the German subsidiary Natenco GmbH acquired a number of wind farms and wind farm projects.

The installed power acquired through this method amounted at 30 June 2008 to 133.9 MW in the following stages of maturity:

- In operation: 2.4 MW
- Under construction: 41 MW
- Authorised: 28.6 MW
- Building permits applied: 57.4 MW
- In development: 4.5 MW

These wind farms (with the exception of the 2.4 MW in operation) will be commissioned on or after 1 January 2009 because of the change in the German purchase tariffs.

Natenco GmbH is currently negotiating for an additional acquisition of 169.3 MW in the following stages of maturity:

- Under construction: 22.5 MW
- Authorised: 62.3 MW
- as of June 30, 2008
- In development: 54 MW

These wind farms in an advanced phase of negotiation will come on line on or after 1 January 2009 because of the change in German purchase tariffs.

1.1.8 Summary of the organic activity

The portfolio of THEOLIA projects was as follows at 30 June 2008:

In operation for own account:	350 MW
In operation for third parties:	311 MW
TOTAL IN OPERATION	661 MW
Under construction:	199 MW
Building permits obtained:	244 MW
Building permits applied:	1,051 MW
In development:	649 MW
In prospecting phase:	653 MW
TOTAL PIPELINE	2,796 MW
TOTAL PORTFOLIO	3,457 MW

1.1.9 The turbines

1.1.9.1 *The change in our supply strategy*

Until now, THEOLIA has ordered turbines specifically for each project and only once the construction permit has been obtained and free of any appeals.

Faced with the change in dimension of THEOLIA and the current tensions in the wind turbine market, with increasing delivery delays (up to 30 months), it was decided in the first half to implement framework agreements over 3 or 4 years with various wind turbine suppliers.

1.1.9.2 *Secured wind turbines*

A turbine is said to be secured when:

- A specific project that is part of the THEOLIA portfolio, carried by a project support company, holds a contract signed with a supplier. The installed power of a project may fluctuate (some contracts do not determine power initially, but only the type and/or number of turbines and the specific power are decided at the last moment).
- A framework agreement, not tied to specific projects, has been signed with a wind turbine manufacturer, generally for a defined number of turbines.

1.1.9.2.1 For identified projects

The turbine supply for THEOLIA's wind farm projects to be commissioned by the end of 2009 is secured by the following suppliers:

- Enercon
- Fuhrländer
- GE Wind
- Repower
- Suzlon
- Vestas

1.1.9.2.2 A framework agreement for 300 MW is being finalised

Moreover, as part of the change in its supply strategy, in the first half of 2008 THEOLIA initiated negotiations with several manufacturers for the supply, installation and commissioning of turbines with a total installed capacity of 300 MW between now and 2012.

1.1.9.2.3 In the context of the Tarfaya bid tender

THEOLIA has been selected to submit a bid in an international bid tender launched by the ONE in Morocco for a 300 MW wind farm located in southern Morocco at Tarfaya. In order to secure the turbine supply if it is selected and to consolidated the reliability of its bid with the ONE, the Group has begun negotiations for a memorandum of understanding specific to this project.

If THEOLIA is not selected in the end to build the Tarfaya wind farm, this volume of available turbines may provide, at THEOLIA's discretion, additional capacity within a framework agreement for projects located in all the countries in which the Group operates.

Thus as of June 30, 2008, the Group THEOLIA is completing the turbine supply for a capacity of over 1,000 MW.

1.2 PARTNERSHIPS

On 10 June 2008, THEOLIA and Abu Dhabi National Energy Company PJSC (TAQA), a global player in the energy field, signed a strategic partnership agreement in the renewable energy sector in Morocco.

This agreement covers the formation of a consortium of the two companies, which have already been prequalified, to respond jointly to an international bid tender for the construction and operation of a 300 MW wind farm in Tarfaya (Morocco).

THEOLIA and TAQA have also agreed to a 50/50 partnership in Compagnie Eolienne du Détroit (CED) to study the possibilities for optimising wind sites in Morocco, particularly the site of the Abdelkhalek Torres farm located near the current CED site.

1.3 EXTERNAL GROWTH

1.3.1 Acquisitions

On January 4, 2008, THEOLIA finalised the acquisition of 100% of the rights in Compagnie Eolienne du Détroit in which EDF International held a majority stake. Located in Tétouan in northern Morocco, this wind farm has 84 turbines for installed power of 50.4 MW. This wind farm was purchased by the THEOLIA Group for the potential of a major expansion of its installed power.

1.3.2 Acquisitions made by the subsidiaries

1.3.2.1 In France

On January 31, 2008, THEOLIA France:

- completed the acquisition of a wind farm in Brittany with an installed power of 13.8 MW which came on line at the end of December 2006 and 2 wind farm projects for 12 MW and 8 MW which have all construction permits free of any third party claims and for connection to the electric grid;
- signed a memorandum of understanding with a French development company for the acquisition of wind projects that have obtained a construction permit free of any third party claims. This memorandum covers a volume of 9 MW in 2009 and 21 MW in 2010.

On February 2, 2008, THEOLIA France signed a memorandum of understanding with a French development company for the turnkey acquisition of a 42 MW project in Lorraine. When the memorandum was signed, the construction permit for the project was under review. It was authorised by the Prefect on 13 June 2008 for installed power of 38 MW. Commissioning is scheduled for 2010.

1.4 Change in the IRR on capital employed

The THEOLIA Group conducted a study of the return on capital employed in its wind farms in operation.

Only the equity capital actually spent by the Group was considered. Actually, the specific feature of the Group is that it has a double leverage:

- traditionally through a bank debt;

- as development and turnkey construction are performed by the Group for projects resulting from organic growth, through the generation of an internal margin (development and construction) financed by debt, which reduces the amount of equity required accordingly.

The amounts paid through the issuance of new THEOLIA shares have not been taken into consideration.

Generally, the return on capital already employed and to be employed in 2008 and 2009 (on the basis of a P50 field) is 24.6% over 20 years and can be analysed as follows:

- France: 23.0%
- Germany: 28.7%
- Morocco: 8.1%
- Italy: 26.9%
- Spain: 11.2%

These returns come directly from the projects. The structural costs, particularly the holding company, are not taken into account. This allows financing structural costs and generating income. They are also secured for a period of 20 years (15 years in France).

2 FINANCIAL REVIEW

2.1 Statement of income

The statement of income for the THEOLIA Group was as follows on 30 June 2008:

(in millions of euros)	June 30, 2008	June 30, 2007
Sales	61.9	51.0
EBITDA	8.6	(3.3)
Current operating Income	(17.1)	(16.4) ⁽¹⁾
Operating income	(16.7)	3.6
Net income	(26.2)	6.3
Net income Group share	(25.3)	6.2
Earnings per share (in €)	(0.65)	0.21

(1) Reclassification of €5.3 million from the item Other non-current income and expenses to the item Other operating income and expenses in order to improve the comparability of Current operating Income with 2008.

2.1.1 Revenues

Consolidated revenues of the THEOLIA Group totalled €61.9 million in the first half of 2008, an increase of more than 20% over the first half of 2007.

Sales can be analysed as follows:

(in millions of euros)	Sales of electricity from wind energy	Construction and sale of wind farms	Non-wind activity	Consolidated total
June 30, 2008	53.2	N/S ⁽¹⁾	8.7	61.9
June 30, 2007	22.2	16.1	12.7	51.0
Change	31.0	(16.1)	(4)	10.9

(1) not significant

Electricity sales in the first half of 2008, both proprietary and on behalf of third parties, rose 139%, primarily driven by the very strong increase in electricity sales from wind plants held by the Group, which rose from €5.9 million to €30.2 million, representing a growth of 409%.

The installed power of the wind plants held by the Group rose 380% from 73 MW on 30 June 2007 to 350 MW on 30 June 2008.

Electricity sales on behalf of third parties increased from €16.4 million to €23.1 million, an increase of 41% related to the increase in the number of plants managed for third parties.

In the first half of 2008, the Group decided not to sell any wind plants. In the first half of 2007, the Group generated sales of €16.1 million.

For non-wind activities, there was a change in the scope of consolidation. As Thenergo increased its capital as a result of its IPO, the Group now consolidates this subsidiary using the equity method. This change in method represents €(7.3) million out of a total change of €(4) million. At constant consolidation, the non-wind business grew 44%.

2.1.2 EBITDA

EBITDA for the Group rose €12 million in the first half of 2008 compared with the first half of 2007, which was directly tied to the strong growth in EBITDA from the activity Electricity sales for own account.

The rate of total EBITDA to revenues in the first half of 2008 was 14%.

The EBITDA is composed in the following manner:

(millions of euros)	Sales of electricity from wind energy	Construction and sales of wind farms	Non-wind activity	Holding	Total
June 30, 2008	21.2	(6.3)	(1.3)	(5.0)	8.6
June 30, 2007	4.6	(2.2)	0.3	(6.0)	(3.3)
Change	16.6	(4.1)	(1.6)	1.0	11.9

Electricity sales generated very sharp growth in EBITDA, particularly driven by the strong increase in proprietary electricity sales, which benefit from high margin.

The EBITDA for the construction and sale of wind farms to third parties was essentially impacted by the absence of farm sales to third parties by Natenco over this half. As part of its development, Natenco purchased in the first half wind farms and reserved turbines. The loss recorded thus reflects structural costs which cannot be capitalised in the development and constructions activities.

The EBITDA for non-wind activities was affected by the technical incidents that impacted the profitability of Ecoval 30, a waste treatment plant in Beaucaire.

2.1.3 Current Operating Income

The Group's current operating income was as follows:

(in millions of euros)	June 30, 2008	June 30, 2007
EBITDA	8.6	(3.3)
Amortisation, depreciation and provisions	(16.5)	(4)
Impact of other expenses not disburseable (1)	(9.1)	(9.1)
Current Operating Income	(17.1)	(16.4)

(1) Allocation of stock grants and warrants.

Current operating income varied little over the period; the significant increase in EBITDA €(11.9) million was offset by a quasi-symmetrical increase in amortisation, depreciation and provisions.

The strong increase in amortisation, depreciation and provisions primarily reflects the changes in the scope of consolidation. Thus, the acquisitions and commissionings in the second half of 2007 generated an impact of €10.2 million on amortisation, depreciation and provisions in the first half of 2008.

2.1.4 Net income

The net income of the THEOLIA Group on June 30, 2008 was as follows:

(in millions of euros)	June 30, 2008	June 30, 2007
Current operating income	(17.1)	(16.4)
Cost of net debt	(14.2)	(2.8)
Dilution profit	0.6	20
Other financial income and expenses	3.1	2.1
Share in the income/loss of associates	(1.3)	0.2
Taxes	2.7	3.2
Net income	(26.2)	6.3

Net income for the first half of 2008 was primarily impacted by the Group's financial expenses and the effect of the dilution profit on Thenergo.

The cost of net debt rose from €2.8 million at the end of June 2007 to €14.2 million at the end of June 2008. This change essentially reflects the accounting interest expenses on the convertible bond (OCEANE) and the increase of the interest expenses associated with the acquisitions of wind farms in 2007.

At 30 June 2007, the dilution profit of €20 million was on the Thenergo shares. At June 30, 2008, a new capital increase of Thenergo not subscribed by THEOLIA resulted in the generation of a new dilution profit of €0.6 million.

