theolia

2014

Registration Document

Annual Financial Report

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All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in matters of interpretation, views or opinion expressed in the original French version of the document take precedence over the translation.

theolia

Public limited company with Board of Directors with a share capital of €18,535,166.40

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423 127 281 RCS Aix-en-Provence

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

This Registration Document has been filed with the French Financial Markets Authority (AMF) on April 29, 2015, pursuant to Article 212-13 of the General Regulations.

It cannot be used to support any financial transaction, unless completed by a securities note registered by the French Financial Markets Authority (AMF).

This Document is established by the issuer and engages the liability of its signatories.

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1 Presentation of the Group

1.1 CORPORATE PROFILE

THEOLIA is an independent producer of electricity from onshore wind power. The Group designs and builds onshore wind farms, which it then operates over their lifespan.

As at December 31, 2014, the Group operated 1,194 megawatts ("MW"), of which 301 MW were held for own account, 337 MW were controlled and 556 MW were operated for third parties. These wind farms are located in four countries: Germany, France, Morocco and Italy. Capacities operated by the Group broke down as follows as at December 31, 2014:

	MW held for own account (1)	MW controlled (2)	MW operated for third parties	TOTAL
Germany	139	311	460	910
France	87	26	95	208
Morocco	50	-	-	50
Italy	25	-	-	25
TOTAL	**301**	**337**	**556**	**1,194**

(1) Net capacity according to THEOLIA's investment share.
(2) MW held by Breeze Two Energy, a company controlled by THEOLIA.

THEOLIA is an integrated industrial operator that is involved in each stage of the development of a wind project. The Group's expertise covers the entire value chain for producing electricity from wind energy: prospecting, development, construction and operation of wind farms.

Generating wind power for own account is a secure activity, which relies on 15- to 20-year electricity buy-back contracts that benefit from guaranteed feed-in tariffs.

As at December 31, 2014, the Group's portfolio of wind projects totaled 580 MW, of which 219 MW of projects having obtained a building permit or being under construction. This portfolio does neither include wind projects that are in the prospecting phase nor projects currently under litigation.

1.2 ACTIVITIES AND ORGANIZATION

1.2.1 Onshore wind activities

THEOLIA focuses its activity on onshore wind energy. The Company believes that the wind sector is the most advanced of renewable energies (excluding hydro). It benefits from a mature and reliable technology, a production price as close as possible to the electricity market price and a favorable regulatory environment in the countries where the Group operates. Significant technological progress has been made over the past few years to make wind energy equipment more reliable. Meanwhile, equipment cost significantly dropped.

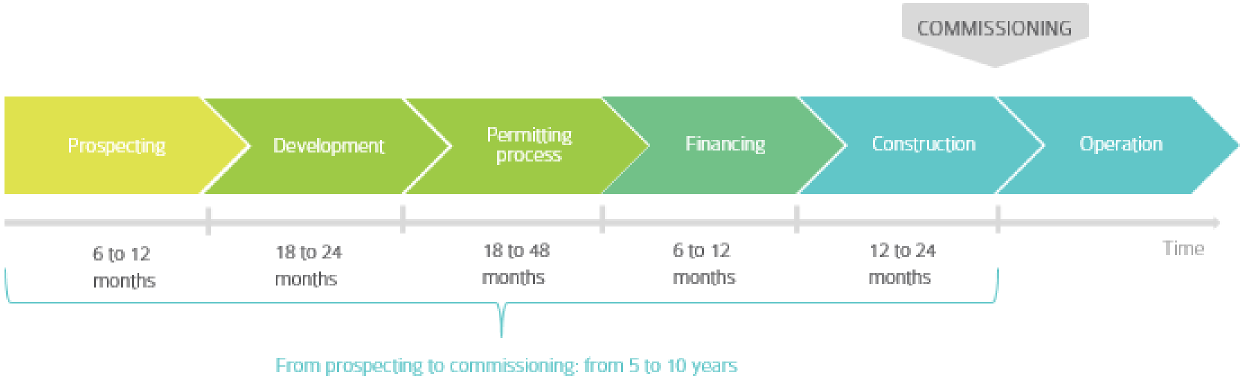
Wind energy strongly contributes to protecting the environment. It participates in the energy independence of the countries that develop it and will soon have a significant role in the world's energy mix. Most people and public authorities are already aware of this fact.

The wind energy market is particularly dynamic and offers significant prospects for growth (see sections 1.6.1 and 1.6.2 hereof). Wind energy offers many advantages, including the main ones below:

- wind is a free resource that avoids any uncontrolled price fluctuation;
- wind is an abundant and inexhaustible resource that does not pose any problem of supply;
- wind is more frequent in winter when electricity demand is at its highest;
- producing electricity from wind emits no greenhouse gas nor does it produce any waste; and
- even when confronted with the worst-case scenario, wind turbines only carry a very limited risk to the surrounding population, unlike other methods of electricity generation, in particular nuclear.

1.2.1.1 Operational expertise

The Group's expertise consists in developing, building and operating wind farms. The Group is present over the entire value chain of the development of a wind project. Commissioning a wind project is a long process (from 5 to 10 years on average) with numerous steps.



Prospecting

The initial phase of the process is the prospecting phase. It consists in identifying a site with the qualities required for the implementation of a wind power plant, to approve it and to secure it.

First, local officials give their authorization to start up a wind project on their territory. Then owners and farmers enter into a lease pledge for a term long enough to cover the period for obtaining the building permit or equivalent authorization. The lease pledges contain an option that will then allow them to be converted into final lease agreements if the project is authorized.

Development

The development phase is the period during which the studies necessary for the completion of a wind project are performed. These studies include:

- the impact study: it enables to assess the preliminary state of a site and potential impacts from locating a wind plant there. It takes several factors into account and generally includes detailed studies pertaining to the landscape, fauna, archaeology, acoustics, historical monuments, as well as sensitive and protected sites. Depending on the site, additional studies may also be conducted (see sections 3.1, 3.2 and 3.4 hereof);
- Assessing the wind resource: in order to measure and qualify the site's wind conditions, the Group installs one or more masts that will gather information at various heights over several months. The information gathered concerns the wind's speed, direction and frequency, as well as the intensity of the turbulences which could cause the facilities to age prematurely;
- Site analysis: it uses spreadsheets and digital modeling and helps choosing the wind turbines most suited (in terms of height, rotor diameter, capacity, etc.), as well as their location on the land. This step is essential since it ensures the project's economic feasibility, while maximizing the farm's wind potential and estimating its future output; and
- Engineering studies: they cover access to the site, locating the turbines, soil studies, determining access roads and crane pads, possibilities for electrical hookups, the internal electric wind turbine network, etc.

During the development phase, public meetings are held to inform neighbors. The frequency of these meetings varies depending on the project's complexity. Hence, every wind project entails thought and discussions upstream concerning its impact on the environment, particularly on the landscape and the fauna (see section 3.4.1 hereof).

Once these steps are taken, the optimal location for the wind turbines is defined and applications for authorizations are lodged.

Permitting process and time to obtain authorizations

The authorization application is reviewed by the various State services. While the investigation is going on, a public survey is generally conducted. It enables neighbors and citizens to become aware of the final plan and to offer their remarks.

Financing

After having obtained building permits and necessary authorizations, the Group secures bank project financing. The Group negotiates with the banks the portion of the investment to be covered by a loan, along with the lending terms and conditions such as time, rate, ratios to be maintained and guarantees. The lending banks generally ask that audits be performed by independent specialized audit firms.

To finance the portion of the investment to be covered by equity, the Group may choose to provide 100% of the equity (the project is then 100% held for own account) or to co-invest alongside partners, especially the investment vehicle THEOLIA Utilities Investment Company ("TUIC"). Project disposals to TUIC or disposals of interest to third parties generally occur between the signature of the bank project financing and the commissioning of the project.

During this phase, THEOLIA also reserves access to the grid and chooses the manufacturer and the model of wind turbines most suited to the site.

Construction

The construction phase begins after the turbine order and the signature of final lease agreements with owners and farmers. Calls for tenders to perform the technical studies and execution works are then made. Construction of the wind farm may then begin. Construction starts from 8 to 12 months before the turbines arrive on site, in order to create access roads, crane pads, foundations and the internal electric wind turbine network. Construction will last a total of 1 to 2 years.

Operation

When the wind farm's construction work is completed and the plant is connected to the electrical grid, the testing period begins. The turbine manufacturer performs optimization adjustments. The contract to purchase the electricity produced by the wind farm starts when the testing period is approved.

THEOLIA negotiates a long-term technical maintenance contract with the turbine supplier for each wind farm. The contract enables to keep the wind farm in perfect condition throughout its operating life. The Group provides administrative services (billing for the electricity produced, doing the farm's accounting), as well as operational services (monitoring the turbines, controlling production and managing sub-contractors).

The operating life of a wind turbine is from 20 to 25 years. When this time is up, either new wind turbines are brought in to operate the site, or production is halted and the wind farm is dismantled (see section 3.2.4 hereof).

At the end of the operation time, wind turbines are taken down and the entire site is returned to its initial condition.

1.2.1.2 Details on wind activities

The Group operates three businesses within the wind energy sector:

- operation of wind farms held for own account (“Sales of electricity for own account” activity);
- development and construction of wind farms for its own account and for third parties, as well as the sale of wind farms to third parties (“Development, construction, sale” activity); and
- operation of wind farms on behalf of third parties (“Operation” activity).

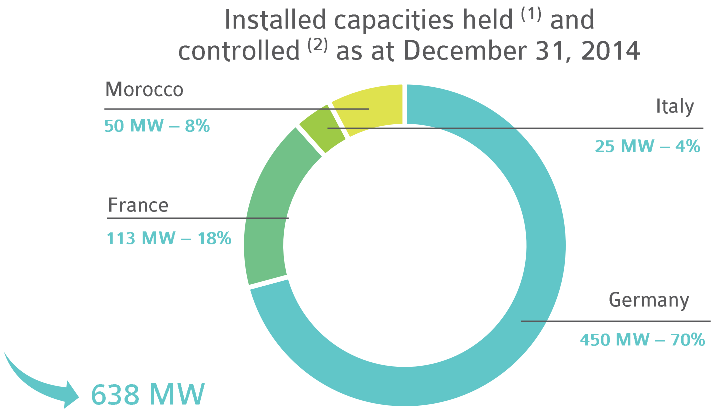
Revenue and EBITDA by business segment are shown in sections 4.1.2.1 and 4.1.2.2 hereof.

The Sales of electricity for own account business segment is the main activity of the Group. In 2014, it accounted for 86% of the consolidated revenue.

Sales of electricity for own account

The Group operates the wind farms that it holds for its own account. Besides, the Group controls Breeze Two Energy, a company operating wind farms for its own account. So, the revenue from the sales of the electricity produced by the wind farms held and controlled by the Group are recognized as revenue from the Sales of electricity for own account activity

As at December 31, 2014, THEOLIA operated 301 MW for its own account and controlled 337 MW, i.e. a total of 638 MW, distributed amongst 4 countries: Germany, France, Morocco and Italy. The graph below shows the distribution of net installed capacities held and controlled by country:



(1) *Installed capacities held are expressed in net capacity according to THEOLIA's investment share.*
(2) *Installed capacities controlled are held by Breeze Two Energy.*

Financing of wind farms held for own account is ensured by a combination of equity from THEOLIA and bank loans in the form of project financing without recourse or with limited recourse against the parent company (see section 4.1.3.2 hereof). Guarantees, pledges or other off-balance-sheet commitments, if any, are described in section 5.1.6, note 13 hereof.

Wind farms held by Breeze Two Energy were financed through a bond issue performed in 2006. Repayments of these bonds are guaranteed by the cash flows generated by the operation of Breeze Two Energy's wind farms. Bonds related to Breeze Two Energy are without recourse on THEOLIA (see section 4.1.3.2 hereof).

The electricity produced from installed capacities held and controlled generates a predictable and recurring revenue over a long period (15 to 20 years, depending on the country), as well as significant margins.

Development, construction, sale

The Development, construction, sale activity includes the development and construction of wind farms for third parties, as well as the sale of wind projects or farms to third parties.

When THEOLIA sells a wind project to a third part, the Group offers the buyer to continue developing and constructing the farm until it is commissioned. In that case, those services are registered as revenue from the Development, construction, sale activity.

Proceeds from the sales of wind farms and projects to third parties are also registered as revenue from the Development, construction, sale activity.

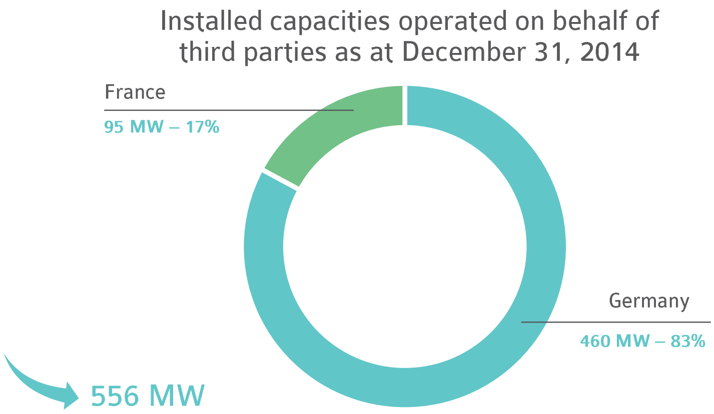
It is, however, specified that, in accordance with IFRSs, neither sales of farms and projects to the investment vehicle THEOLIA Utilities Investment Company, nor development and construction services for the account of the investment vehicle, impact the consolidated financial statements, these transactions being treated as intra-group.

Operation

THEOLIA operates wind farms owned by third parties. The Group then earns management fees recorded as revenue from the Operation activity. These fees represent, in their great majority, a percentage of the revenue generated by the wind farm for the sale of the electricity produced, including, for certain contracts, a fixed minimum.

In the case of contracts including a guaranteed revenue or margin for the owner of the park, THEOLIA records as revenue from the Operation activity, the proceeds from the sale of the electricity produced by the parks and returns, to the owner of the park, its guaranteed portion. However this concerns only a limited number of old contracts.

As at December 31, 2014, THEOLIA operated 556 MW for third parties, located in Germany and France. The graph below shows the distribution of installed capacities operated on behalf of third parties by country:



1.2.1.3 Wind portfolio

THEOLIA is an international player in the wind energy sector. The Group develops, builds and operates wind farms in four countries: Germany, France, Italy and Morocco.

Revenue and EBITDA by geographical zone are shown in sections 4.1.2.1 and 4.1.2.2 hereof.

Operating capacities

As at December 31, 2014, the Group operated 1,194 MW, of which 301 MW were held for own account, 337 MW were controlled and 556 MW were operated for third parties.

	MW held for own account (1)	MW controlled (2)	MW operated for third parties	TOTAL
Germany	139	311	460	910
France	87	26	95	208
Morocco	50	-	-	50
Italy	25	-	-	25
TOTAL	**301**	**337**	**556**	**1,194**

(1) Net capacity according to THEOLIA's investment share.
(2) MW held by Breeze Two Energy, a company controlled by THEOLIA.

Project portfolio

In order to feed its wind activities, the Group is developing a significant project portfolio. The breakdown of projects between the various phases of the Group's portfolio follows the process presented in section 1.2.1.1 hereof.