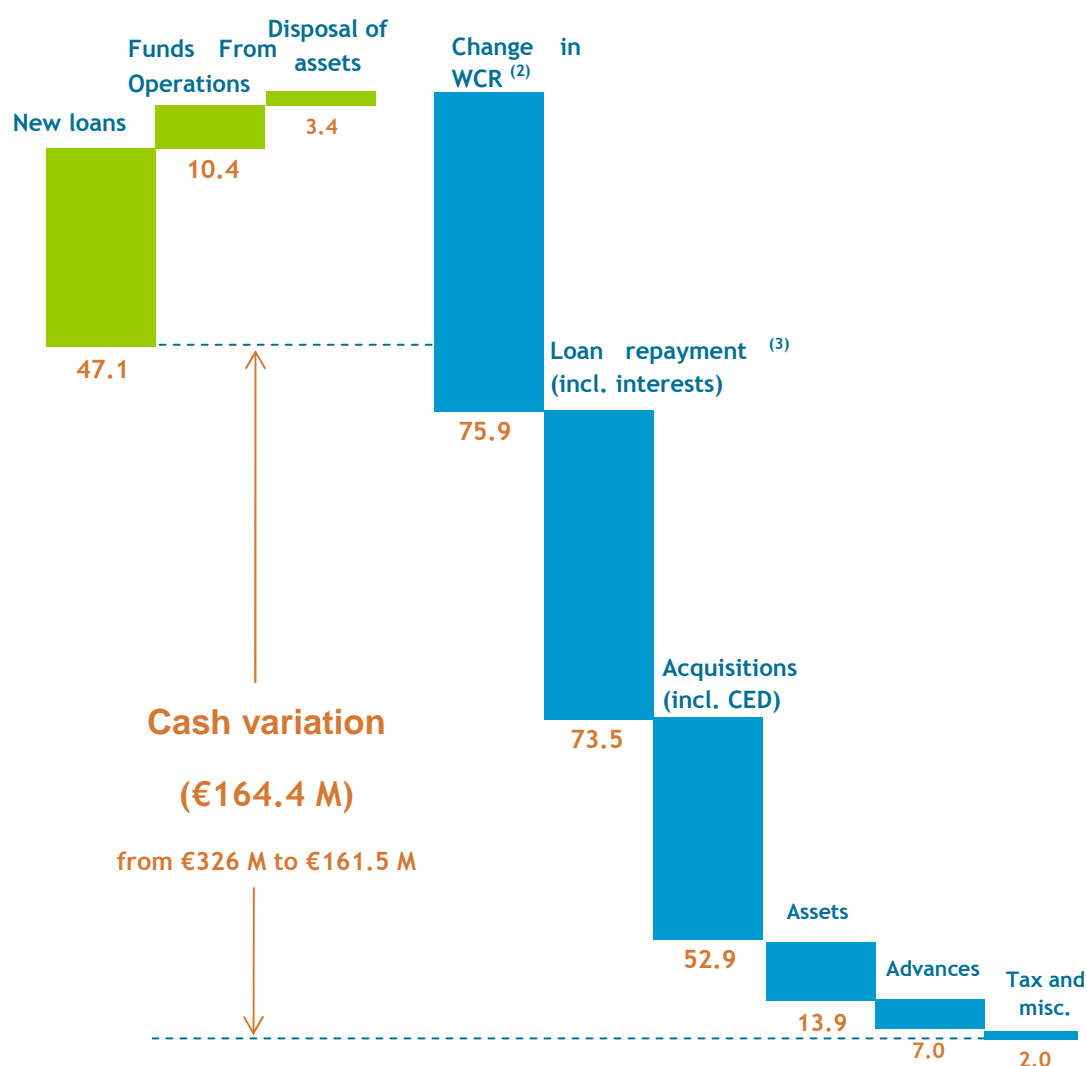
2.2 Financial structure and change in cash position

The financial structure of the THEOLIA Group at June 30, 2008 was as follows:

(in millions of euros)	June 30, 2008	December 31, 2007
Shareholders' equity	388.8	404.4⁽¹⁾
Financial debt	559.3	542.6⁽¹⁾
Cash and cash equivalents	161.5	326.5
Net debt	397.8	216.2⁽¹⁾
Tangible and intangible assets	485.1	410.7⁽¹⁾
Total Balance Sheet	1,107.8	1,154.9

(1) See details of the reclassifications compared to the financial statements published on December 31/12/2007 in the notes to the financial statements of 30/06/2008 (Note 2)

The change in the Group's cash position, which dropped from €326 million on December 31, 2007 to €161.5 million on June 30, 2008, is shown graphically below:



2.2.1 Analysis of cash flows from operating activities

The cash used in operating activities was €67.8 million.

The gross cash flow of €10.4 million generated by operations during the half was absorbed by the sharp increase of €75.9 million in working capital requirements.

This change in working capital requirements includes the payments associated with turbine supplies, primarily in Germany, Italy and Spain, for nearly €70 million.

Inventories rose €22.5 million, primarily reflecting the acquisition of turbines.

The €50.4 million decrease in trade receivables corresponds to the collection of 2007 receivables.

2.2.2 Analysis of cash flows from investing activities

Cash used in investing activities amounted to €70.5 million.

Acquisition of non-current assets totalled €13.9 million, primarily for progress on wind projects and the installation of turbines on existing farms.

The increase in loans was €7.0 million on loans granted by Natenco to its customers pending the implementation of project financing.

The impact of changes in the scope of consolidation on cash flows is defined as the difference between the acquisition cost spent and the cash of the company acquired.

In the first half of 2008, this impact amounted to €52.9 million, essentially corresponding to the acquisitions of *Compagnie Eolienne du Détroit* (50.4 MW), two wind farms in France and additional payments for acquisitions completed over previous years.

2.2.3 Analysis of cash flows generated by financing activities

Borrowings and other debts totalled €47.1 million and represent the subscription of new short-term borrowings (also repaid) in the amount of €32.7 millions and the implementation of long-term financing for wind power plants for €14.3 million.

At the same time, repayments of short-term debts were made for €34.0 million, plus the repayment of long term financing for wind plants in the amount of €22.4 million and interest payments for €10.6 million.

Finally, €6.5 million in current accounts considered as short-term financing was repaid in the context of the acquisition of wind farms in France.

The total amount of loan repayments and interest was €73.5 million.

3 POST-CLOSING EVENTS AND OUTLOOK

3.1.1 Post-closing events

- At the end of July 2008, THEOLIA signed a memorandum of understanding with SIEMENS Wind Power for the delivery of wind turbines in Morocco for the international tender bid of ONE (Moroccan state electricity company), the first downpayment was made in August. This memorandum contains a clause stipulating that this capacity may be transferred to a framework agreement if THEOLIA is not selected.
- THEOLIA signed a memorandum of understanding with SIEMENS for the delivery of 300 MW by the end of 2012.
- At the end of August 2008, the THEOLIA's Board of Directors decided to focus on its own account activities.

3.1.2 Outlook

As of June 30, 2008, the Group had 661 MW in operation and 474 MW of projects to be commissioned by the end of 2009, not including future acquisitions and organic development through THEOLIA Emerging Markets.

The Group confirms its target of 2,000 MW in operation by the end of 2011, mainly held for own account.

Taking into account the announced strengthening of its own account activity, **2008 will be a year of transition:**

- keeping a maximum number of wind farms for own account,
- connecting wind farms in Germany to the grid in 2008 and 2009 to optimize the benefits of the recent tariff changes,
- a minimum EBITDA of €20 million.

THEOLIA focuses on a unique model of development that offers the strongest growth potential and profitability over the mid and long term.

4 RELATED-PARTY TRANSACTIONS

- Transactions with related parties

Transactions with related parties are transactions with companies in which THEOLIA exercises a significant influence, which are consolidated by the equity method. Information related to companies consolidated by the equity method is in Note 9.

The transactions between related-parties are executed on the basis of market prices.

- Share-based payments

Over the first half of 2008, THEOLIA booked an expense of:

- €1,554 thousand for warrants for directors;
- €7,602 thousand for free shares, including € 1.869 thousand for directors.

- Agreement between FARACHA and THEOLIA: half year impact of € 295k

CONSOLIDATED FINANCIAL STATEMENT ON JUNE 30, 2008

Balance Sheet

Income Statement

Cash Flow Statement

Statement of Changes in Shareholders' Equity

Notes to the Financial Statements

ASSETS		Notes	30/06/2008	31/12/2007
	Goodwill	6	133 792	120 062
	Other intangible assets	7	131 028	75 474
	Tangible assets	8	354 083	335 240
	Investments in associates	9	62 489	63 060
	Other non-current financial assets		57 386	50 598
	Deferred tax assets		4 406	1 431
Total Non-Current Assets			743 184	645 865
	Inventories and work-in-process	10	62 198	37 877
	Turbine down payments		52 757	7 521
	Trade receivables		37 036	87 387
	Other current assets		45 979	48 751
	Income tax receivable		1 649	188
	Financial assets: current portion		3 442	1 127
	Cash and cash equivalents	12	161 516	326 197
Total Current Assets			364 578	509 048
TOTAL ASSETS			1 107 762	1 154 914
SHAREHOLDERS' EQUITY AND LIABILITIES				
	Share Capital	13	38 900	38 682
	Share premium		307 676	307 171
	Other reserves		67 033	106 552
	Net income (Group share)		(25 328)	(48 262)
	Shareholders' equity (Group share)		388 281	404 143
	Minority interests		(470)	277
Total Shareholders' Equity			387 811	404 420
	Non-current financial liabilities	15	446 983	451 819
	Provisions: non-current portion		1 099	665
	Employee benefits		274	251
	Deferred tax liabilities		35 521	27 557
	Other non-current liabilities		680	-
Total Non-Current Liabilities			484 557	480 292
	Current financial liabilities	15	112 290	90 772
	Provisions: current portion		-	435
	Trade payables and other current liabilities		98 159	137 094
	Tax and social security liabilities		16 880	28 966
	Income tax liabilities		8 065	12 935
Total Current Liabilities			235 394	270 202
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			1 107 762	1 154 914

	Notes	30/06/2008	30/06/2007
		(6 months)	(6 months)
Sales		61 885	51 024
Purchases and changes in inventories		(25 983)	(34 654)
External expenses		(18 092)	(12 966)
Taxes		(1 130)	(497)
Personnel expenses	17	(15 939)	(11 988)
Depreciation and amortization		(16 243)	(4 026)
Other current operating income and expenses	18	(1 557)	(3 337)
Current Operating Income		(17 059)	(16 444)
Other non-current operating income and expenses		328	20 046
Operating Income		(16 731)	3 602
Cost of gross financial debt	19	(17 076)	(3 252)
Income from cash and cash equivalents	19	2 893	477
Cost of net financial debt	19	(14 183)	(2 775)
Other financial income and expenses	19	3 342	2 117
Share of income from associates	19	(1 278)	179
Income tax expense	20	2 668	3 160
Net income (loss) of the year		(26 182)	6 283
NET INCOME		(26 182)	6 283
Attributable to :			
Group share		(25 328)	6 172
Minority interests		(854)	111
Earnings per share	21	(0,65)	0,21
Diluted earnings per share	21	(0,45)	0,19

Note : the following reclassifications have been made during the period of June 30, 2007 in order to ensure a better comparison:

- Other non-current operating income and expenses towards Current operating income for €5,353 K
- External expenses towards Purchases for €16,162 K