The Group's project portfolio includes:

- projects that have completed the initial prospecting phase and for which the studies necessary for the completion of a wind project are underway ("Development" phase);
- projects for which applications for authorizations were lodged and that are being reviewed by the State services ("Permits applied" phase);
- projects having obtained their building permit or equivalent authorization and for which the Group is working on selecting the turbine supplier, securing project financing and reserving grid connection ("Permits obtained" phase); and
- projects for which construction works began ("Construction" phase).

Only projects included in the "Permits obtained" and "Construction" phases benefit from building permits free of any third party claim. Projects in the prospecting phase are not yet integrated into the project portfolio. Projects currently subject to appeal do not appear in the project portfolio, but may be reintroduced should the ongoing lawsuit turn out favorably.

As at December 31, 2014, the Group's project portfolio totaled 580 MW, of which 219 MW of projects having obtained a building permit or being under construction.

			Backlog			
(in MW)	Development	Permits applied	Permits obtained	Construction	TOTAL	
France	102	59	88	21	270	46%
Morocco	200	-	100	-	300	52%
Germany	-	-	10	-	10	2%
TOTAL	**302**	**59**	**198**	**21**	**580**	
	52%	**10%**	**34%**	**4%**		**100%**

It is reminded that the validity of the single authorization of a 38 MW project in Italy expired on November, 4 2014. The Company has initiated procedures in order to obtain the extension of this validity. A definitive answer is not expected before several months.

For additional details on the risks specific to wind activities, notably operational risks (related to the selection of sites, construction and commissioning of wind farms, connection to the grids, weather conditions, etc.) and legal risks (difficulty to obtain the required permits and authorizations, risk of change in regulations, etc.), see section 4.4.1 hereof.

1.2.1.4 Property, plant and equipment

Almost all of the Group’s assets are made up of wind farm facilities. In most cases, the Group does not own the land on which wind turbines are set up.

Wind farms are installed on lands mostly leased by way of long-term occupancy agreements entered into with private individuals or local authorities. No farm is installed on lands leased under the terms of a precarious occupancy agreement. Furthermore, none of the lands is leased by the Group from persons making up part of its staff or from one of its corporate officers.

1.2.2 Other consolidated activities

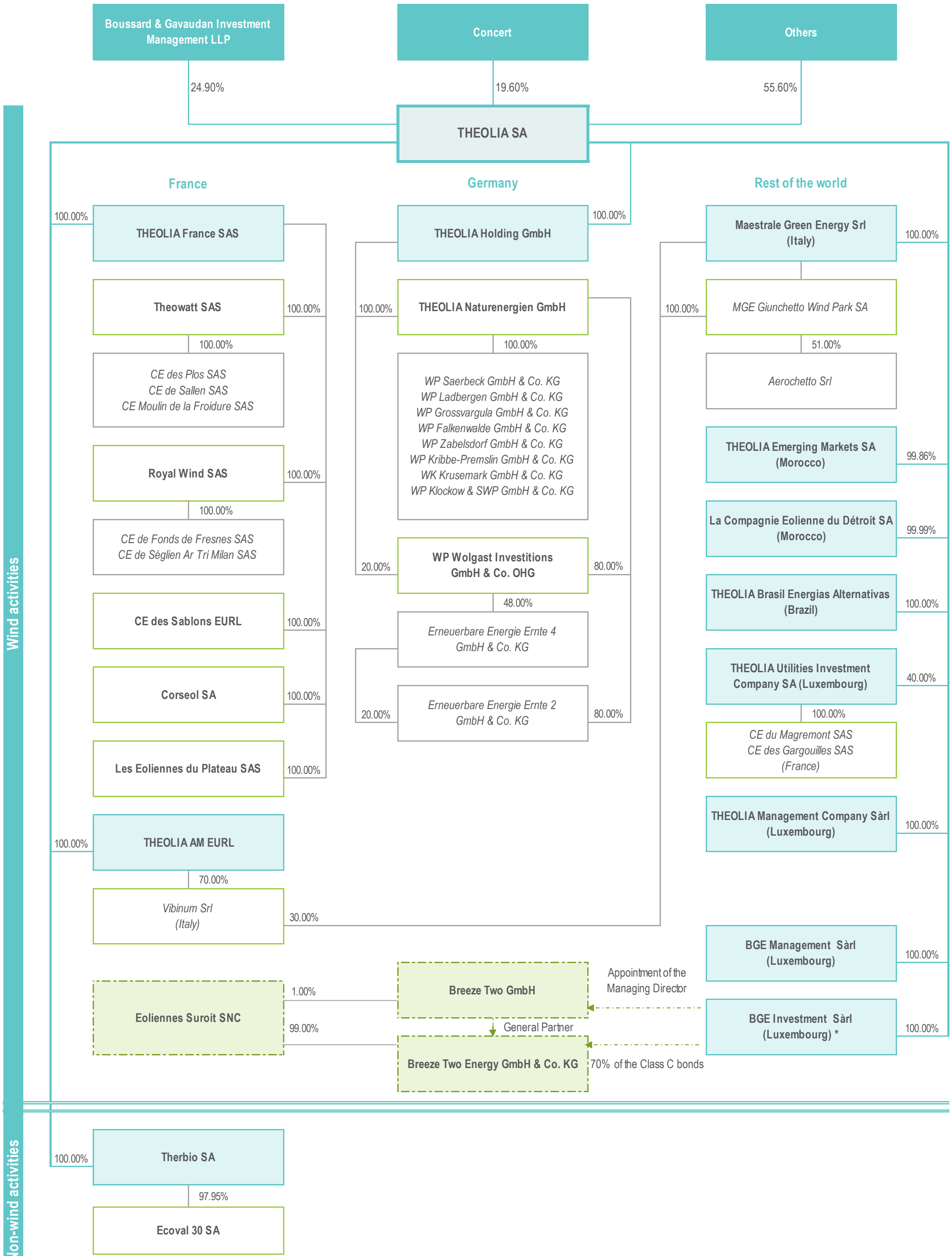
Since the disposal of Seres Environnement and the sale of the solar power plant in Germany (see section 4.1.1 hereof), the non-wind interests and assets consolidated by the Group include, as at December 31, 2014:

- Therbio SA (previously Sodetrex), the controlling holding company of Ecoval 30; and
- Ecoval 30 SA, a company specialized in the treatment of solid waste. It reported a revenue of 4.6 million euros in 2014.

These entities are registered, according to IFRS 5, as “Discontinued operations”.

1.2.3 Simplified organizational chart

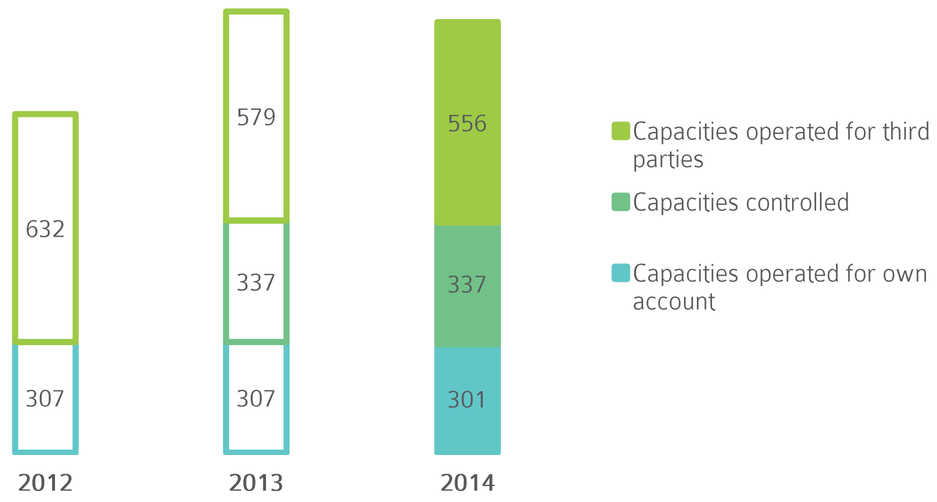
The simplified organizational chart below presents the main companies which were part of the Group as at December 31, 2014 and indicates equity interests as a percentage, rounded off, of capital. For each wind farm, an *ad hoc* company is set up and held either directly or through a holding company. All of these *ad hoc* companies do not appear in this organizational chart. The list of subsidiaries and affiliates of the Company can be found in section 5.1.6, note 15 hereof.



* BGE Investment Sàrl owns 70% of the Class C bonds of Breeze Two Energy GmbH & Co. KG, as well as the right to appoint Breeze Two GmbH's Managing Director, Breeze Two GmbH acting as General Partner of Breeze Two Energy GmbH & Co. KG. Fady Khallouf, THEOLIA's CEO, was also appointed Managing Director of Breeze Two GmbH as of February 1, 2013: these new functions grant him the power to manage Breeze Two Energy GmbH & Co. KG, that has been therefore consolidated in THEOLIA's financial statements using the global integration method since then.

1.3 KEY FIGURES

Evolution of capacities operated by the Group during the last 3 years (as at December 31)



The Group's consolidated financial statements for fiscal year 2013 have been restated in compliance with the new IFRSs 10 and 11 enforceable as at January 1, 2014 retrospectively. The Group's consolidated financial statements for fiscal year 2012 have not been restated in compliance with the new IFRSs 10 and 11.

Summary consolidated income statements for the years ended December 31, 2014, 2013 and 2012

(in thousand euros)	FY 2014	FY 2013 restated	FY 2012
Revenue	101,127	95,867	67,736
EBITDA (1)	53,509	51,494	32,877
Current operating income	16,423	15,717	18,763
Operating income	7,550	(6,026)	(545)
Financial income	(29,521)	(39,678)	(31,990)
Net income, Group share	**(25,221)**	**(42,013)**	**(34,206)**

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

Summary balance sheets for the years ended December 31, 2014, 2013 and 2012

(in thousand euros)	2014/12/31	2013/12/31 restated	2012/12/31
Non-current assets	562,832	602,663	397,148
Current assets	120,521	129,886	129,566
Assets classified as held for sale	9,158	11,630	11,404
Total assets	**692,511**	**744,180**	**538,118**
Shareholders' equity, Group share	147,540	117,777	165,477
Non-controlling interests	(19,391)	(16,474)	66
Non-current liabilities	489,786	558,355	281,019
Current liabilities	69,798	76,770	83,754
Liabilities directly associated with assets classified as held for sale	4,778	7,754	7,802
Total equity and liabilities	**692,511**	**744,180**	**538,118**

Summary consolidated cash flows for the years ended December 31, 2014, 2013 and 2012

(in thousand euros)	FY 2014	FY 2013 restated	FY 2012
Net cash flows from operating activities	51,337	58,713	40,602
Net cash flows from investing activities	79	17,791	(23,104)
Net cash flows from financing activities	(58,447)	(61,123)	(36,150)
Effect of change in exchange rates	109	(41)	(8)
Change in cash	**(6,923)**	**15,340**	**(18,661)**

1.4 HISTORY

1999

- Creation of PMB Finance which will become THEOLIA in 2002

2002

- Listing of THEOLIA on the over-the-counter market of the Paris stock exchange

2005

- Acquisition of Ventura, a French wind project developer, now called THEOLIA France

2006

- Transfer of the THEOLIA stock on the Eurolist of Euronext Paris
- Acquisition of Natenco, now called THEOLIA Naturenergien GmbH, then active in Germany, France, India, Brazil, Greece and the Czech Republic

2007

- Acquisition of 165 MW in operation in Germany from GE Energy Financial Services, financed by way of shares of the Company
- Issuance of convertible bonds (OCEANEs) in the amount of 240 million euros
- Acquisition of Maestrale Green Energy, a wind project developer in Italy
- Acquisition of a 35.21% interest in ecolutions GmbH & Co. KGaA, a German company specialized in creating and trading carbon credits, since then reoriented towards the development of solar projects

2008

- Acquisition of *La Compagnie Éolienne du Détroit* which operates a 50.4 MW wind farm in Morocco

2009

- Disposal of 234 MW of wind projects and farms in France and Germany during the year due to financial difficulties

2010

- Appointment of Fady Khallouf as CEO
- Capital increase of 60.5 million euros and renegotiation of the terms of the convertible bonds

2011

- Memorandum of understanding signed between THEOLIA and the Moroccan *Office National de l'Électricité et de l'Eau potable* to jointly develop and complete a 300 MW wind farm in Tetouan, Morocco
- Creation of the investment vehicle THEOLIA Utilities Investment Company ("TUIC")

2013

- Control over Breeze Two Energy, which operates 337 MW for own account, located in Germany and France
- Friendly takeover offer on THEOLIA initiated by Macquarie, declared unsuccessful due to non-attainment of the holding threshold set by the Offeror

2014

- Capital increase of 59.8 million euros and renegotiation of the terms of the convertible bonds

1.5 STRATEGIC VISION

Sale of electricity is the focus of the economic model

Since mid-2010, THEOLIA has focused on the production of electricity for its own account. All electricity produced by the wind farms owned and controlled by the Group is compulsorily purchased in its entirety by local grid operators (such as EDF in France) at a guaranteed tariff that is set by the government on a long-term basis of between 15 and 20 years, depending on the country.

This secure activity therefore generates a recurring revenue and regular cash flows on a long-term basis, consistent with the economic model of infrastructures.

As at December 31, 2014, the Group operated 638 MW for its own account, of which 301 MW were owned and 337 MW were controlled. Sales of electricity for own account represented 86% of the Group's consolidated revenue for the fiscal year 2014.

The Group currently produces electricity in 4 countries: Germany, France, Morocco and Italy. Germany possesses the largest own account capacity, with 139 MW owned and 311 MW controlled. Germany, France and Morocco constitute the stable core of the Group's operating assets.

A strategy of co-investment

The Group implements a strategy of co-investment with a view to achieving organic growth by commissioning new wind farms at a sustained pace.

In 2011, the Group created its own investment vehicle, THEOLIA Utilities Investment Company, in partnership with two major European players in the energy sector, IWB in Switzerland and Badenova in Germany. THEOLIA owns 40% of the vehicle, while the other two partners own 30% each.

In order to limit the amount of shareholders' equity invested in its wind projects and so optimize its cash position, THEOLIA sells certain projects in its portfolio to the investment vehicle. The partners invest 60% of shareholders' equity in the project, while THEOLIA remains the project operator, undertaking the construction and operation of the farm, as for its projects that are 100% owned.

THEOLIA has already sold 54 MW to its investment vehicle, 33 MW of which were in operation as at December 31, 2014.

This strategy of co-investment is particularly well adapted to the Group's situation as an independent player within the energy sector. In this way THEOLIA can continue to expand while utilizing less shareholders' equity.

An organization based on an integrated industrial group

The Group's operational expertise covers the entire value chain of the wind sector: site prospecting, project development, construction and operation of wind farms.

In order to optimize its operations, the Group has implemented an organizational structure based on cross-management. Each of its areas of operational expertise is centralized within a dedicated team and made available to all of the Group's subsidiaries. In this way organization is simplified and more efficient. Industrial synergies between the countries of establishment of the Group are generated.

This integrated industrial platform allows for growth planning while maintaining costs at an almost constant level.

A plan for major growth

Since the success of its financial restructuring in December 2014, the Group has seen a restabilization of its balance sheet in keeping with its growth ambitions.

In 2014, THEOLIA obtained a new building permit free of any third party claim to install 7 wind turbines in France with an estimated additional capacity of 21 MW. As at December 31, 2014, the Group's portfolio of wind projects totaled 580 MW, 219 MW of which had either been granted building permits, or were already in the construction phase.

France and Morocco constitute the Group's main axes of organic growth. In France, the Group has a number of projects for which it has already obtained all the authorizations required for their implementation. In Morocco, the Group is developing a 300 MW project in partnership with the *Office National de l'Électricité et de l'Eau potable* of Morocco. Through actively seeking to expand its growth in France and Morocco, the Group aims to establish a balance between its operating assets in its three main countries of operations with differing wind regimes.

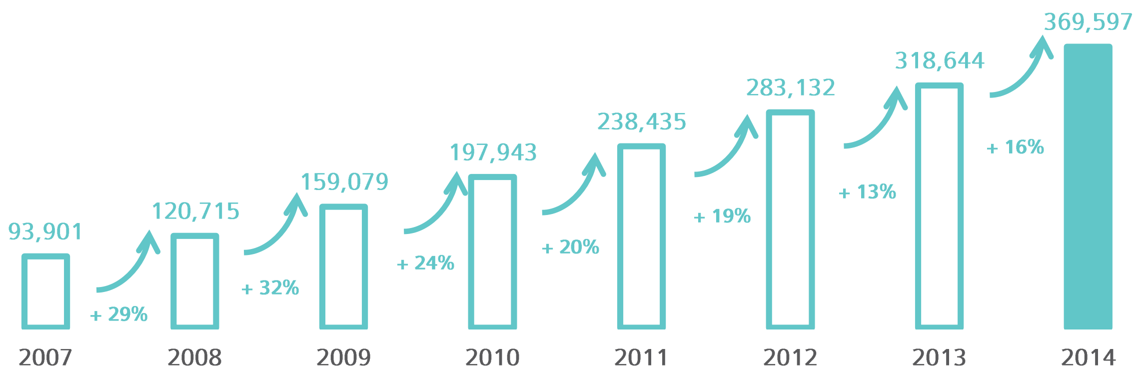
A project is currently in construction phase in France and will be commissioned during the second half of 2015. Three other projects will enter the construction phase in France shortly thereafter.

1.6 WIND MARKET, REGULATIONS AND COMPETITION

1.6.1 Global wind energy market

The global wind energy market registered a strong growth in 2014, with the commissioning of more than 51 GW over the year. These new capacities commissioned brought the total of operating wind capacities worldwide to almost 370 GW.

Evolution of operating wind capacities worldwide (in MW) (1)



(1) Growth net of capacities decommissioned during the year.

Source: Global Wind Report, Annual Market Update 2014, Global Wind Energy Council (GWEC), March 2015.

The global wind farm fleet keeps increasing, with an average growth of 22% each year.

The 10 countries with the largest cumulative installed capacity at the end of 2014 are presented in the table below (countries where the Group operates are highlighted in blue):

(in MW)	Capacities installed during 2014	Total operating capacities as at 2014/12/31
China	23,196	114,609
USA	4,854	65,879
Germany	5,279	39,165
Spain	28	22,987
India	2,315	22,465
United Kingdom	1,736	12,440
Canada	1,871	9,694
France	1,042	9,285
Italy	108	8,663
Brazil	2,472	5,939
Rest of the world	8,572	58,471
TOTAL	51,473	369,597

Source: Global Wind Report, Annual Market Update 2014, Global Wind Energy Council (GWEC), March 2015.

1.6.2 Wind market's prospects for growth

Protecting the environment and reducing greenhouse gas emissions have become political issues. Several treaties dealing with environmental protection have been ratified and support the development of renewable energy.

In particular, the United Nation's Framework Convention on Climate Change ("UNFCCC"), ratified by 189 countries and in force since 1994, encourages developed countries to stabilize their greenhouse gas emissions.

The Kyoto Protocol, adopted in 1997 and in force since 2005, set legally binding targets to reduce greenhouse gas emissions for 37 industrialized countries and the European Community. The Protocol defined promoting electricity generated from renewable energies as one of its priorities.

Each year, the States having signed the UNFCCC meet. The 18th annual conference of the signatory States, held in Doha, Qatar, in December 2012, notably enabled to extend the Kyoto Protocol until 2020. In December 2014, during the 20th annual climate conference, held in Lima, Peru, the signatory States decided that, during 2015, each country will have to define its own contribution to the global effort to reduce greenhouse gas emissions.

The 21st annual climate conference will be held in Paris, France, in December 2015. The objective will be to sign a new global agreement to come into force in 2020, committing industrialized countries and developing countries in a joint action against global warming.

Growing global environmental concerns, the need of various countries to secure their energy supplies and significant technological advances made in recent years support the expected strong growth of the global wind energy market.

The potential for development of the wind energy sector in the world for the years 2014 to 2019 is shown in the following table:

Capacities installed during the year

		Outlook 2015-2019				
(in GW)	2014	2015	2016	2017	2018	2019
Europe	12.9	12.5	13.0	13.5	15.0	16.0
North America	7.4	9.0	8.0	8.0	9.0	10.0
Asia	26.0	26.0	27.5	28.0	29.0	29.5
Latin America	3.7	4.0	4.5	5.0	5.5	6.0
Pacific	0.6	0.5	0.5	1.0	1.0	1.0
Middle East and Africa	0.9	1.5	2.0	3.0	3.0	4.0
TOTAL	**51.5**	**53.5**	**55.5**	**58.5**	**62.5**	**66.5**

Source: Global Wind Report, Annual Market update 2014, Global Wind Energy Council (GWEC), March 2015.

Prospects within the European Union

After the 2020 Climate and Energy Package, adopted in December 2008, the European Council concluded, in October 2014, the 2030 Climate and Energy Package which sets the three objectives that will guide the policy against climate change in the European Union in the coming years. By 2030, the Member States will thus have to:

- reduce greenhouse gas emissions by at least 40% compared to 1990 levels (only binding target);
- raise to 27% the share of renewable energy sources in the energy mix; and
- achieve 27% of energy savings.

Prospects in Morocco

Morocco aims at reaching a 42% share of renewable energy sources in its electricity mix by 2020, notably through the implementation of wind and solar programs.

More than 2,000 MW of wind power are identified in the framework of integrated programs, including the 300 MW project at Koudia Al Baida, developed by THEOLIA.

1.6.3 National regulations governing the sale of electricity

1.6.3.1 Regulation in Germany

For a number of years, Germany has set up an incentive legislation regarding wind energy, including, in particular, a mandatory purchase of the electricity produced from wind energy for a period of 20 calendar years, at guaranteed feed-in tariffs.

In 2009, the feed-in tariff significantly increased, going from €8.03 c/kWh to €9.2 c/kWh for the electricity generated by onshore wind farms. This tariff decreases of 1% per year for the new facilities connected to the grid during the year.

Since 2010, turbines using a special grid connection technology can benefit from a 5-year bonus, which amounted to €0.495 c/kWh in 2010, decreasing of 1.5% per year.

Electricity produced from renewable sources also benefits from priority access to the grid for connection, transport and distribution.

A new act regarding renewable energy came into force on August 1, 2014 in Germany. Since then, new installations (i.e. installations authorized after January 23, 2014 and commissioned after December 31, 2014) of more than 500 kW have to sell the electricity produced directly on the market and benefit from an additional compensation, paid in premiums, as a supplement to the market price. Until December 31, 2016, those premiums will be set compared to reference values established by the authority and as from 2017, an auction system will be implemented.

This new act only involves future installations. THEOLIA's entire installed capacity held, controlled and operated in Germany is not impacted and continues to benefit from the former regulations described above.

1.6.3.2 Regulation in France

In France, since 2001, power plants using wind energy benefit from the obligation by EDF (*Électricité de France*) (or other private distributors) to purchase the electricity produced at a guaranteed tariff, set by decree.

Several orders establishing the conditions of purchase of the electricity produced by onshore wind turbines have been published, notably on June 8, 2011, July 10, 2006 and November 17, 2008. Following an appeal, the tariff order dated November 17, 2008 was cancelled by the French State Council in an order dated May 28, 2014 (see section 4.4.1.10 hereof). A new order dated June 17, 2014 was published in the official gazette of July 1, 2014.

In France, the feed-in tariff is guaranteed for a period of 15 calendar years. According to the conditions set in 2008, the tariff was set at €8.2 c/kWh for 10 years, then between €2.8 c and €8.2 c/kWh for 5 years depending on the site. This tariff is subject to annual indexing. Tariff conditions defined in the order dated June 17, 2014 are very similar to those of the order dated November 17, 2008.

The applicable tariff for 2015 is €8.254 c/kWh.

As at the date of publication of this Registration Document, a bill on energy transition is under review in France. This bill notably provides for purchase conditions for the electricity produced, such as they are defined by the tariff order dated June 17, 2014, be replaced, in the future, for new installations, by the possibility, for producers, to enter into an agreement providing an additional compensation to the electricity sold directly on the market. As at the date of publication of this Registration Document, conditions for calculating this additional compensation are not set.

This bill only involves future installations. THEOLIA's entire installed capacity held, controlled and operated in France, as well as projects subject to a purchase agreement request before the additional compensation comes into force, will not be impacted and will continue to benefit from the former regulations described above.

The final adoption of the law is expected in the course of 2015.

1.6.3.3 Regulation in Morocco

The electricity sector in Morocco is controlled by a single operator, the ONEE ("*Office National de l'Électricité et de l'Eau potable*"). While production can be done by private operators, the ONEE maintains its monopoly on transport and sales of electricity.

In order to increase operating wind capacities, the ONEE invites independent producers to tender for the development, financing, design, engineering, supply, construction, commissioning, operation and maintenance of wind farms. The producer who is selected signs a 20-year contract with a guaranteed feed-in tariff, individually set for each contract.

1.6.3.4 Regulation in Italy

In Italy, wind energy producers can choose between three regimes for the sales of the electricity produced:

- sales to third parties via the power exchange operated by the manager of the electricity market, known as the *Gestore del Mercato Elettrico S.p.A* (the "GME"), which is a fully-owned subsidiary of the national electricity grid operator, known as the *Gestore dei Servizi Energetici* (the "GSE");
- sales to a broker or a wholesaler through a bilateral agreement; or
- sales to the GSE under an annual bilateral convention under which the GSE is obliged to purchase the total electricity produced over the relevant contractual period. In this case, the feed-in tariff is determined by weighting market prices established by regional zone, on an hourly basis.

Green certificates

The Legislative Decree 28/2011 published on March 28, 2011, as well as its application decree dated July 6, 2012 and published on July 10, 2012, stipulate that as from January 1, 2016, fossil energy producers will no longer be bound by any obligation to inject a certain quota of renewable energy into the grid or alternatively purchase green certificates, thereby ending the incentive green certificate system as from 2016.

The decree institutes a different system if the wind farms are commissioned before or after December 31, 2012.

For wind farms commissioned before December 31, 2012, the system of green certificates is maintained until December 31, 2015. The sale of green certificates may occur through bilateral contracts or via the electronic trading platform managed by the GME. Prices are then freely set according to offer and demand.

Energy produced after December 31, 2015 will benefit from an incentive tariff corresponding, for each MWh produced, to 78% x (180 euros – average annual electricity price in the N-1 year) for the rest of the incentive period, set at a total of 15 years.

For wind farms commissioned after December 31, 2012, the decree establishes a system granting a fixed incentive tariff through auctions for a term of 20 years, under the following conditions:

- auctions occur once a year and are organized by the GSE;
- the capacity to be auctioned for the 2013-2015 period shall not exceed 500 MW per year;
- the base tariff for 2013 equals to €127/MWh, being specified that this tariff will decrease by 2% each year;
- auction tariffs must be between 98% and 70% of the base tariff; and
- selected candidates have 28 months as from the notification of the grant of the auctioned tariff to commission the wind farm.

1.6.4 Competition

The players in the wind energy production market can essentially be placed in three categories: developers who sell projects after obtaining the necessary authorizations, investors who purchase projects and outsource their operation, and operators. It should be noted that this categorization does not include manufacturers of wind turbines, who are suppliers to the Group rather than its competitors.

THEOLIA is an integrated operator, which means it is involved in the entire value chain of wind energy, from the development of projects to the operation of farms.

The main players within the market are also integrated operators. These are in most cases backed by large national utilities. Furthermore, their activities generally cover several different sectors of electricity production based on renewable energy sources: wind and solar primarily, but also hydraulic, biomass, wave energy, etc.

The world's largest producers of wind energy are currently NextEra Energy Resources (Canada), EDF Énergies Nouvelles (France), Iberdrola Renewables (Spain), Acciona Energia (Spain), E.ON Climate Renewables (Germany) and EDP Renovaveis (Spain) (source: www.thewindpower.net). These are all integrated operators, subsidiaries of large utilities.

THEOLIA stands out in the market as an independent player on one hand, and on the other because it focuses its activities exclusively on onshore wind energy.

2 Corporate governance

2. CORPORATE GOVERNANCE

2.1 REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

This report (the "Report") was prepared by the Chairman of the Board of Directors in accordance with Article L.225-37 of the French Commercial Code, and approved by the Board of Directors during its meeting dated March 31, 2015. It further elaborates on compliance with a corporate governance code, the composition and conditions for the preparation and organization of the work of the Board of Directors, application of the principle of equal representation of men and women on the Board, the rules approved for determining the compensation and benefits of any kind granted to corporate officers, the limitations made by the Board of Directors to the powers of the General Management, the special terms concerning participation of shareholders in general meetings, elements that may have an impact in the event of a public offer, as well as the internal control and risk management procedures established by the Company.

2.1.1 Corporate governance

Board members are appointed by the shareholders, control the economic and financial management of the Group and participate in determining strategy. They evaluate and approve the broad actions adopted by the General Management, which is responsible for implementing them.

The Board of Directors declares that it conducts its work in a collective manner, in accordance with the law, regulations and recommendations of the AMF (French Financial Markets Authority) and the MiddleNext Code (as defined below).

2.1.1.1 Corporate governance code

In accordance with Article L.225-37 of the French Commercial Code, since 2010, the Company has voluntarily referred to the corporate governance principles of the MiddleNext Corporate Governance Code for Small and Midcap Companies (the "MiddleNext Code"), published in December 2009 and available on the MiddleNext website (www.middlenext.com, under Publications/Middlenext Guides).

For fiscal year 2014, the Company implements fourteen of the Code's fifteen recommendations. In line with the "comply or explain" principle, recommended by the AMF, a table summarizing the rules set out in the MiddleNext Code and their application within the Company is presented in section 2.1.1.8 hereof.

The Board also declares to be familiar with the vigilance points stated in the MiddleNext Code.

2.1.1.2 Internal Regulations of the Board of Directors

The Board of Directors has its own set of internal regulations (the "Internal Regulations") that complete the legal, regulatory and statutory rules, adhered to by the corporate body as a whole and Board members individually.

The Internal Regulations have been updated several times since being adopted by the Board of Directors during its meeting of April 14, 2006. They comply with Recommendation R6 of the MiddleNext Code.

The full Internal Regulations and appendices in effect are available on the Company's website (www.theolia.com, under Finance/Corporate Governance/Documents).

2.1.1.3 Composition of the Board of Directors

Role and members

The Board of Directors is and shall remain a collegial body that collectively represents all shareholders and is bound to act in the corporate interest of the Company in all circumstances.