Consolidated Cash flow Statement

€ thousands

	30/06/2008	30/06/2007	31/12/2007
Total net income of consolidated companies	(26 182)	6 289	(48 625)
Elimination of depreciation, amortization and provisions	15 309	4 156	18 084
Elim. of change in deferred tax	(2 668)	(3 160)	2 729
Elim. of capital gains and losses on disposals	118	(131)	(932)
Elim. of share of income from associates	1 278	185	(83)
Financial costs	15 760	-	11 720
Other income and expenses with no impact on cash flow	6 739	(12 031)	44 321
Gross Cash flow operations (A)	10 354	(4 691)	27 214
Dividends received from associates	-	-	-
Change in operating working capital requirements (B)	(75 939)	(27 768)	2 639
Income tax paid	(2 213)	(2 817)	240
CASH FLOW FROM OPERATING ACTIVITIES (a) = (A+B)	(67 799)	(35 276)	30 093
Acquisitions of tangible and intangible assets	(11 938)	(22 718)	(48 136)
Acquisitions financial assets	(2 002)	(37 336)	(104)
Disposals of tangible and intangible assets	3 399	2 470	7 006
Change in loans	(7 092)	(8 684)	(28 913)
Impact of change in scope of consolidation	(52 919)	67	(66 516)
NET CASH FLOW USED BY INVESTING ACTIVITIES (b)	(70 551)	(66 202)	(136 663)
Dividends paid to minority shareholders	-	(29)	(29)
Treasury shares	0	177	8
Capital increase (reduction)	723	76 923	96 176
New loans and other liabilities	47 073	19 953	308 813
Repayments of borrowings and other liabilities	(62 867)	(10 256)	(23 320)
Interests paid	(10 582)	(3 250)	(11 720)
Other financing income and expenses with no impact on cash flow	-	-	(468)
NET CASH FLOW USED BY INVESTING ACTIVITIES (c)	(25 653)	83 518	369 459
Cash flow from non-current assets classified as held for sale	-	-	-
Foreign currency translation adjustments	(422)	14	(111)
CHANGE IN CASH AND CASH EQUIVALENTS (d) = (a)+(b)+(c)	(164 425)	(17 946)	262 778
Opening net cash and cash equivalents	325 920	63 142	63 142
Closing net cash and cash equivalents	161 495	45 195	325 920
CHANGE IN CASH AND CASH EQUIVALENTS	(164 425)	(17 946)	262 778
* Cash and cash equivalents appearing in the balance sheet	161 516	47 181	326 197
Bank overdrafts	(21)	(1 986)	(278)
Net cash and cash equivalents at closing	161 495	45 195	325 920

Statement of changes in shareholders' equity

€ thousands

	Share Capital	Primes	Translation difference	Consolidated reserves and net income	Shareholders' equity-Group share	Minority interests	Total shareholders' equity
As at January 1, 2007	25 404	137 650	(9)	6 643	169 688	1 734	171 422
Translation differences			(18)		(18)		(18)
Treasury shares				177	177		177
Consolidated net income for the period				6 172	6 172	105	6 277
Subtotal : income and expenses of the period	-	-	(18)	6 348	6 330	105	6 435
Capital increase	6 376	72 709			79 085		79 085
Stock grants				3 751	3 751		3 751
Warrants allocated to employees				19	19		19
Warrants allocated to directors				3 659	3 659		3 659
Allocation of warrants to share premium					-		-
Allocation of capital increase		(2 883)			(2 883)		(2 883)
Change in scope of consolidation				12	12	(1 707)	(1 738)
Other reclassifications				291	291		291
As at June 30, 2007	31 780	207 476	(27)	20 723	259 952	89	260 041
Translation differences			253		253		253
Treasury shares				(169)	(169)		(169)
Consolidated net income for the period				(54 434)	(54 434)	(650)	(55 084)
Subtotal : income and expenses of the period	-	-	253	(54 602)	(54 349)	(650)	(54 999)
Capital increase	6 902	102 794			109 696		109 696
Stock grants				2 494	2 494		2 494
Warrants allocated to employees				19	19		19
Warrants allocated to directors				1 855	1 855		1 855
Allocation of capital increase		(3 099)			(3 099)		(3 099)
Convertible bond				26 502	26 502		26 502
Accounting impact of the acquisition of General Electric affiliates' wind farms				56 490	56 490		56 490
Change in scope of consolidation				5 830	5 830	838	6 668
Other reclassifications				(1 247)	(1 247)		(1 247)
As at December 31, 2007	38 682	307 171	226	58 064	404 143	277	404 420
As at January 1, 2008	38 682	307 171	226	58 064	404 143	277	404 420
Translation differences			(338)		(338)		(338)
Treasury shares				(458)	(458)		(458)
Consolidated net income for the period				(25 328)	(25 328)	(854)	(26 182)
Subtotal : income and expenses of the period	-	-	(338)	(25 787)	(26 125)	(854)	(26 979)
Capital increase	218	505			723		723
Stock grants				7 602	7 602		7 602
Warrants				1 555	1 555		1 555
Change in scope of consolidation				130	130		130
Other reclassifications				253	253	107	360
As at June 30, 2008	38 900	307 676	(112)	41 816	388 280	(470)	387 811

ANNEX TO THE CONSOLIDATED FINANCIAL ACCOUNTS

Note 1. *General information*-----

Note 2. *Accounting principles and evaluation methods*-----

Note 3. *Events subsequent to closing* -----

Note 4. *Development of scope of consolidation*-----

Note 5. *Groupings of companies* -----

Note 6. *Goodwill* -----

Note 7. *Intangible assets* ----- *Erreur ! Signet non défini.*

Note 8. *Property, power station & equipment*-----

Note 9. *Associates* -----

Note 10. *Inventories* -----

Note 11. *Financial derivative instruments*-----

Note 12. *Cash and cash equivalents*-----

Note 13. *Share capital* -----

Note 14. *Share-based payments* -----

Note 15. *Financial liabilities* -----

Note 16. *Sector information*-----

Note 17. *Personnel expenses*-----

Note 18. *Other operating income and expenses*-----

Note 19. *Net financial income* -----

Note 20. *Tax on earnings*-----

Note 21. *Earnings per share* -----

Note 22. *Associated parties* -----

Note 23. *Compensation of management* -----

Note 24. *Potential investments, liabilities and assets*-----

Note 25. *List of the companies of the Group*-----

Note 1. General Information

THEOLIA ("the Company") is a limited company under French law, with registered office in Aix-en-Provence, France. The Company and its subsidiaries ("the Group") are involved in the independent production of renewable electricity, primarily of wind origin. The Group is also active in the Environmental sector. The Group operates primarily in France and Europe.

The Company is listed in Paris on the Euronext Eurolist market, section B.

The Company's financial year ends on 31 December. The financial period for which the accounts are submitted began on 1 January 2008 and ended on 30 June 2008.

The Group's financial statements were approved by the Board of Directors on 28 August 2008.

The explanatory notes accompanying the presentation of the consolidated accounts form an integral part of the latter.

The financial statements are presented in thousands of euros, unless indicated otherwise, rounded to the next highest thousand euros when the amount after the decimal point is greater than or equal to € 500.

Note 2. Accounting principles and valuation methods

- **Basis for the preparation of financial statements**

The THEOLIA Group's consolidated accounts were prepared in accordance with IFRS (International Financial Reporting Standards), as adopted by the European Union.

The summarised half-yearly statements, to 30 June 2008, are presented and were prepared based on the provisions of the IAS 34 standard, "Interim Financial Information."

Interim financial statements do not include all the information required by the IFRS reference for preparation of the consolidated financial statements. These notes may therefore be supplemented by a reading of the THEOLIA financial statements published for the financial year ending 31 December 2007. Total revenues are highly seasonal by nature.

The valuation and presentation principles and methods used in preparing the half-yearly financial statements are identical to those used in the consolidated financial statements of 31 December 2007.

The new texts published by the IASB, and subject to mandatory application as at 30 June 2008, are the following:

- ✓ IFRIC 11 "IFRS 2: Transactions internal to a Group" interpretation clarifying the posting of payments in shares made for the purchase of treasury shares and payments in shares to the accounts of a subsidiary in Group shares.

The new texts published by the IASB and subject to optional application as at 30 June 2008 are the following:

- ✓ IFRS 8 relative to operating segments. The impact on the presentation of the accounts is being determined.

This standard has not been adopted in advance by the Group.

As of the date of these financial statements, the following standards and interpretations were issued but had not yet been enacted:

- ✓ IAS 1 revised, on the presentation of revised financial statements
- ✓ IAS 23 on costs of borrowing
- ✓ IFRS 3 revised, on the grouping of companies
- ✓ Amendment IAS 27 on consolidated and individual financial statements
- ✓ Amendment IFRS 2 (2008) on conditions for acquisition and cancellations
- ✓ Amendment IAS32/IAS1 (2008) on redeemable instruments and bonds in case of liquidation
- ✓ IFRIC 13 on customer loyalty programmes. This interpretation does not affect the Group.

The Group is currently engaged in analyses of the practical consequences of these new laws and the effects of their applications in the accounts.

The following texts were enacted on the date of preparation of the accounts, but have not yet been adopted by the European Union:

- ✓ IFRIC 12 on concession agreements (applicable 1 January 2008). The Group is engaged with one of its subsidiaries in a public service delegation agreement. The impact on the presentation of the financial statements is being determined.
- ✓ IFRIC 14 on assets under defined payments regimes. This interpretation does not affect the Group.

In accordance with IFRS 3, the accounts presented as a comparison have been reprocessed following the final allocation of goodwill.

- **Use of estimates**

The preparation of the half-yearly financial statements in accordance with the conceptual context of the IFRS standards involves recourse to estimates and assumptions likely to have an impact on the amounts of certain assets, liabilities, income and expenses contained in the accounts.

- **Rules of consolidation**

- **Controlled entities**

Subsidiaries are consolidated if they are controlled by the Group, which directs their financial and operational policies. Subsidiaries are consolidated by complete integration from the date at which effective control was transferred to the Group. They are deconsolidated from the date at which such control ceases.

All intra-group balances and operations have been eliminated from consolidation.

- **Associated companies**

Associated companies are companies in which the Group has a notable influence in matters of operational and financial policy, without having control. In general, they are companies in which the Group holds at least 20% of voting rights.

The Group's investments in the associated companies are posted according to the equity method. The financial statements of the associated companies are included in the consolidated accounts from the date of the start of the notable influence until the date at which that notable influence is lost.

- **Grouping of companies**

The groupings of companies which have taken place since 1 July 2004 have been posted according to the acquisition method. The cost of grouping of companies is equal to the total fair value at the date of exchange, delivered assets, incurred or assumed liabilities, and equity instruments issued by the Group, in exchange for control of the acquired company, and of all costs directly attributable to the grouping of companies.

- **Correction of error – IAS 8**

Pursuant to standard IAS 8, three errors found in the financial statements to 31 December 2007 have given rise to an adjustment to these same accounts.

i) The acquisition of shares in German companies made at year-end 2007 was presented incorrectly, such that the debts and goodwill were increased in the accounts for the period ending 31 December 2007. In the half-yearly accounts to 30 June 2008, only the opening balance sheet was adjusted, as the error corresponded to the second half of 2007.

The effect of the adjustment is summarised below. There is therefore no effect on the accounts to 30 June 2008.

	Balance sheet effect to 31/12/2007
Correction of goodwill:	- 2,549 K€
Correction of current assets (see note 5):	- 5,711 K€
Correction of current liabilities:	- 8,260 K€

ii) Moreover, the posting of the convertible bond (Oceane) implemented in October 2007 gave rise to a partially incorrect adjustment, such that shareholders' equity, in the accounts of 31 December 2007, was reduced by 1,129 K€, and non-current financial liabilities increased by the same amount.

In the half-yearly accounts to 30 June 2008, only the opening balance sheet and the statement of changes in shareholders' equity were adjusted, as the error corresponded to the second half of 2007.