In exercising its legal prerogatives, the Board of Directors performs the following key missions:

- define the corporate strategy;
- appoint executive officers responsible for managing the Company within the framework of said strategy;
- choose the organization; and
- control and ensure the quality of information provided to shareholders and the market via financial statements or for important transactions.

As at December 31, 2014, the Company's Board of Directors was made up as follows:

	Office(s)	Date of first appointment	Expiry of term of office
Thibaut de Gaudemar	Director	December 9, 2014	2015 OGM
	Chairman of the Audit Committee	December 9, 2014	2015 OGM
Lilia Jolibois	Director	June 1, 2012	2015 OGM
Fady Khallouf	Director	March 19, 2010	2016 OGM
	Chief Executive Officer	May 20, 2010	-
Michel Meeus	Director	March 19, 2010	2016 OGM
	Chairman of the Board of Directors	July 26, 2010	2016 OGM

David Fitoussi, an independent director, resigned from his functions as director and Chairman of the Audit Committee on December 9, 2014. The Board of Directors decided, on the same day, to coopt Thibaut de Gaudemar as director instead of David Fitoussi, for the remainder of his predecessor's office, i.e. until the end of the general meeting called to rule on the financial statements for the fiscal year ended on December 31, 2014. Thibaut de Gaudemar's cooptation as director of the Company will have to be approved by the next ordinary general meeting.

In compliance with the Internal Regulations and Recommendation R7 of the MiddleNext Code, Thibaut de Gaudemar was given, upon his assumption of duty, the required information in order for him to be quickly operational on the Board of Directors' topics.

Code of ethics for members of the Board of Directors

Directors shall comply with their various legal, regulatory and statutory obligations, as well as those internally set by the Company, and particularly the rights and obligations stated in the Internal Regulations and the Code of Good Conduct relating to the Prevention of Insider Trading adopted by the Board of Directors (Note II of the Internal Regulations).

Directors shall endeavor to attend all Board of Directors' meetings and those of the committees of which they are members, and ensure that they have obtained all necessary information concerning the subjects that are to be addressed during said meetings.

Finally, directors are bound by an obligation to observe discretion and confidentiality, in compliance with Recommendation R7 of the MiddleNext Code.

Conflicts of interest

In compliance with Recommendation R7 of the MiddleNext Code and with the Internal Regulations, each director has to share with the Board of Directors, as soon as he/she enters a meeting, any conflict of interest, even potential, on the subjects on the agenda and from then on, must refrain himself/herself from participating in the corresponding deliberations.

As far as the Company is aware, as at the date this Registration Document was filed, there were no potential conflict of interest between the duties in respect of the Company, the members of the Board of Directors and the CEO, and their private interests and/or other duties.

Application of the principle of equal representation of men and women and diversity

Pursuant to French Act No. 2011-103 of January 27, 2011 pertaining to equal representation of men and women on boards of directors and supervisory boards, the Board of Directors must include 20% of women in 2014 and 40% in 2017.

Lilia Jolibois has been a member of the Company's Board of Directors since June 1, 2012. The Board of Directors has four members, so female representation (25%) complies with the 20% minimum legal requirement.

Furthermore, the current composition of the Board of Directors includes members that each have international experience.

Independence

Members of the Board of Directors are considered to be independent directors if they have no relationship with the Company, its Group or Management, that may compromise their ability to exercise freedom of judgment.

As at the date hereof, two of the four Board members are considered to be independent directors with respect to the criteria of Recommendation R8 of the MiddleNext Code, stated below:

	Thibaut de Gaudemar	Lilia Jolibois	Fady Khallouf	Michel Meeus
Employee or executive corporate officer of the Company or of a company within the Group over the past three years	-	-	Yes	Yes
Reference shareholder of the Company	-	-	-	Yes (1)
Family ties with a corporate officer or a reference shareholder	-	-	-	-
Auditors in the Group over the past three years	-	-	-	-
Significant banker, customer or supplier of the Company or the Group, for whom the Company or the Group represents a significant share of business	-	-	-	-
Qualification as an independent director	**Yes**	**Yes**	**No**	**No**

(1) Shareholder taking part in the Concert, which holds 19.6% of the share capital and 22.4% of the theoretical voting rights (see section 6.3.1 hereof).

With two independent directors out of four Board members, the composition of the Board of Directors complies with Recommendation R8 of the MiddleNext Code, which recommends that the Board should have at least two independent members. Under these conditions, the Board of Directors is able to perform its functions with the necessary independence and objectivity.

Selection of directors

Board members are elected by the Company's general meeting of shareholders according to their expertise and the contribution that they are able to make to the management of the Company, while complying with rules of independence, ethics and integrity expected of them.

The executive, financial and sectorial skills of the Company's directors, as well as their diverse experience are complementary advantages that enhance the quality of Board decisions (the work experience of each director in office is specified in section 2.4.1 hereof).

Pursuant to Recommendation R9 of the MiddleNext Code, when proposals for the appointment or ratification of cooptation of a new Board member are made at the Company's general meeting of shareholders, shareholders shall be provided with sufficient information on the experience and expertise of the Board member and each appointment shall be subject to a separate resolution.

Term of office

The statutory term of office of a director (3 years) is adapted to the specific needs of the Company. Furthermore, the staggering of terms of office is organized so as to avoid renewing blocks of Board members in accordance with the recommendations of the MiddleNext Code (R10) and the AMF.

Dates of appointment and expiry of terms of office, offices and functions performed inside and outside the Group, and main offices and functions performed outside the Group by the Company's directors over the last five years are given in section 2.4.1 hereof.

Number of corporate offices held

Members of the Board of Directors have an obligation of diligence towards the Company and must devote the necessary time and attention to their functions.

The list in section 2.4.1 hereof detailing the functions and offices held and performed by the members of the Board of Directors shows that no director of the Company serves simultaneously as director on more than five boards of directors of public limited companies registered in France, in accordance with provisions of Article L.225-21 of the French Commercial Code. The calculation of the global upper limit of corporate offices does not take into account director offices that the Chief Executive Officer of the Company holds in the companies controlled by the Company, in compliance with the provisions of Article L.225-94-1, paragraph 2 of the French Commercial Code.

Moreover, in compliance with Recommendation R7 of the MiddleNext Code, the executive corporate officers of the Company do not hold more than three director offices in listed French or foreign companies outside the Group.

Finally, in compliance with the provisions of Article 4.6 of the Internal Regulations, should a director accept an office in addition to those which he/she holds (except for director offices in controlled companies that are not listed), he/she must inform the Chairman of the Board of Directors and they must determine together whether the new responsibility leaves enough time available for the Company.

Employee and/or employee representative Board members

As at the closing of fiscal year 2014, the Company does not fall within the criteria of Articles L.225-23 and L.225-27-1-I of the French Commercial Code and Article L.2322-1 of the French Labor Code. As a result, it is not subject to the obligation to appoint employee and/or employee representative Board members as specified in the French Act No. 2013-504 of June 14, 2013 relating to job security.

2.1.1.4 Conditions for the preparation and organization of Board of Directors' work

Preparation of Board meetings

Pursuant to Recommendations R7 and R11 of the MiddleNext Code and the Internal Regulations, the Board members receive information and documents concerning the items on the Board meeting agenda several days before the date of the meeting. This allows them to prepare the subjects that will be addressed during the meeting. Subjects that are particularly sensitive or urgent may be discussed without prior distribution of documents or notice may be given close to the date of the meeting.

To facilitate the participation of directors at Board meetings, they may attend meetings in person, by conference call or via videoconferencing. However, the Board of Directors prefers the physical participation of directors at Board meetings in order to facilitate discussions, but also uses telecommunications for Board meetings when geographical distance is an issue for Board members. During fiscal year 2014, 71% of the meetings of the Board of Directors were held by teleconference. The average duration of these meetings did not exceed one hour.

The Board of Directors is chaired by Michel Meeus, who organizes and oversees the work of the Board and reports to the Company general meeting. He sees that the Board examines all items on the agenda and also ensures that the bodies of the Company are operating properly, and particularly that Board members are able to fulfill their functions. He may work on some important subjects in close collaboration with the Chief Executive Officer, to whom it provides assistance and advice. Its missions are always contributory and do not grant him any executive power.

Activity of the Board of Directors during fiscal year 2014

The Board of Directors met 14 times in 2014, an average of 1.17 times a month. The frequency of Board meetings corresponds with Recommendation R13 of the MiddleNext Code.

The Board members reached a 100% attendance rate in 2014; all directors were present at each Board meeting, evidence of the high level of dedication and involvement of each of the directors in performing their functions, in compliance with Recommendation R7 of the MiddleNext Code.

During fiscal year 2014, the Board of Directors particularly addressed the following subjects:

- *Governance*
  - approval of regulated agreements and commitments in accordance with Article L.225-38 of the French Commercial Code;
  - policy on directors' fees and their distribution;
  - evaluation of achieved performance criteria in the bonus share scheme for employees and/or corporate officers of the Company and/or companies of its Group and definitive allocation of performance shares;
  - cooptation of a new director to replace a resigning director;
  - evaluation of the variable compensation of the Chief Executive Officer for fiscal year 2013;
- *Company earnings*
  - approval of the parent company and consolidated financial statements for the fiscal year ended on December 31, 2013 and related reports, consolidated half-year financial statements and the Half-year Financial Report as at June 30, 2014;
  - review and approval of press releases on the annual and half-year financial statements;
  - proposal for allocation of the net income;
- *Financial management of the Company*
  - approval of pledges, endorsements and guarantees;
- *Strategy and development*
  - disposal of Seres Environnement;
  - restructuring plan (capital reduction, change in the issuance contract of the convertible bonds, preparation of the financial documents required to implement and launch the capital increase);
  - calling of the General Meeting of Bondholders of October 29, 2014 in the scope of the restructuring plan (draft agenda and resolutions);
  - calling of the Extraordinary General Meeting of Shareholders of November 3, 2014 in the scope of the restructuring plan (draft agenda and resolutions);
  - acknowledgement of the completion of the restructuring plan.
- *Preparing the Annual Ordinary General Meeting*
  - calling of the Annual Ordinary General Meeting of June 27, 2014 (draft agenda and resolutions);
  - preparation of the reports to the General Meeting (management report, report of the Chairman of the Board of Directors on corporate governance, internal control and risk management procedures, report of the Board of Directors on the draft resolutions to be voted on by the General Meeting); and
  - examination of requests made by a shareholder to include draft resolutions on the agenda for the Ordinary General Meeting.

Evaluation of the Board of Directors' operations

The Board of Directors shall evaluate its own operation and the preparation of its work on a regular basis.

In 2014, due to the strong involvement of the directors in the preparation and implementation of the financial restructuring, to the resignation of a director and the cooptation of a new director, the evaluation of the Board of Directors' operations was not an item on the agenda. Therefore, Recommendation R15 of the MiddleNext Code was not complied with. The members of the Board will be invited to express their views on the functioning of the Board and the preparation of the work during fiscal year 2015.

Attendance to general meetings

Article 4.6 of the Internal Regulations invites each member of the Board of Directors to attend, as far as possible, all general meetings of shareholders. All members of the Board of Directors took part in the general meetings of shareholders called on June 27 and November 3, 2014, in compliance with Recommendation R7 of the MiddleNext Code.

Audit Committee

The Company has had an Audit Committee since 2006. It is organized in accordance with Recommendation R12 of the MiddleNext Code.

As at the date hereof, the Audit Committee is composed of:

- Thibaut de Gaudemar, Chairman of the Committee since December 9, 2014; and
- Lilia Jolibois, member of the Committee since June 1, 2012.

David Fitoussi resigned from his duties as Chairman of the Audit Committee on December 9, 2014.

Each member of the Audit Committee is an independent director with the accounting and financial expertise required for his/her duties. For more information on the skills of the members of the Audit Committee, refer to section 2.4.1 hereof.

<u>Main functions</u>

The Audit Committee assists the Board of Directors in ensuring the accuracy and honesty of the Group's consolidated and parent company financial statements, the quality of internal control, and that information is issued to shareholders and the market.

The main functions of the Audit Committee are as follows:

- ensuring that all internal control and risk management systems are functioning properly;
- assessing the main risks to the Group with the General Management on a regular basis;
- overseeing the selection and renewal of Statutory Auditors, providing input on the fees requested by them and submitting the results of its work to the Board of Directors;
- ensuring that the Statutory Auditors' additional missions do not affect their independence;
- assessing the audit plan of the Statutory Auditors, their findings and recommendations;
- ensuring the relevance and continuity of accounting methods used to prepare the consolidated and parent company financial statements, assessing and evaluating the scope of consolidation; and
- examining the consolidated and parent company financial statements before they are presented to the Board of Directors.

The Audit Committee schedules its own meetings. However, an Audit Committee meeting may be called at the request of its Chairman, two of its members or the Chairman of the Board of Directors.

<u>Work of the Audit Committee in 2014</u>

The Audit Committee met twice in 2014. The Statutory Auditors attended each meeting.

It was provided with the necessary accounting and financial documents, particularly for drawing up the annual financial statements and examining the half-year financial statements, prior to the relevant meetings.

During the fiscal year, the Audit Committee mainly worked on the following topics:

- review of the consolidated and parent company financial statements for the fiscal year ended December 31, 2013 and related reports, and
- review of the half-year consolidated financial statements and the Half-year Financial Report as at June 30, 2014.

The Chairman of the Audit Committee provided the Board of Directors with a report of each Committee meeting.

<u>Outlook for 2015</u>

In 2015, the Audit Committee will continue to devote itself to:

- reviewing the risks and challenges of business in Italy;
- reviewing the activities of the environmental division and the conditions for removing them from the scope of consolidation;
- methods for optimizing business financing; and
- following up changes and regulatory constraints of the wind sector.

2.1.1.5 Principles for compensation of corporate officers

The Board of Directors determines compensation granted to corporate officers.

Pursuant to Recommendation R2 of the MiddleNext Code, compensation and indemnity amounts received by the Company's executive corporate officers are outlined exhaustively in a justified, consistent, readable and transparent manner in section 2.3.1 hereof. Furthermore, compensation paid to non-executive corporate officers is outlined in section 2.3.2 hereof.

Directors' fees

The General Meeting dated June 1, 2012 voted to set to 250 thousand euros the global annual amount to be distributed between Board members as directors' fees for fiscal year 2012 and subsequent fiscal years, unless a new decision is made by the General Meeting.

Directors' fees are distributed between the members of the Board of Directors according to their actual presence at meetings, as well as their work on the Audit Committee and their involvement, in accordance with Recommendation R14 of the MiddleNext Code.

For fiscal year 2014, a gross total of 140,250 euros from a total budget of 250,000 euros was distributed in directors' fees.

During its meeting of March 31, 2015, the Board of Directors confirmed that directors' fees would be distributed as follows:

- 30,000 euros (annual baseline) for each non-executive director for his/her duties as Board member (lowered to 22,500 euros if he/she is present for less than 75% of Board meetings);
- 15,000 euros for the Chairman of the Audit Committee; and
- 11,250 euros for each member of the Audit Committee (lowered to 8,500 euros if he/she is present for less than 75% of Committee meetings).

On the same day, the Board of Directors also confirmed its decision to allot an additional 24,000 euros in directors' fees to the Chairman of the Board of Directors for fiscal year 2014 in recognition of his work in organizing and preparing the work of the Board of Directors and his strong involvement and availability throughout fiscal year 2014.

Please note that Fady Khallouf does not receive any directors' fees as a Company Board member.