The effect of the adjustment is summarised below. There is therefore no effect on the accounts to 30 June 2008.

	Balance sheet effect to 31/12/2007
Correction of shareholders' equity:	+ 1,129 K€
Correction of current financial liabilities:	- 1,129 K€

iii) A change in the evaluation of the level of control of the Spanish company Asset Electrica, which is 50% owned by the Company, resulted in a change in consolidation method. The company was posted according to the equity method. This presentation resulted in the following effects on the accounts as at 31 December 2007:

- Tangible assets	(9,896) K€
- Non-current financial assets:	6,568 K€
- Non-current financial liabilities:	(3,075) K€
- Suppliers:	(752) K€
- Related companies:	(217) K€

Note 3. Events subsequent to closing

- **Transfer of THENERGO shares on the EURONEXT**

The transfer of the THENERGO shares on the EURONEXT was completed on 25 August 2008. The publication of the half-yearly results is scheduled for 28 August 2008.

- **Purchase by Maestrone Green Energy of Company Mendecino Green Energy Sr.l.**

Maestrone Green Energy acquired 90% of the shares of Company Mendecino Green Energy S.r.l. on 25 July 2008.

- **Agreement guaranteeing the undertakings of Natenco Gmbh for GE Wind Energy**

THEOLIA granted a guarantee for the undertakings assumed by the subsidiary Natenco Gmbh pursuant to an agreement dated 18 July 2008 entered into with GE Wind Energy Gmbh for the supply of 2 turbines with power of 1.5 MW each, for a total of 2,880 K€.

- **Agreement guaranteeing the undertakings of Aero-Chetto for Vestas Italia**

THEOLIA has granted a guarantee for the undertakings assumed under an agreement dated 18 July 2008 entered into by the project company Aero-Chetto, held by the subsidiary Maestrone, to the company Vestas Italia for the supply of 35 turbines with power of 0.85 MW each.

The amount covered by the guarantee is 36,400 K€.

- **Memorandum of understanding for the delivery of turbines on the site of Tarfaya (Morocco)**

At the end of the month of July 2008, THEOLIA signed a memorandum of understanding with SIEMENS Wind Power for the delivery of wind turbines on the site of Tarfaya and has proceeded in August with the first payment. This memorandum contains a clause stating that this capacity will be able to be transferred to a framework agreement if THEOLIA is not selected for the project.

- **Other events**
At the end of August 2008, THEOLIA signed a memorandum with a turbine manufacturer for the delivery fo 300 MW between 2010 and 2012.

Note 4. Change of scope of consolidation

- **Scope of consolidation**

On 30 June 2008, the scope of consolidation, other than the parent company, included 128 companies over which it held exclusive control, either directly or indirectly (in contrast to 112 on 31 December 2007).

A complete list of these companies can be found at Note 24 "List of companies of the Group".

- **Acquisitions**

- Acquisition of Compagnie Eolienne du Détroit (CED) on 4 January 2008.
- Acquisition of SNC Les éoliennes de Bel Air and Les éoliennes du Plateau, as well as Centrale éolienne de Chermisey et de Beaudignecourt on 31 January 2008.
- Purchase of the ownership interest of SNC L'Ardèche and Charmois on 31 January 2008.
- Acquisition by Maestrade Green Energy of Avalon Ltd on 18 February 2008 and Belmonte Green Energy Srl on 18 March 2008.

- **Other variations**

- Creation of Theolia South America Holding Ltda in Brazil. This company is 99.99% held THEOLIA SA.
- Creation of the Moroccan subsidiaries TANGER MED WIND SA and THEOLIA MAROC SERVICES SA, each 99.96 % held by Theolia Marocco SA.

Note 5. Groupings of companies

- Previously acquired assets and liabilities

Wind farms acquired from General Electric "GE"

€ thousands	Wind farms (GE)	Goodwill	Goodwill Adjustment	Price adjustments	Goodwill allocation	GE wind farms (GW allocated)
<i>Acquisition date</i>	<i>02/07/2007</i>					
Goodwill		32,147	5,661		(21,910)	15,898
Intangible assets	4,590				28,700	33,290
Tangible assets	178,079					178,079
Non-current financial assets	376					376
Deferred tax assets	-					-
Inventories	-					-
Clients	2,014					2,014
Other current assets	58,107		(5,711)			52,396
Cash and cash equivalents	10,922					10,922
Non-current financial liabilities	173,744				(2,600)	171,144
Other non-current liabilities	-					-
Current financial liabilities	17,375					17,375
Provisions	-					-
Trade payables and other creditors	3,037					3,037
Tax and social security liabilities	3,264					3,264
Deferred tax liabilities	1,140				9,390	10,530
Total net acquired assets	55,528	32,147	(50)	-	-	87,625
Securities purchase price	87,675			(50)		87,625
Acquisition costs	-					-
Total cost of acquisition	87,675	-	-	(50)	-	87,625
Net goodwill	32,147	5,661	(50)	(21,910)	15,848	

The posting of the acquisition of the GE wind farms gave rise to a provisional allocation in the accounts to 31 December 2007.

The final allocation takes into account the posting on the balance sheet of the following items:

- Electricity sale rights:	28,700 K€
- Fair value of non-current liabilities:	(2,600) K€
- Corresponding deferred taxes:	9,390 K€

Biocarb

The goodwill posted at 31 December 2007, totalling 1,354 K€, was increased by 13 K€ during the financial year.

The goodwill of 1,367 K€ corresponds to Biocarb's capacity to generate profits in the context of its activity producing bio fuels and related products.

Maestrale

The goodwill posted 31 December 2007, totalling 5,831 K€, was increased by 11,362 K€ during the period corresponding to two price increases related to the awarding of new building permits.

The provisional goodwill of 17,193 K€ corresponds to Maestrale's capacity to develop and sell wind farms and to the future earnings that will derive from these activities. A portion of this goodwill will be allocated to the farms that have given rise to price increases.

- **Main assets and liabilities acquired during the financial year**

As a result of the complexity of the acquired activities, identification and evaluation of intangible assets generally requires an expert assessment, which means the Group has not been able to provide a finalised allocation of acquisition price at the date of closing.

Therefore, for all acquisitions described below, the definitive allocation of acquisition price will be established, at the latest, within 12 months following acquisition, and so has not yet been completed.

€ thousands	Compagnie éolienne du Détroit 04/01/2008	Centrale éolienne de Bel Air 31/01/2008	Centrale éolienne du Plateau 31/01/2008	Other acquisitions
Acquisition date	04/01/2008	31/01/2008	31/01/2008	
Goodwill				
Other intangible assets	55,480	-	-	3,000
Tangible assets	118	9,371	9,125	941
Holdings of associated companies	-	-	-	-
Other non-current financial assets	21	-	-	-
Deferred tax assets	-	-	-	2
Inventories and in-progress	615	-	-	-
Clients	1,964	282	256	-
Other current assets	618	39	46	193
Income tax credit	-	-	-	-
Non-current financial assets share	-	-	-	-
Cash and cash equivalents	2,559	404	495	25
Non-current financial liabilities	-	6,806	6,803	7
Non-current provisions share	-	-	-	-
Personnel benefits	-	-	-	-
Deferred tax liabilities	9,011	-	-	-
Other non-current liabilities	-	-	-	-
Current financial liabilities	6,133	3,674	3,077	3,486
Current provisions share	36	-	-	-
Trade payables and other current liabilities	350	75	376	692
Tax and social security liabilities	461	66	73	-
Tax debt on companies	-	-	-	-
Total net acquired assets	45,384	- 526	- 407	- 24
Securities purchase price	44,236	760	760	4
Costs of acquisition	1,148	37	38	-
Total cost of acquisition	45,384	797	798	4
Provisional goodwill	- 0	1,323	1,205	28

The goodwill of the Bel Air and Plateau wind power stations corresponds to the value of the electricity sale agreement.

The difference between the book values and fair value of the CED assets and liabilities was provisionally allocated to intangible assets for 24,396 K€ and to deferred tax liabilities for 8,539 K€. The figures presented above take into account this modification.

Note 6. Goodwill

▪ Analysis of item

	Net value
Values at closing on 31/12/2007	144,521
Correction of error	(2,599)
Price adjustment	50
Allocation of Goodwill	(21,910)
Values at opening on 01/01/2008	120,062
Losses of value (non-wind activities)	(238)
Regrouping of companies	2,640
Disposals	-
Price adjustment	11,312
Other variations	16
Values at closing on 30/06/2008	133,792

ECOVAL 30, a waste treatment station located at Beaucaire, has since the beginning of the half-year period experienced various technical incidents that sharply affected its profitability during the period. These incidents will have financial impacts in the second half that will affect the results for that period, but less significantly. In view of this situation, Group management has deemed it reasonable to establish a provision for the depreciation of all goodwill in the amount of 238 K€ (237,942 €) and a provision for depreciation of intangible assets, totalling 550 K€.

▪ Allocation of goodwill per Cash Creating Unit [CCU]

The Group's activities are therefore classed in the following categories:

- Development and construction of wind farms,
- Production of energy from wind power,
- Non-wind business.

Further, the business of production of energy from wind power is itself sub-divided into as many cash creating units as there are distinct geographical sectors. To date, 'geographical sectors' refers to France and Germany, which are the only countries with operating wind farms.

Categories	Value at 30/06/2008	Net value at 31/12/2007
Development and construction of wind farms	104,970	93,577
Business of production of energy from wind power France	3,432	820
Business of production of energy from wind power Germany	20,318	20,368
Non-wind business (1)	5,073	5,297
Total	133,792	120,062

(1) of which, loss of value during the period : 238 K€

Note 7. Intangible assets

	Project underway	Development costs	Software and similar rights	Other intangible assets	TOTAL
Gross values at the opening of the period on 01/01/2008	30,306	15,373	376	34,221	80,276
Acquisitions and assets generated internally	642	341	125	3	1,111
Groupings of companies	3,000	-	-	72,380	75,380
Sales	(36)	-	-	-	(36)
Conversion gain	19	-	-	(543)	(524)
Other changes	-	(3,226)	228	3,418	420
Gross values at closing on 30/06/2008	33,931	12,488	729	109,479	156,627
Depreciation and amortisation at the opening of the period on 01/01/2008	(233)	(356)	(231)	(3,981)	(4,802)
Amortisation	-	(176)	(70)	(2,488)	(2,734)
Provisions / reversals	(330)	(550)	-	37	(843)
Company consolidations	-	-	-	(16,816)	(16,816)
Conversion gain	-	-	-	198	198
Other changes	(106)	(87)	(112)	(297)	(602)
Cumulative depreciation and amortisation at closing on 30/06/2008	(669)	(1,169)	(413)	(23,347)	(25,599)
Net opening values on 01/01/2008	30,073	15,017	145	30,240	75,474
Net closing values on 30/06/2008	33,262	11,319	316	86,132	131,028

Acquisitions made and assets generated internally over the period were concerned mainly with the progression of wind energy projects under development in France and Italy.

External growth activities carried out during the period totalled 75,380 K€ and corresponded to the acquisition of rights attached to the development of the Chermisey and Beaudignecourt wind power stations in the amount of 3,000 K€, as well as acquisition of the concession agreement for Compagnie éolienne du Détroit (CED) wind power station, for 70,702 K€.

The final allocations of the acquisition prices that had been made on a provisional bases were applied to the "Gross amounts at opening" line, and corresponded to wind farms acquired from GE (see Note 5).

Note 8. Tangible assets

	Land	Buildings	Projects in prog.	Technical installations	Fixed assets under concession	Other tangible fixed assets	TOTAL
Gross values at the opening of the period on 01/01/2008	5,522	1,472	13,817	315,193	10,990	5,819	352,813
Acquisitions	14	578	2 639	6,630	97	869	10,827
Company consolidations	-	830	941	19,231	-	45	21,047
Decrease	-	-	(174)	-	(4)	(47)	(225)
Conversion differentials	-	10	(69)	-	-	(3)	(62)
Other changes	-	465	9	19,099	-	(2,544)	17,029
Gross values at closing on 30/06/2008	5,536	3,355	17,163	360,153	11,083	4 139	401,429
Cumulative depreciation and amortisation at the opening on 01/01/2008	-	(337)	(266)	(14,821)	(770)	(1,379)	(17,573)
Depreciations	-	(165)	-	(10,425)	(528)	(296)	(11,414)
Groupings of companies	-	(96)	-	(1,340)	-	-	(1,436)
Reversals	-	-	-	-	1	21	20
Other changes	-	(29)	181	(16,764)	-	(247)	(16,859)
Cumulative depreciation and amortisation at closing on 30/06/2008	-	(627)	(171)	(43,350)	(1,297)	(1,901)	(47,348)
Net opening values on 01/01/2008	5,522	1,135	13,551	300,372	10,220	4,440	335,241
Net closing values on 30/06/2008	5,536	2,728	16,992	316,803	9,786	2,238	354,083

Acquisitions that occurred during the period led to an increase of intangible assets by 21,047 K€, which is principally broken down as follows:

- Acquisition of operational wind power stations (France): 19,158 K€

The other changes were primarily due to the reclassification of amounts posted to the balance sheet between gross and net figures.

Note 9. Associates

On 30 June 2008, the income of the entities for which accounts were prepared in accordance with the equity method was as follows.

€ thousands	% of control	Share in the net financial position of the associates	Share in profits of the associates
ERNEUERBARE ENERGIE ERNTE VIER GmbH	48.00%	5	5
ECOLUTIONS	35.29%	25,193	(161)
THENERGO ME (Sub-Group)	27.21%	37,649	(982)
ASSET ELECTRICA	50.00%	(358)	(139)
Total on closing at 30/06/2008		62,489	(1,277)

The Thenergo stock price at 30 June 2008, which was 10.40 €, valued the Theolia interest at 49,051 K€.

The decline posted since 30 June does not call into question the value of the shares posted under assets.

Note 10. Inventories

	30/06/2008	31/12/2007
Wind energy projects	59,270	34,766
Other energy projects	631	1,635
Raw materials	3,105	1,730
Depreciation	(807)	(254)
Net value	62,198	37,877

The change in inventories is comprised primarily of:

- the acquisition of a stock of turbines, for 22,192 K€;
- the acquisition of the Belmonte and Avalon projects, for 1,313 K€.

Note 11. Financial derivatives

Financial derivative instruments applied to manage interest rate risk on variable-rate loans were posted at fair value as at 30 June 2008, with the counterparty posted to income.

The valuation of the rate swaps as at 30 June 2008 thus posted totalled 3,443 K€ (as at 31 December 2007: 1,128 K€).

Note 12. Cash and cash equivalents

	30/06/2008	31/12/2007
Marketable securities (net)	80,140	160,684
Cash	81,376	165,513
Total	161,516	326,197

The securities held by Théolia SA totalled 72,955 K€.

Note 13. Share capital

- **Number of shares in circulation**

On 30 June 2008, share capital was made up of 38,900,079 shares with a nominal value of 1 €.

	Nominal value (€)	Number of shares on 01/01/2008	Shares created by exercise of warrants	Number of shares on 30/06/2008
Number of shares	1	38,681,671	218,408	38,900,079
Number of securities	1	38,681,671	218,408	38,900,079
Share capital		38,681,671	218,408	38,900,079

Including 56 661 own shares

The right to cast a double vote is granted to every share which has been paid up in full when evidence is provided that such share has been registered in the name of the same shareholder for at least two years.

Note 14. Payments based on shares

▪ **Number of share warrant transactions**

	30/06/2008
Exercisable warrants on 31 December 2007	4,339,014
Issued during the period	155,822
Exercised during the period	184,000
Balance on 30 June 2008	4,310,836

A fair value for the warrants is estimated on the date of their issue, using the Black and Scholes binomial model. The warrants issued during the period have been valued on the basis of the following hypotheses:

	THEOLIA	
	6 May 2008	28 June
THEOLIA		
Amounts in euros unless otherwise stated 2008		
Fair value of warrant.....	11.36 €	3.10 €
Share price.....	22.45 €	19.55 €
Exercise price.....	12.95 €	14.64 €
Expected volatility.....	48.00%	48.00%
Expected dividends.....	0%	0%
Risk free rate.....	4.10%	4.10%

The accrued expense of 1,554 K€ for the period corresponds to:

For THEOLIA:

- warrants issued during the period:	1 493 K€
- warrants issued previously:	61 K€

The remaining amount to be issued corresponds to:

- THEOLIA: 116 K€

- **Free shares**

Free shares were granted on the following dates

- In 2005: 16,000
- On 13 October 2006: 407,500
- On 6 February 2007: 175,215
- On 8 January 2008: 100,000
- On 30 January 2008: 313,500

Making a total of 1,012,215 shares

The grants of free shares were evaluated in accordance with the share price on the issue date (18.69 € for the 8 January 2008 issue and 16.61 € for the 30 January 2008 issue).

The charge posted for the period, of 7,602 K€, corresponds to:

- shares granted in 2007: 526 K€
- shares granted in 2008: 7,076 K€

The charge which remains to be accounted for pursuant to the granting of free shares amounts to:

- for 2008: 424 K€
- for 2009: 85 K€

Note 15. Financial liabilities

- **Net debt (current/ non-current)**

30/06/2008	Current	Non-Current	TOTAL
Loans granted by credit establishments	109,047	247,115	356,162
Convertible bond debt	2,386	199,680	202,066
Finance leasing debt	9	16	25
Sub-total of loans	111,442	446,811	558,253
Banking overdrafts and equivalents	20	-	20
Other financial liabilities	828	172	1,000
Total financial liabilities	112,290	446,983	559,273

A line of credit of 5,254 K€ was issued by THEOLIA within the refinancing of CED that will take effect in the 4th quarter. As the final financing is long term in nature, this overdraft line of credit had been considered in financial debts.

▪ **Changes in loans and financial debts**

	Loans granted by credit establishments	Convertible bond debt	Finance leasing debt	Banking overdrafts and equivalents	Other financial liabilities	TOTAL
Values at the beginning of the period on 01/01/2008	346,261	195,953	26	278	73	542,591
Increase	46,648	6,114	-	-	950	53,712
Repayment	(56,341)	-	(4)	(258)	(5,781)	(62,384)
Consolidation of companies	19,614	-	-	-	5,656	25,270
Changes to scope of consolidation	-	-	-	-	-	-
Conversion gain/loss	(26)	-	3	-	(1)	(24)
Reclassification of the option as shareholders' equity	-	-	-	-	-	-
Other changes	6	(1)	-	-	103	108
Values at closing on 30/06/2008	356,162	202,066	25	20	1,000	559,273

The company groupings item mainly corresponds to the debts of the following entities, which were included in the scope of consolidation during the period:

- Compagnie Eolienne du Détroit
- SNC Centrale éolienne de Bel Air
- SNC Centrale éolienne du Plateau

The increase in financial debt of 16,682 K€ was mainly due to the following transactions:

- Borrowings from credit establishments:

Increase in borrowings from credit establishments: 46,648 K€

- o Financing of wind power stations for sale to third parties: 23,821 K€
- o Financing of wind power stations for own account: 14,350 K€
- o Subscription of a line of credit by THEOLIA on behalf of CED: 5,254 K€
- o Financing of Natenco GmbH: 2,832 K€
- o Accrued interest on borrowings: 391 K€

Reduction in borrowings from credit establishments: (56,341) K€

- o Financing of wind power stations for sale to third parties: (26,966) K€
- o Financing of wind power stations for own account : (22,390) K€
- o Repayment of the loan subscribed by CED: (5,098) K€
- o Repayments made for non-wind activities: (1,766) K€
- o Financing of Natenco GmbH: (121) K€

Change in borrowings from credit establishments following acquisition activities: 19,614 K€

- Borrowings for the Bel Air and Plateau wind power stations: 14,490 K€
- Borrowings for CED: 5,124 K€ (line repaid in June).

- Increase due to the convertible bond subscribed by Theolia: 6,114 K€

- Increase in other financial liabilities: 950 K€ (including 758 K€ on Germany)

Repayment of bank overdrafts and equivalents: (258) K€ (including (233) K€ on Natenco SAS).

Note 16. Sector information

- **Breakdown by business segment**

Wind activities involve:

- electricity production from wind farms held in its own name or managed on behalf of third parties
- transfer to third parties (wind construction/ sale)

Sales of wind electricity in the first half of 2008 on its own account and on behalf of third parties rose from 22.3 to 53.2 million euros, an increase of 139%.

This result is mainly due to the sharp increase in electricity sales from the wind power stations held by the Group, which grew from 5.9 to 30.2 million euros, an increase of 409%. The installed power of the wind power stations held by the Group grew 375%, from 73 MW at 30 June 2007 to 350 MW at 30 June 2008.

Electricity sales on behalf of third parties rose from 16.4 to 23.1 million euros, an increase of 41% related to the increase in the number of power stations managed on behalf of third parties.

No sales of wind farms were realized during the first half of the year.

Non-wind activities involve:

- THENERGO: electricity production from biomass and co-generation techniques
- SAEE/SAPE: electricity production from dispatchable power stations.
- Environment division (waste processing, air quality measurement, sludge processing).

These activities posted total revenues of 8.7 million euros in the first half of 2008, compared to total revenues of 5.4 million euros in the first half of 2007, adjusted following the posting of Thenergo under the equity method as of July 2007.

The comparative data presented below correspond, for the balance sheet ending 31 December 2007 and for the income statement, to the interim accounts of 30 June 2007.