Compensation of executive corporate officers of the Company

Compensation of the Chairman of the Board of Directors only includes directors' fees.

The CEO receives a fixed compensation and a variable compensation based on targets set by the Board of Directors, in accordance with Recommendation R2 of the MiddleNext Code, detailed in section 2.3.1.2 hereof.

The success bonus, mentioned in the 2013 Registration Document on page 43, was not granted to the CEO, due to the non-achievement of criteria related to the allocation of this success bonus, which was separate from the variable compensation.

The CEO benefits from a supplementary pension package, detailed in section 2.3.1.4 hereof. This practice complies with Recommendation R4 of the MiddleNext Code.

Furthermore, the CEO has a non-compete clause detailed in section 2.3.1.4 hereof. This practice complies with Recommendation R3 of the MiddleNext Code considering that, if he were to resign, payment of the compensation would be at the Company's discretion.

No allocation of stock options or performance shares is planned in the event of departure of corporate officers, in line with Recommendation R5 of the MiddleNext Code.

In accordance with the Board of Directors' decision of December 1, 2010, stock options based on achieving stock market performance targets were allocated to the CEO. This plan complies with Recommendation R5 of the MiddleNext Code. As at December 1, 2014, stock price limits to be reached for stock options allocated to the CEO to be exercisable were not reached. The corresponding stock options were therefore cancelled.

Based on the authorization granted in the 24th resolution of the General Meeting of Shareholders of June 1, 2012, the Board of Directors allotted free performance shares to the CEO during the meeting of December 10, 2012. This allocation complies with Recommendation R5 of the MiddleNext Code. Details on performance shares allocated to the CEO are given in section 2.3.1.3 hereof.

No simultaneous holding of a corporate office and an employment contract

Fady Khallouf and Michel Meeus were not employed by the Group when appointed as the Company's CEO and Chairman of the Board respectively. Therefore, they do not concurrently hold a corporate office and an employment contract, in compliance with regulatory provisions in effect and Recommendation R1 of the MiddleNext Code.

Service agreement

As far as the Company is aware, the members of the Board of Directors are not bound to the Company or any of its subsidiaries by a service agreement that would grant advantages at the end of the contract.

2.1.1.6 Organization and operation of the General Management

Separation of the functions of Chairman of the Board and Chief Executive Officer

The Board of Directors chose to separate the functions of Chairman of the Board and Chief Executive Officer in order to comply with best practice in terms of governance, ensure the balance of power within the Board of Directors and avoid potential conflicts of interest.

The list of offices and functions currently held and performed inside and outside the Group, as well as main offices and functions held and performed over the last five years by the current CEO and the Chairman, are listed in section 2.4.1 hereof.

Limitations of General Management powers

The powers of the General Management are governed by a delegation of powers appended to the Internal Regulations. Said delegation of powers stipulates that the Board of Directors must grant prior approval for any decision related, in particular, to the following:

- defining the annual budget and strategy;
- any spending or contractual commitment not approved in the annual budget and/or exceeding 15% of the amount approved in the annual budget;
- any acquisition and sale decisions not approved in the annual budget;
- any decisions to expand into new geographical zones;
- any pledges, endorsements and guarantees; and
- any summons or transactions concerning a dispute over an amount of more than 1 million euros.

During its meeting dated April 22, 2014, the Company's Board of Directors granted the Chief Executive Officer a general authorization to grant the pledges, endorsements and guarantees mentioned in Article L.225-35 section 4 of the French Commercial Code, in the name and on behalf of the Company for a period of one year as from said date, for a total amount of 11 million euros within the following limits: (i) 1 million euros for pledges, endorsements and guarantees that may be granted to all companies of the THEOLIA Group, and (ii) 10 million euros for pledges, endorsements and guarantees that may be granted to THEOLIA Utilities Investment Company for any agreements that are required or useful for investment operations, including any operational, acquisition or sale agreements involving wind farms or projects. Said authorization will end on April 22, 2015.

2.1.1.7 Other elements provided for in Article L.225-37 of the French Commercial Code

Participation of shareholders in general meetings

All shareholders are entitled to take part in general meetings, regardless of the number of shares they own:

- by attending in person;
- by voting by correspondence;
- by giving proxy to the Chairman, another shareholder, their spouse, their partner in a civil union or any other person or legal entity of their choice, as provided for in Article L.225-106 I of the French Commercial Code; or
- by giving proxy to the Company without indicating any representative. It is specified that for any proxy granted by a shareholder without mention of the representative, the meeting's Chairman will vote in favor of adopting the draft resolutions presented or approved by the Board of Directors and a vote against any other draft resolutions.

To participate in meetings, shareholders must provide proof of their status by having shares registered in their name or in the name of the agent registered on their behalf by midnight, Paris time, two business days prior to the meeting (hereafter "D-2") in the registered share accounts held by the Company, or in the bearer share accounts held by authorized agents.

For registered shareholders, registration of securities at D-2 in the registered share accounts is sufficient to enable them to take part in the meeting.

For bearer shareholders, the authorized agents holding the shares must directly prove the shareholder status of their clients to the centralizing bank of the shareholders' meeting by providing a shareholding certificate appended to the single form for mail-in voting (or via proxy) or to the request of an admission card made out in the name of the shareholder or on behalf of the shareholder represented by the registered agent.

Elements that may have an impact in the event of a public offer

Pursuant to Article L.225-37 of the French Commercial Code, it is specified that the elements that may have an impact in the event of a public offer are presented and detailed in accordance with Article L.225-100-3 of the French Commercial Code in section 6.3.2 hereof.

2.1.1.8 Compliance with MiddleNext Corporate Governance Code Recommendations

	Recommendations	Compliance	§
R1	Simultaneous holding of an employment contract and a corporate office	Yes	2.1.1.5
R2	Definition and transparency of compensation of executive corporate officers	Yes	2.1.1.5
R3	Severance packages	Yes	2.1.1.5
R4	Supplementary pension packages	Yes	2.1.1.5
R5	Stock options and free allotment of shares	Yes	2.1.1.5
R6	Implementation of Board of Directors' internal regulations	Yes	2.1.1.2
R7	Code of ethics for Board members	Yes	2.1.1.3
R8	Composition of the Board – Presence of independent members on the Board	Yes	2.1.1.3
R9	Selection of directors	Yes	2.1.1.3
R10	Term of office of Board members	Yes	2.1.1.3
R11	Board member information	Yes	2.1.1.4
R12	Committee creation	Yes	2.1.1.4
R13	Board of Directors and Committee meetings	Yes	2.1.1.4
R14	Compensation of directors	Yes	2.1.1.5
R15	Evaluation of the work of the Board of Directors	No	2.1.1.4

2.1.2 Internal control and risk management

The internal control process implemented within the Group by the General Management since 2010 involves continuous controls conducted by each functional or operational department of the Group and developed according to internal procedures. These controls entail constant reporting to the General Management and related departments. The risks that are identified are reported to the Audit Committee while the General Management coordinates in-house work required to rectify them.

At the request of the Chairman of the Board of Directors, the General Management worked together with the Company's main operational and functional departments to put together the information for this report on internal control and risk management procedures. The internal control process implemented within the Group takes into account the opinions and recommendations of the AMF. This report was written based on the working group report on audit committees and on the implementation guide for small and midcap companies of the reference framework on risk management and internal control systems published by the AMF.

Like all control systems, the Company's internal control system can only provide reasonable assurance and not an absolute guarantee that risks are managed and controlled.

2.1.2.1 Definition of internal control and objectives

Internal control is an integral part of the Group's governance strategy and was implemented to assist the Audit Committee and the General Management in their consideration of risk management.

Internal control is a lever for managing the Group that aims to ensure the following:

- compliance with laws and regulations in effect;
- reliability of financial and accounting information;
- decision-making security within the Group;
- application of General Management instructions and strategies;
- proper operation of the Company's internal processes and particularly those intended to preserve its assets;
- management of all risks related to the Company's business and risks of errors and fraud;
- consistency between the actions and values of the Group; and
- in general, contribution to managing its activities, operational efficiency and efficient use of resources.

Internal control procedures apply to all companies included in the scope of consolidation, i.e. the parent company and entities controlled as per IFRSs, including Breeze Two Energy and its subsidiaries. In some fields, these procedures are different depending on whether the entity in question is located in France or another country.

2.1.2.2 Internal control system

The aim of the Group is to have an internal control and risk management system that works at each level of management, while remaining adapted to the structural characteristics of the Group. The system relies on an organizational framework that clearly defines the roles and responsibilities of all parties, an efficient risk management process and management of internal communication. It is not limited to the procedures implemented in order to enhance reliability of accounting and financial information.

An organizational framework that clearly defines the roles and responsibilities of all parties

The internal control and risk management organization implemented by the General Management since 2010 has enabled the Company to improve implementation of crosscutting procedures with the primary aims of (i) better harmonizing activities within the Group and (ii) optimizing reporting from subsidiaries to the parent company.

Internal control and risk management require the participation of all players of the Group. The Audit Committee monitors the efficiency of internal control and risk management systems and with the General Management, examines the main risks to the Group on a regular basis. All employees of the Group also have the knowledge and information needed to set up, run and monitor the internal control system based on their assigned objectives.

The internal control system covers numerous accounting, financial and operational reporting processes. When required, the relevance of controls and any adaptations are examined, particularly in the light of feedback, organizational changes and new decisions made by the General Management and functional or operational departments.

An efficient risk management process

To ensure long-term development and achieve objectives, the Group works to anticipate and manage the risks that it may encounter in its activities.

The main risk factors are identified and analyzed in section 4.4 hereof, along with the strategies for better anticipating and managing them.

Furthermore, as a wind power company, the Group's industrial and environmental risk exposure is extremely low. Chapter 3 hereof identifies the potential risks related to the impact of its activities on the environment and people, outlines the management policy implemented and measures its efficiency.

The Company's General Management, working closely with the Audit Committee, updates the definition of significant risks, which are then managed by the Group's functional or operational departments.

Risk identification and evaluation are part of a continuous process that covers risks that can have a significant impact on the financial and operational situation of the Group.

Management of internal communication

Relevant information must be identified, compiled and communicated internally in some manner and within a timeframe that enables all parties to manage and control the operations for which they are responsible.

Official minutes of Board of Directors and Audit Committee meetings therefore focus on decisions that are made and actions that must be carried out in order to ensure that the relevant Group employees receive the right information.

Meetings are organized between the General Management, the functional and operational departments of the Company and the General Management of each subsidiary according to the priorities of the Group.

Periodic meetings are organized with all head office employees and the General Management in order to present the main actions underway and the challenges for the forthcoming period. Periodic meetings are also organized with the employees of the main subsidiaries and the Group's General Management.

2.1.2.3 Implementation of internal control

The implementation of internal control within the Group is part of a continuous improvement strategy that relies mainly on improving procedures for communication and harmonization of intra-group practices and adapting them as risks evolve and operational feedback on their efficiency is collected. Improvement in practices will allow to more efficiently manage the risks that are inherent to the Group's activities.

Compliance with laws and regulations

The Company is subject to regulations in force that apply to all companies, as well as legal and regulatory provisions that specifically apply to listed companies (particularly the General Regulations of the AMF).

Each functional or operational department of the Group is responsible for complying with the laws and regulations of its area of expertise.

Reliability of accounting and financial information

The Group's accounting and financial information is compiled and processed in accordance with procedures for year-end closing of financial statements and consolidation, cash flow monitoring, financial communication and the verification of compliance with laws and regulations in force.

Compiling and processing accounting and financial information

To ensure the quality and reliability of its financial and accounting information, the Group mainly relies on a set of accounting principles and standards, and on a reporting and consolidation system that is used by the entities within the scope of application to ensure data consistency, quality and reliability via strict verification processes before it is reported to the parent company.

When the consolidated financial statements are drawn up, validation procedures apply to each stage of the information processing and reporting process. Their purpose is to verify the following, in particular, on a half-yearly basis:

- the correct adjustment and elimination of internal transactions;
- the verification of actual consolidation operations;
- proper compliance with standards; and
- the quality and homogeneity of consolidated accounting and financial data and, in particular, consistency between accounting data and management data.

The main procedures used to draw up the parent company and consolidated financial statements are particularly based on:

- a consolidation procedure manual updated on a regular basis. It covers accounting principles to be implemented, standards in force and use procedures for IT tools;
- consolidation instructions communicated to subsidiaries for year-end and half-yearly closing of financial statements. These instructions include a schedule for closing of financial statements, the team in charge, the consolidation scope, applicable Group accounting principles and the content of the financial statements. Meetings are held with finance teams to check that they have been understood properly;
- improved subsidiary monthly income statement reporting by operational segment in accordance with IFRSs, submitted by country directly to the parent company. In addition to providing information for Group management, this approach allows more effective closing procedures to be implemented to produce reliable financial information; and
- with the support of the Legal Department, improved quarterly reporting of the Group's off-balance-sheet commitments, now achieved via a consolidation information system to ensure that data collected from the Group's subsidiaries is consistent and more complete.

The implementation of fiscal risk mapping and periodic fiscal reporting is a project, the implementation of which is considered for fiscal year 2015.

Players involved in controls

- accounting for subsidiaries of the Group is carried out under the responsibility of subsidiary managers. These managers are required to write up and sign an intra-group letter of representation in which they confirm, in particular, that submitted financial statements comply with the Group's accounting principles;
- financial reports are submitted to the holding company and verified by the consolidation team under the responsibility of the Group's Chief Financial Officer, a role currently fulfilled by the Company's Chief Executive Officer;
- in drawing up financial statements, the Group sometimes calls on experts from various fields, particularly with regard to complying with IFRSs on financial consolidation. The Group's Finance Department works to remain informed of new IFRSs in order to better report and anticipate their impacts on the Group's financial statements;
- the Project Financing, M&A and Cash Department is responsible for processing and centralizing cash flows, and covering interest rate risks, ensuring that an inventory and accounting of commitments is kept;

- investment plans are endorsed by the Chief Executive Officer and validated by the Board of Directors. Any changes to projections are subject to specific prior approval;
- accounting and financial documents prepared by consolidated subsidiaries are looked over by the Statutory Auditors at the half-year closing of financial statements and fully audited at the year-end closing of financial statements. This work also includes validating the switching of financial statements from local accounting principles to IFRSs; and
- in accordance with legal provisions, the Company has two Statutory Auditors who also rely on the validation of accounting information, including consolidation restatements made by their network of local auditors working across the various subsidiaries.

Financial communication

As a listed company, the Company publishes the following in accordance with the laws and regulations in effect:

- periodic information on a consistent basis: quarterly revenue, Annual Financial Report and Half-year Financial Report;
- a Registration Document; and
- press releases for events considered important and/or that may considerably influence the stock market price, reflecting changes in the Company's business and strategy.

The Company also presents the results of the Group twice annually under the aegis of the French Society of Financial Analysts (SFAF - *Société française des analystes financiers*) and holds its Annual Ordinary General Meeting.

Financial information is compiled, validated and published according to a structured process:

- the Financial Communication Department is the only department authorized to compile and publish financial information for external use;
- the Accounting/Consolidation Department is the sole source of financial information. Other data and information (particularly operational data and information) is submitted to the Financial Communication Department by various specific departments in the Group;
- all financial information to be published is documented internally; and
- all financial information to be published must be checked and validated before publication. The validation process includes the Accounting/Consolidation Department, the Statutory Auditors and the General Management.

The Group's Registration Document is submitted to the AMF in accordance with its General Regulations after being checked by the Statutory Auditors.

Identification and evaluation of risks

The General Management, in close collaboration with the Company Audit Committee, is responsible for ensuring that each operational and functional department of the Company and the General Management of each subsidiary complies with internal control rules and procedures.

Since 2010, enhanced information reporting procedures and the harmonization of practices within the main subsidiaries of the Group have led to the identification of areas for improvement and the reinforcement of internal control, including:

- regular risk monitoring in all fields of activity;
- ongoing securing of the project portfolio and project monitoring;
- implementing internal control in all subsidiaries of the Group; and
- securing and archiving professional documents.

Furthermore, the continuous management of internal control by the General Management helps drive and monitor the internal control system in order to better adapt it to the situation and activity of the Group.

The General Management is responsible for reporting internal control information to the Board of Directors and the Audit Committee. The Board of Directors and the Audit Committee may carry out checks that they deem necessary or take any other measures that they deem appropriate to manage any dysfunctions.

Over the course of the current fiscal year, the General Management and the Audit Committee will continue to improve risk management and strengthen cross-management across the Group so that the technical expertise of each subsidiary is efficiently made available to the entire Group.

Other intra-group practices implemented for internal control

Cash management

Since 2010, the Audit Committee and the General Management of the Group have implemented measures and tools to improve the process used to prepare the Group's cash forecasts and cash flow statements, and to validate and make cash flow information more reliable.

Financial flows are controlled via specific Group procedures. Investment, borrowing and hedging transactions are centralized and controlled by the Cash Department along with the management of subsidiary bank accounts (risk related to the Group's debt, liquidity risk and interest rate risk are outlined in sections 4.4.3.1, 4.4.3.2 and 4.4.3.5 hereof).

Legal Department

The Group has implemented the following procedures to manage legal risks more efficiently:

- monthly reporting of disputes within the Group was revised in 2013 to better evaluate the level of risk related to the outcome of disputes and litigations and therefore anticipate risk provisions (more information on litigation risks is given in section 4.4.4.4 hereof);
- new monthly reporting to manage pre-litigation was implemented with subsidiaries in 2013 to provide early anticipation of risks related to future disputes;
- quarterly reporting to monitor the Group's off-balance-sheet commitments was optimized in order to manage risks related to obligations guaranteed by off-balance-sheet commitments as efficiently as possible (risks from these commitments are stated in section 4.4.3.6 hereof); and
- quarterly reporting to monitor the legal scope of the Group.

Project control

As part of securing its project portfolio and preventing risks related to the activities of the Group:

- monthly reporting of its wind portfolio constantly updates risk levels used to determine accounting provisions and depreciations to be recorded (risks related to the difficulty to obtain building permits and operating authorizations and risks related to the construction and commissioning of wind farms are included in sections 4.4.1.2 and 4.4.1.7 hereof);
- periodic reviews of projects with development managers provide opportunities to discuss the budget status, validate projects ready to be developed and outline development outlooks and main strategies; and
- the Group's insurance policies are closely managed in order to better prevent and manage the main risks related to the Group's wind activities (risks covered by insurance are listed in section 4.4.5 hereof).

Management control

The Group's Management Control Department plays an important role in the process that monitors and controls the performance of subsidiaries. It coordinates the preparation of annual budgets and meticulously controls outputs and estimates. This work is based on specific rules for reporting and budget preparation such as:

- the control of key operational data by combining the use of technical tools for reporting;
- better budget planning via the implementation of a standardized calculation model so that local staff can use a common tool for financial forecasting;

- improved monthly budget/re-forecasting reporting in order to produce more qualitative and in-depth analyses for almost all income statements of companies in the Group; and
- a vertical approach to management control in the Group.

Human resources

The quality and skills of the Group's employees are key elements of the internal control system. The Group's human resources policy has focused on improving the recruitment process, implementing a career monitoring system in addition to the annual performance evaluation system for each employee of the holding company and the French subsidiary, and investment in training.

In an ongoing effort to optimize its organizational structure, the Company promotes cross-management between its teams. The Group is organized into an integrated industrial group with areas of expertise available to all countries.

A new reporting tool was implemented within the Group to help perform legal obligations related to the Company's social responsibility (detailed in section 3.3 hereof) and improve communication of social information.

Information systems

In accordance with the IT policy implemented since 2010, which improved and harmonized measures related to the use of information systems and network access conditions, protecting the data linked to the various systems used by the Group remains one of the priorities of the IT Department. In order to ensure IT security, the data back-up system was entirely revamped. The original back-up software and hardware were replaced with more recent versions that provide much greater storage capacity and better recovery granularity.

To increase the MTTR (Mean Time To Recover), critical servers were virtualized and integrated into a server farm. The architecture was also equipped with several redundant systems: servers, power supplies, switches, disks and databases.

The implementation of all these tools helps secure information systems and protect the Group's value production.

2.2 REPORT OF THE STATUTORY AUDITORS ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

To the Shareholders,

In our capacity as Statutory Auditors of THEOLIA and in accordance with Article L.225-235 of the French Commercial Code, we hereby report on the report prepared by the Chairman of your Company in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2014.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L.225-37 of the French Commercial Code, particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L.225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved for the preparation of this information and of the existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information in respect of the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of the French Commercial Code.

Other disclosures

We hereby attest that the Chairman’s report includes the other disclosures required by Article L.225-37 of the French Commercial Code.

In Marseille and Paris, on April 7, 2015

The Statutory Auditors

Deloitte & Associés	Cabinet Didier Kling & Associés	
Christophe PERRAU	Didier KLING	Christophe BONTE

2.3 INTERESTS AND COMPENSATION OF THE COMPANY'S CORPORATE OFFICERS

The Company's corporate officers' compensation is set by the Board of Directors. The compensation principles for the Company's corporate officers are described in the Report of the Chairman of the Board of Directors (see section 2.1 hereof).

According to AMF recommendation dated December 10, 2009, amended on December 17, 2013 and December 5, 2014, the following section includes the 11 tables required when applicable. When they are not applicable, negative wording is used.

2.3.1 Compensation of the Company's executive corporate officers

The following tables are prepared in accordance with the recommendations of the AMF. They exhaustively detail the Chairman's and the CEO's total gross amounts of compensation and benefits in kind, stock options and performance shares granted by the Company and its subsidiaries for fiscal years 2013 and 2014 in a justified, consistent, readable and transparent manner.

The amounts are expressed in thousand euros, on a gross basis before tax.

2.3.1.1 Summary table of compensation, options and shares granted to each executive corporate officer

Table 1 *(in thousand euros)*

Michel Meeus, Chairman since July 26, 2010	FY 2014	FY 2013
Compensation due for the year (see details in section 2.3.1.2 below)	54	54
Valuation of multiannual variable compensation allocated during the year (see details in section 2.3.1.3 below)	-	-
Valuation of options allocated during the year (see details in section 2.3.1.3 below)	-	-
Valuation of performance shares allocated during the year (see details in section 2.3.1.3 below)	-	-
TOTAL	**54**	**54**

Table 1 *(in thousand euros)*

Fady Khallouf, CEO since May 20, 2010	FY 2014	FY 2013
Compensation due for the year (see details in section 2.3.1.2 below)	460	462
Valuation of multiannual variable compensation allocated during the year (see details in section 2.3.1.3 below)	-	-
Valuation of options allocated during the year (see details in section 2.3.1.3 below)	-	-
Valuation of performance shares allocated during the year (see details in section 2.3.1.3 below)	-	-
TOTAL	**460**	**462**

2.3.1.2 Summary table of compensation of each executive corporate officer

Table 2 *(in thousand euros)*

	2014		2013	
Michel Meeus, Chairman since July 26, 2010	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed compensation	-	-	-	-
Annual variable compensation	-	-	-	-
Multiannual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees	54	54 (1)	54	68 (2)
Benefits in kind	-	-	-	-
TOTAL	**54**	**54**	**54**	**68**

(1) Amount corresponding to the payment of directors' fees due for the 4 quarters of 2014.

(2) Amount corresponding to the payment of directors' fees due for the 4 quarters of 2013 and the 4th quarter of 2012.

The Chairman of the Board of Directors' compensation only includes directors' fees. The calculation method of directors' fees can be found in the Report of the Chairman of the Board of Directors (see section 2.1 hereof).

Moreover, the Board of Directors dated March 31, 2015 confirmed the allocation to the Chairman of the Board of Directors, as for fiscal year 2014, of additional directors' fees amounting to 24,000 euros based on the work provided by the Chairman in organizing and preparing the Board of Directors' work, on his strong involvement and availability throughout fiscal year 2014.

Table 2 *(in thousand euros)*

	2014		2013	
Fady Khallouf, CEO since May 20, 2010	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed compensation (1)	300	300	300	300
Annual variable compensation (2)	150 (3)	150 (4)	150 (3)	150 (5)
Multiannual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind (6)	10	10	10	10
Profit-sharing bonus (7)	- (7)	2 (8)	2 (9)	2
TOTAL	**460**	**462**	**462**	**462**

(1) The CEO's fixed compensation relating to year N is paid during year N.

(2) The amount of the variable compensation allocated to the CEO relating to year N is set and paid during year N+1.

(3) Amount provisioned in the parent company and consolidated financial statements as at December 31, N, representing the upper limit of the annual variable compensation of the CEO.

(4) Amount set by the Board of Directors during its meeting dated April 22, 2014 relating to fiscal year 2013.

(5) Amount set by the Board of Directors during its meeting dated April 15, 2013 relating to fiscal year 2012.

(6) Benefits in kind including only the senior executive insurance policy contracted by the Company (unemployment insurance).

(7) The profit-sharing bonus relating to year N is calculated in June of N+1 and paid in N+1.

(8) Amount corresponding to the profit-sharing bonus relating to fiscal year 2013, paid in June 2014.

(9) Information added compared to the one published in the 2013 Registration Document. Amount corresponding to the profit-sharing bonus relating to fiscal year 2012, paid in June 2013.

The CEO's compensation includes a fixed part and a variable part, capped at 50% of the gross annual fixed compensation.

The compensation of the CEO currently in office has not been re-evaluated since his appointment, on May 20, 2010. The CEO does not receive any directors' fees in his capacity as director of the Company, nor any compensation in his capacity as corporate officer within the Group, which offices are specified in section 2.4.1 hereof.

The CEO's variable compensation is valuated each year by the Board of Directors, at the latest when the parent company and consolidated financial statements for the past fiscal year are closed, depending on the achievement of the targets set. These targets are quantity- and quality-oriented, related to the Company's performance. They notably address strategy consolidation and the overall improvement of the Company's fundamentals, including continuation of the Group's restructuring and cost reduction at each subsidiary's level.

The success bonus, mentioned in the 2013 Registration Document on page 43, was not granted to the CEO, due to the non-achievement of criteria related to the allocation of this success bonus, which was separate from the variable compensation.

The Company contracted a private unemployment insurance with the French association for senior executive insurance policy (GSC), enabling the CEO to benefit from allowances in case of a loss of his professional activity. Allowances would be paid as from the thirty-first continuous day of unemployment and the allowance time would be 12 months. Contributions paid by the Company are reintegrated in the CEO's compensation as per benefits in kind. This decision was approved by the General Meeting of Shareholders dated June 1, 2012 (in its fourth resolution), in the framework of the procedure for approval of regulated agreements and commitments.

2.3.1.3 Details on the other allocations

Performance shares

During fiscal year 2014, no free performance shares were granted by the Company **(Table 6)**.

Table 10

History of allocations of free shares	
Date of the General Meeting which granted approval	June 1, 2012
Date of the Board of Directors' meeting which allocated the free shares	December 10, 2012
Total number of free shares allocated (1)	2,272,400 (2)
of which free shares granted to Fady Khallouf, corporate officer (1)	1,076,400 (2)
Share acquisition date	December 10, 2014 or December 10, 2016 (3)
Maturity date of the holding period	December 10, 2016 (4)
Free shares allocated still under acquisition as at December 31, 2013	2,192,950 (2)
Cumulative number of cancelled or lapsed shares as at December 31, 2014	1,180,007 (2)
Number of non-tradable shares acquired as at December 31, 2014	799,337 (2)(3)
of which shares granted to Fady Khallouf, corporate officer	251,160 (2)(3)
Number of tradable shares acquired as at December 31, 2014	-
Free shares under acquisition as at December 31, 2014	213,606 (2)

(1) Subject to attendance and performance conditions related to the achievement of operational, financial and stock performance targets, as regards the fiscal years closed on December 31, 2012 and December 31, 2013.
(2) Figure adjusted further to the completion of a capital increase on December 9, 2014.
(3) Corresponding either to a two-year acquisition period followed by a two-year holding period for beneficiaries residing in France, or to a four-year acquisition period without holding period for beneficiaries residing outside of France .
(4) Beneficiaries are required to keep 30% of the definitively acquired performance shares in registered form until the termination of their functions.

On December 10, 2014, the Board of Directors definitively granted the performance shares to employees residing in France and to the CEO. Performance shares granted to employees residing outside of France are still under acquisition until December 10, 2016.

For additional information on the performance shares under acquisition, refer to sections 5.1.6, note 7.4.2 and 6.2.5.3 hereof.

During fiscal year 2014, no free shares allocated to the corporate officers became available **(Table 7)**.

Stock options

During fiscal year 2014, no stock options were granted by the Company **(Tables 4 and 9)** and none of the stock options granted during previous fiscal years was able to be exercised **(Tables 5 and 9)**. As at December 31, 2014, no stock options were outstanding to the benefit of corporate officers of the Company **(Table 8)**.

It is reminded that the Board of Directors, in its meeting dated December 1, 2010, granted 1,500,000 stock options to the benefit of the CEO, subject to stock performance conditions. As at December 1, 2014, stock price upper limits to be reached in order for the stock options allocated to the CEO to be exercisable were not reached. The corresponding stock options were therefore cancelled.

Multiannual variable compensation

During fiscal year 2014, no multiannual variable compensation mechanisms were implemented by the Company to the benefit of its corporate officers.

2.3.1.4 Additional information

Table 11

	Employment contract	Supplementary pension plan	Compensation or benefits that are or may be due in case of termination or change in duties	Compensation pertaining to a non-compete clause
Michel Meeus, Chairman Beginning of office: July 26, 2010 Maturity of the ongoing office: 2016	No	No	No	No
Fady Khallouf, CEO Beginning of office: May 20, 2010 Maturity of the ongoing office: n/a	No	Yes (1)	No (2)	Yes

(1) *Fady Khallouf benefits from mandatory supplementary pension and provident plans in force within the Company.*
(2) *Fady Khallouf benefits from a senior executive insurance policy subscribed by the Company (see section 2.3.1.2 above).*

The non-compete clause stipulated in the corporate office of the CEO, entered into in 2010 between the Company and Fady Khallouf, has a maximum duration of 24 months and the related compensation amounts to 24 months of gross compensation (fixed and variable). This compensation would have to be refunded by Fady Khallouf if it was found by a final and un-appealable decision of a court of law that he committed serious misconduct.

The terms and conditions under which this non-compete clause would be triggered were amended in January 2013: the non-compete clause is now extended to any cases whereby the CEO would leave the Company (particularly in the event of resignation, involuntary departure or dismissal). However, in the event of resignation of his office as CEO by Fady Khallouf, the Company may unilaterally choose to waive this clause and not pay the indemnity by releasing the CEO from his obligations under the non-compete clause. This change was approved by the General Meeting of Shareholders dated June 27, 2014 (in its fifth resolution), in the framework of the procedure for approval of regulated agreements and commitments.