30/06/2008 (€ thousands)

Income statement	Wind construction/ sale	Sale of wind electricity	Non-wind business	Holding	Inter-sector sales	Total
Total revenues	43	53,970	8,953	3,740	(4,820)	61,885
Inter-sector sales	(54)	(756)	(270)	(3,740)	4,820	0
Total	(11)	53,214	8,683	0	-	61,885
Current operating income	(8,368)	8,335	(2,737)	(14,289)	-	(17,059)
Other operating income and expenses	(116)	57	(106)	494	-	328
Operating income	(8,484)	8,392	(2,843)	(13,795)	-	(16,731)
Share of associated companies in income	(139)	5	(1,144)	-	-	(1,278)

30/06/2008 (€ thousands)

Income statement	Wind construction / sale	Sales of wind electricity	Non-wind business	Holding	Inter-sector sales	Total
Total revenues	43	53,970	8,953	3740	(4,820)	61,885
Inter-sector sales	(54)	(756)	(270)	(3740)	4,820	0
Total	(11)	53,214	8,683	0	-	61,885
Current operating income	(8,368)	8,335	(2,737)	(14,289)	-	(17,059)
Other operating income and expenses	(116)	57	(106)	494	-	328
Operating income	(8,484)	8,392	(2,843)	(13,795)	-	(16,731)
Share of associated companies in income	(139)	5	(1,144)	0	-	(1,278)

30/06/2008 (in € thousands with the exception of workforce)

	Wind construction / sales	Sales of wind electricity	Non-wind business	Holding company	Total
Balance sheet					
Non-current assets	187,501	492,593	41,279	21,810	743,183
<i>of which, unallocated non-current assets</i>	<i>30,465</i>	<i>57,238</i>	<i>15,976</i>	<i>20,601</i>	<i>124,280</i>
Current assets	204,530	64,051	13,985	82,012	364,578
<i>of which, unallocated current assets</i>		-	-	-	-
Total consolidated assets	392,031	556,645	55,265	103,822	1,107,762
Non-current liabilities	31,859	239,934	7,250	205,515	484,557
<i>of which, unallocated non-current liabilities</i>	<i>31,097</i>	<i>239,635</i>	<i>6,686</i>	<i>205,087</i>	<i>482,505</i>
Current liabilities	85,746	78,734	21,894	49,020	235,394
<i>of which, unallocated current liabilities</i>	<i>45,165</i>	<i>58,161</i>	<i>1,271</i>	<i>7,693</i>	<i>112,290</i>
Total consolidated liabilities	117,604	318,668	29,143	254,535	719,951
Other information					
Acquisitions of tangible and intangible fixed assets	2,913	6,684	1,314	1 028	11,939
Workforce at end of period	137	13	113	49	312

30/06/2007 (€ thousands)

Income statement	Wind construction / sale	Sales of wind electricity	Non-wind business	Holding	Inter-sector sales	Total
Total revenues	16,290	22,538	12,682	732		52,242
Inter-sector sales	-233	-253	0	-732		-1,218
Total	16,057	22,285	12,682	0		51,024
Current operating income	-984	2,188	-516	-16,940	-194	-16,444
Other operating income and expenses	164	120	-1,826	21,588		20,046
Operating income	-820	2,308	-2,342	4,649	-194	3,602
Share of associated companies in income	-9	0	188	0		179

Note 17. Personnel expenses

	30/06/2008	30/06/2007
Remuneration of personnel	5,837	6,246
Pension and social security expenses	2,857	2,044
Share issues and profit sharing	-	-
Other employee benefits and share-based payments (IFRS 2)	7,245	3,698
Total personnel expenses	15,939	11,988

Workforce at end of period	30/06/2008	30/06/2007
Managers, staff and associates	312	202
Total	312	202

Note 18. Other operating income and expenses

	30/06/2008	30/06/2007
Share-based payments (allocation of warrants)	(1,554)	(5,353)
Income from ordinary activities	664	1,868
Depreciation of Ecoval 30 goodwill	(238)	-
Other operating income and expenses	(429)	148
Total	(1,557)	(3,337)

Note 19. Net financial result

- Analysis of the item

Income from cash and cash equivalents	30/06/2008	30/06/2007
Income from interest generated on cash and cash equivalents	920	5
Income from the sale of cash equivalents	1,735	469
Other income	238	3
Total	2,893	477

Cost of gross financial debt	30/06/2008	30/06/2007
Interest costs on financing transactions	(17,076)	(3,252)
Total	(17,076)	(3,252)
Cost of net financial debt	(14,183)	(2,775)

The cost of net financial debt is broken down as follows:

- Theolia convertible bond:	6,855 K€
- Borrowings at Natenco GmbH:	2,221 K€
- Borrowings for German wind farms:	5,383 K€
- Borrowings for France wind farms:	1,972 K€

Other financial income and expenses	30/06/2008	30/06/2007
Change in the fair value of financial instruments	2,596	1,229
Changes in exchange rate	(654)	62
Net costs on the sale of marketable securities	(110)	-
Other financial charges and income	1,509	827
Other financial income and expenses	3,342	2,117

Note 20. Taxes on earnings

€ thousands	30/06/2008	30/06/2007
Corporate tax payable	(654)	(179)
Deferred taxes (income)	3,322	3,339
Total	2,668	3,160

Note 21. Earnings per share

Designation	30/06/2008	30/06/2007
Earnings payable to the shareholders of the company (in € thousands)	(25,328)	6,172
Weighted average number of shares in circulation (in thousands)	38,886	29,723
Basic earnings per share (in euros)	(0.65)	0.21
Earnings payable to the shareholders of the company (in € thousands)	(25,328)	6,172
Weighted average number of shares in circulation	38,886	29,723
Adjustments linked to warrants	4,818	1,848
Convertible bonds	11,538	
Adjustments linked to allocated free shares	989	599
Weighted average number of ordinary shares in circulation	56,231	32,170
Diluted earnings per share (in euros)	(0.45)	0.19

Note 22. Associated parties

- Transactions with associated companies

Transactions with associated parties involve transactions with companies over which Theolia exercises a significant influence and which are included in the accounts on the basis of the equity method. Information on companies consolidated on the basis of the equity method is provided in Note 9.

Transactions between associated parties are made based on market price.

- Payments in shares

Theolia posted an expense (Note 13) for the first half of 2008:

- of 1,554 K€ for share warrants for company directors;

- of 7,602 K€ for free shares, including 1,869 K€ to company directors.
- Agreement of strategic expertise between FARACHA and THEOLIA: half year impact of 295 K€.

Note 23. Directors' remuneration

<i>€ thousands</i>	30/06/2008	30/06/2007
Salaries and bonuses	408	2,050
Share-based payments	5,130	5,459
Attendance fees	120	0
Other remuneration	295	0
	5,953	7,509

Directors' remuneration refers to directors of Theolia SA

Note 24. Possible undertakings, liabilities and assets

A - Undertakings given by THEOLIA SA

- **Disposal of SERES**

In its capacity as transferee in the judgement ordering the total transfer of SERES, THEOLIA shall continue to guarantee the execution of the plan to sell SERES. In particular, it has undertaken to contribute the sum of 2,500 K€ and shall be obliged to honour this undertaking in the event of the default of SAS SERES Env. This undertaking has a term of two years and came to an end on 06/07/2008.

- **Ventura shareholders' agreement**

On 16 May 2005, THEOLIA entered into a memorandum of agreement with the minority shareholders and executive management of Ventura. This memorandum, establishing the principles of the collaboration with Ventura, was amended by means addenda dated 30 June 2005, 12 May 2006 and 30 April 2007.

Under this agreement, THEOLIA undertakes to contribute the necessary funds to its subsidiary to finance the development and construction of the projects covered by the Ventura annual business plan.

Moreover, for each wind farm project corresponding to the agreed business plan specified in the contractual agreement anticipates that a project support company with the goal of securing the necessary permits for the construction and management of wind farms developed by Ventura will be founded and held 20% by the minority shareholders and 80% by the Group.

- **Guarantee for loans taken by Ecoval 30**

In the context of Ecoval 30 activities, THEOLIA has guaranteed two loans taken out on 06/27/2005 by Ecoval 30 from Société Générale (balance as of June 30, 2008: €1,318,625 and from Crédit Agricole (balance as of June 30, 2008: €5,560,627)

- **Support and development of the activities of Ecoval Technology and Ecoval 30**

In the context of its support for the development of the activities of Ecoval Technology, THEOLIA has provided a guarantee to the BFCC for a maximum total sum of 140,000 €.

- **Undertakings and guarantees in the context of financing THEOWATT's subsidiaries**

Various undertakings and guarantees have been awarded by THEOLIA in the context of the financing of the construction of the wind farms (the "**Wind Farms**") held by Centrale Éolienne des Plos ("**CEPLO**"), Centrale Éolienne du Moulin de Froidure ("**CEMDF**"), Centrale Éolienne de Sallen ("**CESAL**"), Centrale Éolienne du plateau de Ronchois ("**CERON**") and Centrale Éolienne du Grand Camp ("**CELGC**" and, with CEPLO, CEMDF, CESAL and CERON, the "**SSP**").

Guarantees relative to the Swap agreements

Rate swap agreements were implemented between each SSP and Société Générale to hedge interest rate risk. On this occasion, Theolia granted Société Générale first-demand guarantees covering the SSP undertakings for each swap agreement, on the understanding that each such guarantee expires on the date of the lifting of all the suspensive conditions included in the loan agreements entered into by the SSPs or by default on 31 December 2009. The grant of these guarantees was approved by a resolution of the Board of Directors of Theolia on 14 May 2007.

At 30 June 2008, the guarantees corresponding to CEPLO, CESAL et CEMDF expired, following the implementation of the corresponding bank financing. By contrast, the guarantee of the CERON and CELGC undertakings remains in force.

Undertakings signed upon entering into the framework agreement on 14 June 2007

Authorised by resolution of the Board of Directors of Theolia on 31 May 2007 and entered into with Société Générale for a bank syndicate, this framework agreement specifically names Theolia, Theolia France and Theowatt (a holding company holding 100% of each of the SSPs) as joint and several guarantors to provide the SSPs, via capital contributions and/or shareholder loans, the amounts corresponding to the share agreed upon with the banks, of the construction costs of the wind farms.

Theolia, Theolia France and Theowatt are also jointly and severally required to cover, via new contributions of capital and/or shareholder loans, any construction cost overruns validated with the banks.

Moreover, the framework agreement establishes Theolia as joint and several guarantor for repayment of the amounts due under the bridge loans granted by the banks to the SSPs to finance the VAT relative to the construction of the wind farms.

As of March 20, 2008, a clause was signed by the aboved referenced parties clarifying the definitions “technical completion” as well as “wind turbine supply contract”.

- **Deposit to guarantee the credit line issued to Natenco GmbH, designed to finance its working capital requirement**

THEOLIA has pledged an amount not to exceed 7,500 K€ for the benefit of Sudwestbank and has guaranteed two lines of credit for 10,000 K€ each to the Bernhauser Bank AG for the benefit of Natenco GmbH , a subsidiary of THEOLIA. These lines of credit are designed to finance the working capital requirements of Natenco.

The commitment to the Bernhauser Bank is valid for one year from the Board meeting on May 14, 2007.

The commitment to Sudwestbank is valid for one year from the Board meeting on September 14, 2007.

- **Co-operation agreement with General Electric**

In the context of the co-operation agreement concluded between General Electric and THEOLIA, THEOLIA has undertaken to give General Electric first refusal on all wind farms which THEOLIA considers selling.

Moreover, THEOLIA has undertaken to offer General Electric the opportunity to participate in all financings which require that a debt be incurred with a third party.

- **Development premium in the context of the acquisition of Maestrale**

In the context of the acquisition of Maestrale, THEOLIA has signed remuneration agreements in the event of the success of development projects. These success fee agreements stipulate the payment of a fee when the various permits are definitively obtained..

The accounting treatment applied will depend on the state of advancement of the relevant projects on the closing date.

Whenever the state of advancement of the project does not make it possible to guarantee its proper conclusion, no liability shall be declared or entered in the accounts. When it becomes probable, in terms of the progress of a

project, that the remuneration will be paid, the balance of prices are then accounted for in the consolidated financial accounts.

- **Unconditional and irrevocable price refund guarantee in the context of the sale of a wind farm**

At the meeting of the Board of Directors on 8 January 2008, and in the context of the sale of a wind farm with a total output of 24 MW at a price of 40.8 million euros by Natenco to Hohenlohe Windfarm 1 GmbH & Co, Hohenlohe Windfarm 2 GmbH & Co KG, Hohenlohe Windfarm 3 GmbH & Co KG, Hohenlohe Windfarm 4 GmbH & Co. KG, Hohenlohe Windfarm 5 GmbH & Co KG and Hohenlohe Windfarm 6 GmbH & Co KG, companies affiliated to Meinl International Power Ltd, THEOLIA gave an unconditional and irrevocable guarantee to refund the sale price referred to above in the event of the cancellation of said sale by one or more of the acquirers and in the event of Natenco's default in connection with the repayment of the sale price. This undertaking shall be valid until 30 June 2009.