The Group has not made any commitment to its executive corporate officers relating to compensation or benefits that are or may be due in case of termination or change in their duties or subsequent thereto.

2.3.2 Compensation of the Company’s non-executive corporate officers

The Company’s non-executive corporate officers’ compensation only includes directors’ fees.

The calculation method of directors’ fees can be found in the Report of the Chairman of the Board of Directors (see section 2.1 hereof).

The distribution of directors' fees among the Board members is based on their actual presence at Board meetings, their work on the Audit Committee and their involvement.

Table 3 *(in thousand euros)*

Amounts paid during the fiscal year		2014	2013
Thibaut de Gaudemar Director since December 9, 2014 Chairman of the Audit Committee since December 9, 2014	Directors' fees	-	-
	Other compensation	-	-
	TOTAL	**-**	**-**
David Fitoussi Director from July 26, 2010 to December 9, 2014 Chairman of the Audit Committee from July 26, 2010 to December 9, 2014	Directors' fees	45 (1)	56 (2)
	Other compensation	-	-
	TOTAL	**45**	**56**
Lilia Jolibois Director since June 1, 2012 Member of the Audit Committee since June 1, 2012	Directors' fees	41 (1)	52 (2)
	Other compensation	-	-
	TOTAL	**41**	**52**

(1) Amount corresponding to the payment of directors' fees due for the 4 quarters of 2014.
(2) Amount corresponding to the payment of directors' fees due for the 4 quarters of 2013 and the 4th quarter of 2012.

The Company did not award any stock warrants, stock options or free shares to the non-executive corporate officers during fiscal year 2014.

2.3.3 Directors' fees and exceptional compensation granted to the Company's corporate officers as per their office as director during the last five fiscal years

(in thousand euros)		2014	2013	2012	2011	2010
Directors' fees due for the fiscal year	Executive corporate officers	54	54	59	67	160
	Non-executive corporate officers	86	86	97	143	232
	TOTAL	**140**	**140**	**156**	**210**	**392**
Exceptional compensation due for the fiscal year	Executive corporate officers	-	-	-	-	-
	Non-executive corporate officers	-	-	-	-	470
	TOTAL	**-**	**-**	**-**	**-**	**470**
TOTAL	Executive corporate officers	54	54	59	67	160
	Non-executive corporate officers	86	86	97	143	702
	TOTAL	**140**	**140**	**156**	**210**	**862**

The General Meeting dated June 1, 2012 set to 250 thousand euros the global annual amount to be distributed between Board members as directors' fees for fiscal year 2012 and subsequent fiscal years, unless a new decision is made by the General Meeting.

2.3.4 Participation of the Company's corporate officers in the share capital

As at December 31, 2014	Number of shares	% of share capital	% of theoretical voting rights
Thibaut de Gaudemar	0	-	-
Fady Khallouf	677,450	0.37	0.35
Lilia Jolibois	0	-	-
Michel Meeus	10,294,335	5.56	6.65

2.3.5 Transactions performed by the Company's corporate officers on THEOLIA securities during fiscal year 2014

Transactions notified to the Financial Markets Authority (AMF) by the Company's corporate officers on THEOLIA securities during fiscal year 2014 were as follows:

Corporate officer involved	Transaction date	Nature of the transaction	Unit price (in euros)	Amount of the transaction (in euros)
Fady Khallouf	2014/12/09	Subscription	0.5	138,145
Michel Meeus	2014/12/09	Subscription	0.5	3,336,127

These transactions result from the subscription by Fady Khallouf and Michel Meeus to the capital increase performed on December 9, 2014, maintaining the preferential subscription right for the shareholders.

2.4 OFFICES AND FUNCTIONS OF THE COMPANY'S CORPORATE OFFICERS

2.4.1 Board of Directors

According to the information provided to the Company by its corporate officers, the latter hold or have held the following offices and functions:

THIBAUT DE GAUDEMAR *

Beginning of first office: December 9, 2014 (cooptation)

Ratification by the General Meeting: during the next Ordinary General Meeting

Expiration of current term: 2015 – further to the General Meeting called to rule on the financial statements for the fiscal year ended on December 31, 2014

54 years old

75, rue Denis Papin – BP 80199 - 13795 Aix-en-Provence Cedex 3, France

Number of THEOLIA shares held: 0

Thibaut de Gaudemar held leading positions within top-tier banking and financial institutions: between 1987 and 1998 within Bankers Trust, between 1998 and 2005 within Deutsche Bank. In 2005, Thibaut de Gaudemar joined Credit Suisse where he was appointed as Managing Director, Co-Head of the Global Markets Solutions Group for the EMEA region in 2009. He left Credit Suisse in 2013 to create an investment fund. Thibaut de Gaudemar has a Bachelor's Degree in business and accounting from the *École Supérieure de Commerce de Marseille* and a Master of Business Administration (MBA) in finance, accounting and international business from the Colombia University Graduate School of Business in New York.

Positions held within the Group since December 9, 2014

- Director of THEOLIA
- Chairman of the Audit Committee of THEOLIA

Main positions held outside the Group during fiscal year 2014: None

Main positions held outside the Group over the past five years which are no longer held

- Managing Director within Credit Suisse (1)

* *Independent director.*

(1) *Foreign company.*

LILIA JOLIBOIS *

Beginning of first office: June 1, 2012

Expiration of current term: 2015 – further to the General Meeting called to rule on the financial statements for the fiscal year ended on December 31, 2014

50 years old

75, rue Denis Papin – BP 80199 - 13795 Aix-en-Provence Cedex 3, France

Number of THEOLIA shares held: 0

In January 2015, Lilia Jolibois joined the Board of Directors of the INSEAD Foundation. She also performs duties of trustee, non-executive director and member of the Finance Committee of Cara, in the United Kingdom. Previously, Lilia Jolibois was Senior Vice-President Marketing and Sales for the Aggregates activity of Lafarge, group where she held several operational and managerial functions. Lilia Jolibois started her career within Merrill Lynch Capital Markets as a financial analyst in New York and as an Associate at the Paris branch. She was also a European Marketing Manager at Sara Lee. Lilia Jolibois has a Bachelor of Arts (B.A.) in economics from the Harvard University and a Master of Business Administration (MBA) from the INSEAD.

Positions held within the Group

- Director of THEOLIA
- Member of the Audit Committee of THEOLIA

Main positions held outside the Group during fiscal year 2014

- Trustee, non-executive director and member of the Finance Committee of Cara (1)

Main positions held outside the Group over the past five years which are no longer held

- Senior Vice-President Marketing and Sales for the Aggregates activity of the Lafarge Group

* *Independent director.*

(1) *Foreign company.*

FADY KHALLOUF

Beginning of first office: March 19, 2010

Renewal of the office: June 21, 2013

Expiration of current term: 2016 – further to the General Meeting called to rule on the financial statements for the fiscal year ended on December 31, 2015

54 years old

75, rue Denis Papin – BP 80199 - 13795 Aix-en-Provence Cedex 3, France

Number of THEOLIA shares held: 677,450

Before being appointed as THEOLIA's Chief Executive Officer on May 20, 2010, Fady Khallouf worked as a consultant in strategy and restructuring. He held the positions of director and CEO of the Tecnimont group where he led an industrial and financial restructuring. Prior to that, he worked as Head of Strategy and Development within the Edison group. Fady Khallouf had beforehand held leadership positions, notably specialized in the field of investments and business development, within the EDF, Suez, SITA/Novergie and Lyonnaise des Eaux-Dumez companies.

Positions held within the Company

- Director of THEOLIA
- CEO of THEOLIA

*Main positions held within companies controlled** by THEOLIA*

- Managing Director of Breeze Two GmbH (1)
- Co-Manager of THEOLIA Naturenergien GmbH (1)
- Director, Chairman and CEO of La Compagnie Éolienne du Détroit SA (1)
- Director and Chairman of Maestrale Green Energy Srl (1)
- Director and Chairman of THEOLIA Utilities Investment Company SA (1)
- Permanent representative of THEOLIA, acting as Chairman of THEOLIA France SAS
- Manager of THEOLIA AM

Main positions held outside the Group during fiscal year 2014: None

Main positions held outside the Group over the past five years which are no longer held: None

(1) Foreign company.

*** Pursuant to Article L.233-16 of the French Commercial Code.*

MICHEL MEEUS

Beginning of first office: March 19, 2010

Renewal of the office: June 21, 2013

Expiration of current term: 2016 – further to the General Meeting called to rule on the financial statements for the fiscal year ended on December 31, 2015

62 years old

75, rue Denis Papin – BP 80199 - 13795 Aix-en-Provence Cedex 3, France

Number of THEOLIA shares held: 10,294,335

Since 2007, Michel Meeus has been director within the Alcogroup SA company (which gathers the ethanol production units of the group with the same name), as well as within some of its subsidiaries. Before joining Alcogroup, Michel Meeus carried out a career in the financial sector, at Chase Manhattan Bank in Brussels and London, then at Security Pacific Bank in London, then finally at ElectraKingsway Private Equity in London.

Positions held within the Group

- Director of THEOLIA
- Chairman of the Board of Directors of THEOLIA

Main positions held outside the Group during fiscal year 2014

- Within the Alcogroup group:
  - Director of Alcogroup Holding SA (1)
  - Director of Alcogroup SA (1)
  - Director of Alcofina SA (1)
  - Director of Alco2 SA (1)
  - Director of Alco Bio Fuel NV (1)
  - Director of S.A.D. SA
  - Permanent representative of Solis Management & Consulting Sprl, acting as deputy director of Alcodis SA (1)
  - Manager of Solis Management & Consulting Sprl (1)
  - Director and Chairman of Alcotra North America Inc. (1)
  - Director of Alco Tarim ve End.Urun San. A.S (1)
- Director of Cadogan Petroleum Plc (1) (2)
- Director of Maple Energy Plc (1) (3)

Main positions held outside the Group over the past five years which are no longer held

- Director of Livestream (1)

(1) Foreign company.

(2) Company whose securities are admitted to trading on a regulated market.

(3) Company whose securities are admitted to trading on an unregulated but organized market.

The following table lists the offices and functions held and performed by the director of the Company having held a corporate office during fiscal year 2014, but who was no longer in office when this Registration Document was published.

DAVID FITOUSSI *

Beginning of first office: July 26, 2010 (cooptation)

Ratification by the General Meeting: December 17, 2010

Date of resignation from the office: December 9, 2014

33 years old

75, rue Denis Papin – BP 80199 - 13795 Aix-en-Provence Cedex 3, France

Number of THEOLIA shares held: 0

David Fitoussi has a master's degree in bank and finance from the Paris I-Sorbonne University and graduated from the *École Supérieure de Gestion.* He is currently Manager of Christofferson Robb & Company LLP. In the context of his duties, he notably took part in the development of 736 MW of onshore and offshore wind projects.

Positions held within the Group until December 9, 2014

- Director of THEOLIA
- Chairman of the Audit Committee of THEOLIA

Main positions held outside the Group during fiscal year 2014

- Manager of Christofferson Robb & Company LLP (1)

Main positions held outside the Group over the past five years which are no longer held: None

* *Independent director.*

(1) *Foreign company.*

As far as the Company is aware, over the last five years, no corporate officer has been convicted of fraud. None of them participated, as an executive manager, in an act of bankruptcy, sequestration or liquidation. No official public sanction and/or conviction has been handed down against them by a statutory or regulatory authority. None of them has been subject to a court injunction preventing them from acting as a member of an administrative, management or supervisory body of an issuer, or from intervening in the management or business affairs of an issuer.

There are no arrangements or agreements concluded with the main shareholders, clients, suppliers or others according to which any corporate officer was selected for his/her duty.

There is no restriction for corporate officers concerning the sale, within a certain period of time, of their participation in the share capital of the Company, other than rules relating to the prevention of insider trading.

2.4.2 General Management

Fady Khallouf was appointed as THEOLIA's Chief Executive Officer on May 20, 2010, for an unlimited period of time.

2.5 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

To the Shareholders,

In our capacity as your Company's Statutory Auditors, we hereby present our report on regulated agreements and commitments.

Our role is to inform you, based on the information provided to us, of the key terms and conditions of the agreements and commitments of which we have been advised or that we have discovered during our assignment, without being required to express an opinion on their usefulness or relevance, or to seek out the existence of other agreements and commitments. It is your responsibility, in accordance with the terms of Article R.225-31 of the French Commercial Code, to assess the merits of entering into these agreements and commitments with a view to their approval.

Furthermore, where applicable, our role is to provide you with the information stipulated in Article R.225-31 of the French Commercial Code relating to the execution, during the year under review, of the agreements and commitments already approved by the General Meeting.

We have performed the procedures that we deemed necessary in light of the professional doctrine of the French national association of auditors relating to this assignment. These procedures involved verifying the consistency of the information provided to us with the underlying source documents.

I Agreements and commitments submitted to approval by the General Meeting

Agreements and commitments authorized during the year under review

We hereby inform you that we were not advised of any agreements or commitments authorized during the year under review to be submitted for approval by the General Meeting pursuant to the provisions of Article L.225-38 of the French Commercial Code.

II Agreements and commitments already approved by the General Meeting

Agreements and commitments authorized during prior years

Pursuant to Article R.225-30 of the French Commercial Code, we have been advised that execution of the following agreements and commitments, already approved by the General Meeting during prior years, continued during the year under review:

a) Framework Shareholder Loan Agreement entered into with THEOLIA Utilities Investment Company

Person concerned: Mr. Fady Khallouf, acting as: (i) Chief Executive Officer and director of THEOLIA; and (ii) Class A director of THEOLIA Utilities Investment Company.

Date of Board of Directors' meeting: December 10, 2012

Approval date: General Meeting dated June 21, 2013

Maturity of the framework shareholder loan agreement: this loan agreement was entered into for an indefinite period, the agreement making provision for full or partial repayment on first demand and the option to convert the loans into capital.

Nature, purpose and procedures of the loan: the framework agreement entered into aims to allocate sufficient funds to THEOLIA Utilities Investment Company so that the structure can pursue its acquisitions of wind farms, in accordance with the portion of capital held (40% for THEOLIA) by each shareholder. Entered into for an indefinite period, the framework agreement makes provision for full or partial repayment on first demand of the shareholders and the option to convert the sums loaned into share capital.

As at the year-end date, the amount of the shareholder loan granted to THEOLIA Utilities Investment Company stood at €7,884,416 (excluding interest capitalized during the year under review). This loan is remunerated at the rate of 7% per annum. Interest income generated in respect of 2014, in connection with this framework agreement, came to €437,444.

b) Chief Executive Officer's non-compete indemnity

Person concerned: Mr. Fady Khallouf, Chief Executive Officer and director of THEOLIA.

Authorization date: Board of Directors' meetings of June 15, 2010, August 27, 2012 and December 10, 2012

Date of conclusion: March 15, 2013 with effect as from August 27, 2012

Approval date: General Meetings dated June 1, 2012 and June 27, 2014

Nature, purpose and procedures: modification of the conditions triggering the non-compete clause initially approved by the Company's General Meeting of Shareholders on June 1, 2012. The non-compete indemnity is now due in all cases in which the Chief Executive Officer leaves the Company (notably in the event of resignation, involuntary departure or dismissal) and no longer only in the event of removal in connection with a change of control or strategy of the Company.