- **Pledge of shares in CED**
Following the acquisition of CED that took place on January 4, 2008, THEOLIA has paid off the long term loans undertaken by CED, awaiting the release of an equivalent long term loan with new lenders. This reimbursement had been made possible by the implementation of a bank loan from BNP backed by the shares of CED.
- **Pledge of a financial instruments account in order to support Theolia Wind Power in the context of a 15-MW project in India**

In the context of the acquisition by the Indian company Theolia Wind Power of a 15-MW project in India, THEOLIA, in a meeting of the Board of Directors on 13 March 2008, granted a pledge over its unit trust accounts to Société Générale in the sum of 9.8 M€. The guarantee aims to cover the possible absence of financing for the 10-MW project.

This pledge covers an amount of 9.8 million euros and is granted for a maximum term of one year.

- **Pledges of corporate shares of the companies Les éoliennes du Plateau and Eolienne de Bel Air**

On 31/01/08, Theolia France and Natenco SAS acquired the corporate shares of the companies Les éoliennes du Plateau and Les éoliennes de Bel Air.

To guarantee these companies' current obligations,

- Theolia France and Natenco SAS maintained a pledge from CIC of the corporate shares it held in Les éoliennes du Plateau
- Theolia France maintained a pledge from CIC of the corporate shares it held in Les éoliennes de Bel Air.

B - Undertakings given by the subsidiaries

- **Undertakings given by Theowatt**

On the occasion of the financing of the wind farms, Theowatt granted the following guarantees:

- A pledge of its bank accounts by a deed dated 21/06/07;
- a pledge of the shares held in the SSPs by a deed dated 21/06/07.

- **Undertakings of the Therbio sub-group**

As a guarantee for the loans granted to Ecoval 30 in the context of the financing of the construction of the Beaucaire factory, the following undertaking was given:

"With the consent of the municipal consortium, ECOVAL 30 assigns and mortgages specifically to the bank, which accepts the right to an administrative perpetual lease over the land situated in the municipality of BEAUCAIRE as well as over all of the buildings which have been or will be constructed, improvements and fixtures, it being specified in this regard that all of the equipment which is being used and will be used to operate its business is acknowledged by the borrower to be a fixture."

- **Undertakings of Natenco GmbH and its subsidiaries**

In the context of its activities Natenco GmbH and some of its subsidiaries have pledged to various banks a certain number of accounts opened on their books with a view to guaranteeing the costs which could arise when certain wind farms are dismantled.

The total of these pledges amounts to 9,173 K€ on 30 June 2008.

- **Undertakings of THEOLIA Iberica**

THEOLIA Iberica signed with its subsidiary ASSET Electrica, of which it owns 50%, a loan agreement pursuant to which it undertakes to make available to it total financing of 7,000 K€ in the context of the financing of the construction of the electric line.

The sum made available to ASSET Electrica amounts to 7,617 K€ on 30 June 2008.

- **ASSET Electrica**

The Company has undertaken to construct a 132-KV electric line of an approximate length of 30 kilometres from the Caroneras source sub-station to the network.

C - Undertakings received

- **Theolia SA**

- Co-operation agreement between Theolia and General Electric

In the context of the co-operation agreement concluded between General Electric and Theolia, General Electric has undertaken to offer to Theolia the wind energy projects in development which are situated in the European Union.

Moreover, General Electric has undertaken to propose to Theolia wind energy projects which are about to be constructed or have been constructed but which have not yet reached their commercial operating date and where capacity is less than 45 MW.

General Electric has given Theolia a right of first refusal over such projects.

- **Theolia France**

Theolia France on 31 January 2008 concluded a memorandum of agreement pursuant to which the company Winvest undertook to offer to it 30 MW of wind energy projects before 31 December 2009.

D - Disputes

- **Commercial disputes**

Sierra (PESSA)/ Isastur wind farms

Claim filed by the company Isastur, in the context of a leasing of works dated 15/05/2005 for the construction of the Alméria wind farm, for alleged breach of contract. In the end, this farm was not built. PESSA believes that this claim for payment of an invoice is without merit.

In January 2008 Isastur filed a legal claim for payment of a total of 93 K€ against PESSA. This amount has been subject to a provision in the accounts closed 30/06/2008.

- **Tax audits**

A tax audit was carried out at ECOVAL 30 from 12 February 2008 to 26 March 2008. This audit was subject to the sending by the comptroller of a letter to the tax department to issue a supplementary tax record for the land tax for the years 2006 and 2007.

To date, the records have not been received by ECOVAL 30 but given the risk of a reassessment, 281 K€ were placed into provision at 30/06/08.

- **Disputes in relation to building permits**

- Disputes in relation to building permits in France

The company Ventura has three active projects in its portfolio, namely Magremont, La Trie, and Joncels, for which appeals have been filed against the State following the refusal of delivery of a construction permit by the Prefet. These projects represent a total of 132 MW. Appeals have been filed for all these projects. Meanwhile, management estimates that there is a partial risk of not receiving the construction permits. In addition, the costs undertaken have been provisioned up to 25%, 25% and 50% respectively in 2007. Following an evaluation of the *acceptability* of the corresponding assets made during the half year, the provisions had been increased to reach 50% at 30 June 2008.

Despite the appeals filed at the beginning of 2008 regarding the rejected requests for the sites Ardeche and Les Pins at the end of 2007, a provision had been stated in the accounts up to 50% at 30 June 2008.

A provision of 50% has been formed on the site named Costières whose permit had been refused after 30 June 2008.

- Disputes in relation to building permits in Italy

Following an application submitted by a committee of residents of Martignano on 23 May 2007 to the Administrative Court of Lecce (Italy), a decision was handed down on 5 April 2008, which invalidates the approval granted by the region of Puglia and suspending the construction work on the wind farm for the entire duration of the judicial proceedings.

This decision was appealed to the Council of State on 27 March 2008. On 13 May 2008, the Council of State annulled the decision of the Administrative Court of Lecce, which resulted in the resumption of the building works if the attachment of the site ordered by the examining judge referred for the criminal proceedings was to be revoked (see above). The case was referred for reporting in November 2008.

The lawyer in charge of the matter considers that the chances of the Company are good. As a result, no provision has been established in respect of the work in progress, which amounts to 6,112 K€.

The same applicants have submitted a complaint against the directors of the company NeoAnemos, on the basis of a breach of the law for displays of nepotism for local developers and public authorities. On 9 May 2007, the examining judge ordered the provisional attachment of the site. An inquiry was opened by the District Attorney in March 2008; a hearing was scheduled for 30 June 2008, but was postponed to November 2008.

According to the same lawyer, there is no evidence to prove this breach. The matter is currently being heard.

- **Disputes before the employment tribunal**

Former employees have instigated proceedings against THEOLIA following their departure from the Company. Their claims are for:

- damages and interest
- warrants or compensation for the loss of stock option benefits.

In one case a decision has been handed down which reduced the claims of the employee in relation to the issue of warrants. The employee is appealing this decision.

On the basis of a risk estimate by the management, a provision has been included in the accounts for the sum of 373 K€, compared to total claims of 946 K€.

In another case, an additional provision was posted on 30 June 2008, following the conclusion of a transaction in the amount of 162 K€. The payment was made after the half-yearly close.

- **The Suzlon dispute**

On 9 November 2007 the Company Suzlon submitted a termination request to the company NeoAnemos in connection with the agreement for the supply of turbines and requested the reimbursement of all costs and expenses incurred in connection with the works carried out up until such date.

On 2 April 2008, NeoAnemos, Maestrals Green Energy and Deutsche Bank (in their capacity as shareholders of the parent company of NeoAnemos) signed a preliminary out-of-court agreement with Suzlon in order to bring the dispute to a close. This agreement stipulates, *inter alia*, that the turbines shall be purchased by Theolia directly and that NeoAnemos and Suzlon shall waive their right to prosecute any dispute. In the event that the resumption of the construction works on the Martignano farm are approved, Theolia has undertaken to sell the turbines to NeoAnemos for a price which is substantially equivalent to the purchase price which will be paid for them to Suzlon, approximately 23 M €.

Note 25. List of Group companies

Companies	% of interest	Methods of consolidation	Country	Activity
SA THEOLIA	100.00	Parent	France	Holding company
THEOLIA EMERGING MARKETS	47.62	Full consolidation	Morocco	Holding company
THEOLIA IBERICA	100.00	Full consolidation	Spain	Holding company
AEROCHECETTO Srl (Giunchetto 29.75 MW)	90.00	Full consolidation	Italy	Construction & sale Wind
AIOLIKI ENERGIEIA CHALKIDIKI AEBE	100.00	Full consolidation	Greece	Construction & sale Wind
AIOLIKI ENERGIEIA SITHONIA AEBE	80.00	Full consolidation	Greece	Construction & sale Wind
APESA	100.00	Full consolidation	Spain	Construction & sale Wind
ASSET ELECTRICA	50.00	Equity method	Spain	Construction & sale Wind
AVALON Ltd	100.00	Full consolidation	England	Construction & sale Wind
BELMONTE GREEN ENERGY Srl	90.00	Full consolidation	Italy	Construction & sale Wind
CE BEAUDIGNECOURT	100.00	Full consolidation	France	Construction & sale Wind
CE CHERMISEY	100.00	Full consolidation	France	Construction & sale Wind
CENT EOL AQUEDUC	100.00	Full consolidation	France	Construction & sale Wind
CENT EOL CHEM DE FER	100.00	Full consolidation	France	Construction & sale Wind
CENT EOL DE CANDADES	79.54	Full consolidation	France	Construction & sale Wind
CENT EOL DE CHASSE MAREE	99.54	Full consolidation	France	Construction & sale Wind
CENT EOL DE COUME	100.00	Full consolidation	France	Construction & sale Wind
CENT EOL DE CROIX BOUDET	100.00	Full consolidation	France	Construction & sale Wind
CENT EOL DE DAINVILLE	100.00	Full consolidation	France	Construction & sale Wind
CENT EOL DE DEMANGE	100.00	Full consolidation	France	Construction & sale Wind
CENT EOL DE FRUGES LA PALETTE	99.94	Full consolidation	France	Construction & sale Wind
CENT EOL DE LA VALLEE DE LA TRIE	99.54	Full consolidation	France	Construction & sale Wind
CENT EOL DE MOTTENBERG	100.00	Full consolidation	France	Construction & sale Wind
CENT EOL DE SALLEN	100.00	Full consolidation	France	Construction & sale Wind
CENT EOL DES COSTIERES	100.00	Full consolidation	France	Construction & sale Wind
CENT EOL DES GARGOUILLES	100.00	Full consolidation	France	Construction & sale Wind
CENT EOL DES SOUTETS	79.54	Full consolidation	France	Construction & sale Wind
CENT EOL DU GRAND CAMP	100.00	Full consolidation	France	Construction & sale Wind
CENT EOL DU MAGREMONT	99.54	Full consolidation	France	Construction & sale Wind
CENT EOL DU PAYS DE SORBIERE	100.00	Full consolidation	France	Construction & sale Wind
CENT EOL DU PLATEAU DE RONCHOIS	100.00	Full consolidation	France	Construction & sale Wind
CENT EOL FORET BOULTACH	100.00	Full consolidation	France	Construction & sale Wind
LES 4E	100.00	Full consolidation	France	Construction & sale Wind
MAESTRALE ENERGY Srl	100.00	Full consolidation	Italy	Construction & sale Wind
MAESTRALR PROJECT HOLDING SA	50.32	Full consolidation	Italy	Construction & sale Wind
MGE GIUNCHETTO Wind Park SA	100.00	Full consolidation	Italy	Construction & sale Wind
MGE Idea Srl	100.00	Full consolidation	Italy	Construction & sale Wind
MPH 1 SA (Giuggianello 28 MW)	100.00	Full consolidation	Italy	Construction & sale Wind
NATENCO CZECH REP. IG	100.00	Full consolidation	Czech Republic	Construction & sale Wind
NATENCO GMBH	100.00	Full consolidation	Germany	Construction & sale Wind
NATENCO HOLDING GmbH	100.00	Full consolidation	Germany	Construction & sale Wind
NATENCO SAS	100.00	Full consolidation	France	Construction & sale Wind
NEO ANEMOS Srl (Martignano 21 MW)	47.81	Full consolidation	Italy	Construction & sale Wind
SNC BIESLES	100.00	Full consolidation	France	Construction & sale Wind
SNC DAINVILLE	100.00	Full consolidation	France	Construction & sale Wind
SNC DEMANGE	100.00	Full consolidation	France	Construction & sale Wind
SNC L'ARDECHE	100.00	Full consolidation	France	Construction & sale Wind
SNC LE CHARMOIS	100.00	Full consolidation	France	Construction & sale Wind
SNC LES PINS	100.00	Full consolidation	France	Construction & sale Wind
SNC SAINT BLIN	100.00	Full consolidation	France	Construction & sale Wind
TANGER MED WIND SA	47.57	Full consolidation	Morocco	Construction & sale Wind
THEOLIA BRASIL ENERGIAS ALT.	100.00	Full consolidation	Brazil	Construction & sale Wind
THEOLIA CEE GmbH	100.00	Full consolidation	Austria	Construction & sale Wind
THEOLIA FRANCE	100.00	Full consolidation	France	Construction & sale Wind
THEOLIA GREECE	95.00	Full consolidation	Greece	Construction & sale Wind
THEOLIA HUNGARIA	100.00	Full consolidation	Hungary	Construction & sale Wind
THEOLIA MAROC SERVICES SA	47.57	Full consolidation	Morocco	Construction Vente Wind
THEOLIA MAROCCO	47.62	Full consolidation	Morocco	Construction & sale Wind
THEOLIA PARTICIPATIONS	100.00	Full consolidation	France	Construction & sale Wind
THEOLIA POLSKA	99.90	Full consolidation	Poland	Construction & sale Wind
THEOLIA SOUTH AMERICA HOLDING Ltda	100.00	Full consolidation	Brazil	Construction & sale Wind
THEOLIA WIND POWER PVT (INDIA)	50.00	Full consolidation	India	Construction & sale Wind
THEOWATT	100.00	Full consolidation	France	Construction & sale Wind
VENTURA	99.42	Full consolidation	France	Construction & sale Wind
WINDENERGIE COESFELD-LETTE GMBH &KO KG	100.00	Full consolidation	Germany	Construction & sale Wind
WINDPARK GROB WARNOW	100.00	Full consolidation	Germany	Construction & sale Wind
WSB W. MUHLANGER GMBH &KO KG	100.00	Full consolidation	Germany	Construction & sale Wind

Companies	% of interest	Methods of consolidation	Country	Activity
BUSMAN WIND GMBH (LADBERGEN I)	100.00	Full consolidation	Germany	Sale of electricity Wind
CEFF	100.00	Full consolidation	France	Sale of electricity Wind
CENT EOL DE SEGLIEN	100.00	Full consolidation	France	Sale of electricity Wind
CENT EOL DES PLOS	100.00	Full consolidation	France	Sale of electricity Wind
CENT EOL DES SABLONS	99.42	Full consolidation	France	Sale of electricity Wind
CENT EOL DU DETROIT (CED)	100.00	Full consolidation	Morocco	Sale of electricity Wind
CENT EOL DU MOULIN DE FROIDURE	100.00	Full consolidation	France	Sale of electricity Wind
CORSEOL SA	95.20	Full consolidation	France	Sale of electricity Wind
ERNEUERBARE ENERGIE ERNTE VIER GmbH	48.00	Equity method	Germany	Sale of electricity Wind
ERNEUERBARE ENERGIE ERNTE ZWEI GmbH	89.60	Full consolidation	Germany	Sale of electricity Wind
FALKENWALD R.E.W. GmbH & Co. ELF WIND-KG	100.00	Full consolidation	Germany	Sale of electricity Wind
HECKELBERG R.E.W. GmbH & Co. ZWANZIG WIND-KG	100.00	Full consolidation	Germany	Sale of electricity Wind
NATENCO WINDPARK 1 MANAGEMENT GmbH	100.00	Full consolidation	Germany	Sale of electricity Wind
NATENCO WINDPARK ALSLEBEN BETEILIGUNGS GmbH	100.00	Full consolidation	Germany	Sale of electricity Wind
NATENCO WINDPARK BETEILIGUNGS GmbH	100.00	Full consolidation	Germany	Sale of electricity Wind
NATENCO WINDPARK MANAGEMENT GmbH	100.00	Full consolidation	Germany	Sale of electricity Wind
NATENCO WINDPARK VERWALTUNG GmbH	100.00	Full consolidation	Germany	Sale of electricity Wind
NATURSTROMNETZ GmbH	43.81	Full consolidation	Germany	Sale of electricity Wind
PREMSLIN R.E.W. BLÜTHEN PREMSLIN GmbH	100.00	Full consolidation	Germany	Sale of electricity Wind
REW KRANZLIN GMBH & KO KG	100.00	Full consolidation	Germany	Sale of electricity Wind
ROYAL WIND	100.00	Full consolidation	France	Sale of electricity Wind
SIEBZEHNTE UPEG WINDPARK GMBH & CO KG	100.00	Full consolidation	Germany	Sale of electricity Wind
SNC LES EOLIENNES DE BEL AIR	100.00	Full consolidation	France	Sale of electricity Wind
SNC LES EOLIENNES DU PLATEAU	100.00	Full consolidation	France	Sale of electricity Wind
SOLARKRAFTWERK MERZIG GmbH & Co. KG	100.00	Full consolidation	Germany	Sale of electricity Wind
THEOLIA DEUTSCHLAND GMBH	100.00	Full consolidation	Germany	Sale of electricity Wind
THEOLIA VERWALTUNG	100.00	Full consolidation	Germany	Sale of electricity Wind
THEOLIA WINDPARK WERBIG GMBH	100.00	Full consolidation	Germany	Sale of electricity Wind
UPEG WINDPARK GMBH (LADBERGEN II)	100.00	Full consolidation	Germany	Sale of electricity Wind
UPEG WINDPARK GMBH (LADBERGEN III)	100.00	Full consolidation	Germany	Sale of electricity Wind
WINDPARK ALSLEBEN I GmbH & Co. KG	100.00	Full consolidation	Germany	Sale of electricity Wind
WINDPARK BETRIEBS GMBH	100.00	Full consolidation	Germany	Sale of electricity Wind
WINDPARK GROSSVARGULA GmbH & Co. KG	100.00	Full consolidation	Germany	Sale of electricity Wind
WINDPARK HOPSTEN INVESTITIONS GMBH & CO KG	100.00	Full consolidation	Germany	Sale of electricity Wind
WINDPARK MINDEN GmbH	100.00	Full consolidation	Germany	Sale of electricity Wind
WINDPARK NETZBETRIEB GmbH & Co. KG	100.00	Full consolidation	Germany	Sale of electricity Wind
WINDPARK NIENBERGE GMBH & KO KG	100.00	Full consolidation	Germany	Sale of electricity Wind
WINDPARK NOTTULN GmbH & KO KG	100.00	Full consolidation	Germany	Sale of electricity Wind
WINDPARK RABENAU GmbH	100.00	Full consolidation	Germany	Sale of electricity Wind
WINDPARK TUCHEN RECKENTHIN INVESTITIONS GMBH	100.00	Full consolidation	Germany	Sale of electricity Wind
WINDPARK VERDEN 1 GmbH & Co. KG	100.00	Full consolidation	Germany	Sale of electricity Wind
WINDPARK VERDEN 2 GmbH & Co. KG	100.00	Full consolidation	Germany	Sale of electricity Wind
WINDPARK WOLGAST INVESTITIONS GMBH & CO KG	100.00	Full consolidation	Germany	Sale of electricity Wind
WINDWIN GMBH & KO KG	100.00	Full consolidation	Germany	Sale of electricity Wind
WINDWIN VERWALTUNG GMBH	100.00	Full consolidation	Germany	Sale of electricity Wind
WiWi WK GmbH & Co. WiWi KG	100.00	Full consolidation	Germany	Sale of electricity Wind
WSB W. RUHLSDORF GMBH & KO KG	100.00	Full consolidation	Germany	Sale of electricity Wind
ZABELSDORF R.E.W. GmbH & Co. ZWÖLF WIND-KG	100.00	Full consolidation	Germany	Sale of electricity Wind
BIOCARB	96.73	Full consolidation	Switzerland	Non-wind activities
CS2M	100.00	Full consolidation	France	Activités Non Wind
ECOLUTIONS	16.77	Equity method	Germany	Non-wind activities
ECOVAL 30 SA	97.66	Full consolidation	France	Non-wind activities
ECOVAL TECHNOLOGY SAS	100.00	Full consolidation	France	Non-wind activities
NEMEAU SAS	100.00	Full consolidation	France	Non-wind activities
SAEE	100.00	Full consolidation	France	Non-wind activities
SAPE	100.00	Full consolidation	France	Non-wind activities
SERES ENVIRONNEMENT	100.00	Full consolidation	France	Non-wind activities
THENERGO ME (Sous Groupe)	27.21	Equity method	Belgium	Non-wind activities
THEOLIA CANADA	99.98	Full consolidation	Canada	Non-wind activities
THEOLIA PREMIERES NATIONS INC	99.98	Full consolidation	Canada	Non-wind activities
THERBIO	99.99	Full consolidation	France	Non-wind activities
WINDREAM ONE	100.00	Full consolidation	France	Non-wind activities

Entering companies

STATUTORY AUDITOR'S REVIEW REPORT ON THE FIRST HALF-YEAR FINANCIAL INFORMATION FOR 2008

To the Shareholders,

In compliance with assignment entrusted to us by Stockholders' meeting and in accordance with the requirements of article L. 232-7 of the French Commercial Law (the Code de Commerce) and article L. 451-1-2 III of the French Monetary and Financial Law (the Code monétaire et financier), we hereby report to you on:

- The review of the accompanying condensed half-year consolidated financial statements of THEOLIA, for the period January 1st 2008 to June 30, 2008,
- The verification of information contained in the interim management report

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is an audit conducted in accordance with professional 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 review, nothing has come to our attention that causes us to believe that the accompanying condensed 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.

1. Specific verification

We have also verified the information given in the interim management report commenting the condensed half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Marseille, September 2nd, 2008

The statutory auditors

Jean Jouve

Deloitte & Associés

DECLARATION OF THE ENTITY RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I declare, to my knowledge, that the 2008 half-year summary financial statements have been established in line with the applicable accounting standards and give a true image of the wealth, of the financial situation, and of the income of the company and all its associates included in the scope of consolidation, and that the enclosed half-year activity report presents a loyal depiction of the important events that occurred during the first six months of the year and of their impact on the financial accounts, the main transactions with related parties, as well as a description of the main risks and the main uncertainties for the remaining six months of the year.

Aix-en-Provence, September 2, 2008

Jean-Marie SANTANDER

Chairman and CEO