The non-compete obligation remains stipulated in the interests of both parties, the Company being unable to unilaterally waive application of the non-compete clause and abstain from paying the corresponding non-compete indemnity. However, this principle, which previously applied only in the event of removal of the Chief Executive Officer in connection with a change of control or strategy of the Company, is now extended to all cases in which the Chief Executive Officer leaves the Company.

As an exception to the foregoing, in the event that Mr. Fady Khallouf resigns from his position as Chief Executive Officer, the non-compete clause stipulates that the Company may unilaterally decide to waive application of said clause and not pay the indemnity stipulated by releasing the Chief Executive Officer from his obligations under the non-compete clause.

The indemnity due in respect of the non-compete clause would amount to 24 months of gross remuneration (fixed and variable) and could be repaid by Mr. Fady Khallouf if a final court decision, not subject to a right of appeal, found that he has been guilty of gross negligence.

This agreement remained in effect during 2014.

c) Supplementary pension and unemployment insurance for the Chief Executive Officer

Person concerned: Mr. Fady Khallouf, Chief Executive Officer of THEOLIA and director of THEOLIA

Date of Board of Directors' meeting: June 15, 2010

Approval date: General Meeting dated June 1, 2012

Nature, purpose and procedures of the agreement: Mr. Fady Khallouf benefits from the mandatory supplementary pension and personal protection schemes in force within the Company, namely MEDERIC and B2V-CIRICA (supplementary pensions) and Allianz (personal protection), and an unemployment insurance mechanism taken out by the Group without any specific conditions.

The private unemployment insurance taken out by the Company with the association for social guarantee for company managers (Garantie Sociale des Chefs d'entreprise – GSC) would allow Mr. Fady Khallouf to receive benefits in the event of loss of his business activity for a maximum benefit period of 12 months.

These agreements remained in effect during 2014. The amount of contributions paid and added to the remuneration of Mr. Fady Khallouf in respect of benefits-in-kind amounted to €10,139.

Reclassified agreements approved during prior years

a) Centralized cash management agreement

An agreement for centralized intra-group cash management was signed between the companies of the THEOLIA Group in 2007. Under the terms of this agreement, the Company is responsible for ensuring the coordination and centralization of all the Group's cash needs and surpluses.

Execution of this agreement continued during 2014 but did not generate any interest income in this regard.

The Board of Directors' meeting of March 31, 2015 re-examined said agreement and decided to reclassify it as an agreement covered by Article L.225-39 of the French Commercial Code insofar as it constitutes a current operation within the Group, was entered into under normal conditions and does not waive the interest set by said agreement.

b) Inter-creditor agreement

On September 13, 2005, your Company was involved in the agreement entered into between The Royal Bank of Scotland Plc and Group companies ROYAL WIND, CEFF, CESAM in order to allow the financing of the construction of wind farms. This agreement stipulates that each party to the borrowing acts as a joint and several guarantor for the other borrowers.

Execution of this agreement continued during 2014.

The Board of Directors' meeting of March 31, 2015 re-examined said agreement and decided that it should no longer be classified as a regulated agreement from the Company's perspective insofar as the securities that it held in the share capital of Royal Wind have been sold to THEOLIA France SAS and the latter has confirmed acceptance of all the stipulations of the aforementioned inter-creditor agreement and has declared its full adhesion thereto. The rights and obligations of THEOLIA in respect of the financing documents signed with The Royal Bank of Scotland Plc have been automatically transferred to THEOLIA France SAS.

c) Debt write-off agreement with a return to better fortunes clause entered into with THEOLIA France SAS on December 23, 2013

Person concerned: Mr. Fady Khallouf, acting as (i) Chief Executive Officer and director of THEOLIA; and (ii) legal representative of THEOLIA, Chairman of THEOLIA France SAS

Date authorized by the Board of Directors' meeting: December 23, 2013

Approval date: General Meeting dated June 27, 2014

Nature, purpose and procedures: a debt write-off granted to THEOLIA France for an amount of 15 million euros. This debt write-off was granted only under the resolutory condition of a return to better fortunes for THEOLIA France SAS within the five fiscal years following the year ended on December 31, 2013, in which case the debt would be reinstated immediately.

The Board of Directors' meeting of March 31, 2015 re-examined said agreement and decided to reclassify it as an agreement covered by Article L.225-39 of the French Commercial Code insofar as it was entered into between two companies, one of which owns, directly or indirectly, the entire share capital of the other.

In Marseille and Paris, on April 7, 2015

The Statutory Auditors

Deloitte & Associés	Cabinet Didier Kling & Associés	
Christophe PERRAU	Didier KLING	Christophe BONTE

3 Our environmental, social and societal responsibility

3.1 SUSTAINABLE DEVELOPMENT: THE HEART OF OUR BUSINESS

Installing a wind farm is a powerful step in land-use planning for the long term. It is important for projects to be properly integrated into the landscape, natural environment, and daily life of local communities. In response to these major environmental and societal issues, THEOLIA has developed a strategy based on three key foundations:

- **Conservation:** THEOLIA's environmental strategy is based on conservation and protection of the fauna, flora, soils, water and air at sites on which the Group installs its wind farms. For each project, the Group carries out comprehensive prior studies with the purpose of analyzing the initial site condition and assessing the potential effects of wind farm installation. The Group defines the installation configuration to limit impacts as far as possible and implements compensatory, mitigation or accompanying measures in order to offset any residual impact;
- **Integration:** The key issue is to ensure optimum integration of the wind farm in the surrounding landscape, with local people's homes and in harmony with nearby business or agricultural activities. The Group's wind farm installation designs follow strict rules to ensure that land use master plans are complied with, to minimize visibility from important sites, to distance installations from housing, etc. Wind farms take up relatively little space on the ground and therefore remain compatible with the continuation of agricultural activities on the land;
- **Consultation:** There are many stakeholders involved in a wind farm (local residents, municipal representatives, government departments, associations, landowners, farmers, etc.). It is vital for success of the project that these parties take part in the project development phase. All wind farm projects are implemented in an atmosphere of consultation and transparency.

These foundations are the bedrock for the daily work of our Group's staff, to ensure that the wind farms we install are optimized, well-integrated in their landscape and well-accepted by the local community. This approach guarantees the highest quality and the highest return on investments in the longer term.

For THEOLIA, economic performance targets are closely linked to environmental and societal responsibility targets. As a socially-responsible and committed company, THEOLIA generates green electricity to meet today's energy needs, while protecting future generations. This forward-looking approach is shared by all our staff teams.

Methodology and indicators

In compliance with Article 225 of the Grenelle 2 Act, this chapter details how THEOLIA anticipates and manages the impact of its activities on the people and the environment. To do so, the Group chose a both descriptive and quantitative approach. For each section of Decree No. 2012-557 dated April 24, 2012, the Group identifies the possible risks, details the management policy implemented and measures its efficiency using one or several numerical indicators.

As no renowned and relevant public frame of reference is available for activities in the field of renewable energy, the Group defined its own environmental and societal indicators, fitted to its activity and its specificities, reflecting its will to take into account the impact of its activities on the people and the environment. As regards social indicators, the Group used the principles and recommendations of the Global Reporting Initiative (GRI), to promote maximum transparency and consistency.

The Group publishes those indicators on an annual basis and may redefine its reporting method according to the change in its activities. In 2014, the Group improved the measurement of some environmental and societal indicators by updating reference information with more specific and recent data, as well as by creating an additional indicator.

As most of its activity is located in 4 countries, the Group implemented a simple gathering and consolidation method. Each subsidiary (country) identified one or several persons responsible for the environmental, social and societal reporting. Each contributor receives a common reporting table and precise reporting instructions, and then provides the requested information to the holding company, which performs consistency checks, then consolidates the data.

Scope

The environmental, social and societal responsibility information presented below covers the Group's wind activities and therefore does not cover the Ecoval 30 company (non-strategic waste treatment activity) consolidated in compliance with IFRS 5 and the ecolutions GmbH & Co. KGaA company (developing solar projects), consolidated with the equity method.

Apart from this general rule, the Group defines, for each indicator category, the scope which is most appropriate to measure its performance:

- indicators relating to the output performed during the year include all wind farms operated and controlled by the Group, i.e. wind farms operated for own account, Breeze Two Energy's wind farms and wind farms operated for third parties;
- indicators relating to the impact studies performed before a wind farm is installed are based on wind farms operated for the Group's own account and therefore exclude Breeze Two Energy's wind farms and wind farms operated for third parties;
- indicators relating to turbine suppliers also focus on wind farms operated for the Group's own account and also exclude Breeze Two Energy's wind farms and wind farms operated for third parties; and
- social indicators take into account the THEOLIA Group's employees and exclude corporate officers and contributors, it being specified that Breeze Two Energy has no employees.

Control by an independent third party organization

Since 2013, THEOLIA has been requesting a review of this environmental, social and societal responsibility chapter by an independent third party Auditor. Its certification on the presence of the required environmental, social and societal information consolidated in this chapter in compliance with Article L.225-102-1 of the French Commercial Code is included at the end of this chapter.

Key figures

- **119** employees in the wind power business
- **1,194 MW** operated and controlled in **4** countries
- More than **1,870,000 MWh** generated in 2014 (1)
- Covers the domestic electricity needs of **748,000** households (1) (2)
- Emission savings of approximately **748,000 tons** of CO_2 (1) (3)
- Savings in radioactive waste production of approximately **20.6 tons** (1) (4) or the combustion of approximately **230,000 tons** of coal (1) (5)

(1) Estimate based on 1,194 MW operated and controlled by the Group.

(2) Estimate based on the consumption of 2,500 kWh/yr for one household (excluding electric heating). Source: Ademe.

(3) Estimate based on emissions of 69.2542 g of CO_2 per kWh of electricity generated in France, 475.4081 g of CO_2 per kWh of electricity generated in Germany, 385.0408 g of CO_2 per kWh of electricity generated in Italy and 696.63 g of CO_2 per kWh of electricity generated in Morocco. Source: International Energy Agency.

(4) Estimate based on 11 g of radioactive waste generated for every MWh of nuclear-powered electricity generated. Source: EDF.

(5) Estimate based on the combustion of 0.1228 ton of coal equivalent per MWh of electricity generated. Source: International Energy Agency.

3.2 OUR ENVIRONMENTAL RESPONSIBILITY

3.2.1 Environmental policy and management system

The resource and technology used (wind, wind turbine) mean that wind power generation is an environmentally-friendly activity:

- no air, water, or soil pollution;
- no greenhouse gas emissions;
- no water or raw materials consumption and very low electricity consumption; and
- no waste produced through operation.

However, THEOLIA applies a strict environmental policy, aiming to reduce the environmental impact of its activities as much as possible. This ambitious policy, based on pragmatic management systems, applies to all wind power activities within the Group and is based on three main principles:

- preventive approach to environmental risk management;
- environmental management of wind farm sites; and
- staff awareness-raising to reduce the Group's carbon footprint.

Preventive approach to environmental risk management

An impact study is carried out for all wind projects developed by the Group, prior to turbine installation. This study covers a radius of several kilometers around the project site.

The study presents in detail the initial condition of the site and its surrounding area, in particular the condition of the **physical environment** (relief, soils, climate, precipitation, temperatures, etc.), **natural environment** (inventory of flora and habitats, bird life inventory, protected species, etc.), **human environment** (housing, business and tourist activities, road networks, constraints, etc.), **heritage sites** and **landscapes**. This first stage of the study identifies the environmental issues related to the site and highlights the areas that would be suitable for the development of a wind farm.

The Group then works on these suitable areas to develop a turbine installation plan that will have the least impact on biodiversity (birds, bats, flora, etc.) and local communities (acoustics, landscape issues, etc.). The plan is then studied in detail to assess the direct and indirect, temporary and permanent effects of the project on the environment in the widest sense.

THEOLIA then defines the preventive measures to be implemented in order to limit the impacts on biodiversity from the construction, operation and future decommissioning of the wind farm as much as possible.

This preventive management approach eliminates the great majority of potential impacts. Any residual impacts are qualified and quantified in order to enable a strict monitoring program throughout the operating life of the wind farm.

Some examples of studies and measures are described in section 3.2.2 below.

Environmental management of wind farm sites

In order to properly manage the impacts of wind farm construction, THEOLIA has set two main environmental objectives:

- limit local pollution in construction phase, in particular run-off and water pollution, and
- limit the amount of construction waste sent to landfill.

To this end, THEOLIA defines technical and organizational specifications for the construction phase, which must be complied with by subcontractors working at the construction site. These requirements, brought together within environmental specifications and a “green site” charter, are described in sections 3.2.3 and 3.2.4 below. The Group verifies on-site compliance with these specifications.

Finally, at the end of wind farm operating life, generally after 20 to 25 years' operation for the latest generation of turbines, the land is returned to its initial condition, in accordance with the commitments made towards landowners and farmers, in compliance with legislation (see section 3.2.5 below).

Staff awareness-raising to reduce the Group's carbon footprint

Considering its small number of employees (119 employees in the wind power business as at December 31, 2014) and its activity sector directly related to sustainable development, the Group did not train its staff on specific environmental protection topics. However, the Group is particularly committed to raising awareness of its staff to the reduction of their carbon footprint. Therefore, in order to limit the environmental impact of its office-based activities, the Group has therefore implemented tangible initiatives with the aim of:

- reducing business travel by staff, in particular for internal meetings, by installing video-conferencing systems at the Group's European sites (France, Germany, Italy), and using teleconferences;
- reducing air travel, by using lower-carbon transport wherever possible (public transport such as trains); and
- sorting and recycling as much office waste as possible, by individual pre-sorting by each staff member using special bins for recycling paper, card, plastic bottle and cup, drinks cans, batteries, etc., use of wax instead of ink printers, use of recycled paper, recycling obsolete IT hardware.

Contribution to adapting to and fighting climate change

The Group's wind activities have very little impact on the climate. Indeed, wind energy is a clean energy which does not produce directly any carbon dioxide. Moreover, wind turbines on site do not use any fossil resource having an impact on global warming. To the contrary, the use of wind energy to generate electricity avoids carbon dioxide emissions which would have been produced by conventional electricity generation (all fuels).

Annual CO_2 emission savings

Scope: Installed capacities for own account, controlled capacities and capacities operated for third parties	2014	2013
Capacities operated and controlled as at December 31	1,194 MW	1,224 MW
Annual output	1,871 GWh	2,020 GWh
Tons of CO_2 saved (in tons) (1)	748,148	799,812 (2)

(1) Estimate based on emissions of 69.2542 g of CO_2 per kWh of electricity generated in France, 475.4081 g of CO_2 per kWh of electricity generated in Germany, 385.0408 g of CO_2 per kWh of electricity generated in Italy and 696.63 g of CO_2 per kWh of electricity generated in Morocco. Source: International Energy Agency.

(2) Information amended compared to the one published in the 2013 Registration Document, further to the update of the reference information mentioned in (1).

In addition, the Group has the opportunity, through the implementation of accompanying measures (see section 3.4.1 below), to provide financial support to local initiatives that promote the use of renewable energy or reduced energy consumption. These are, generally, initiatives implemented by the town where a new wind farm has been installed and are partially financed by THEOLIA.

Considering its activity, its commitment in favor of renewable energy and the limited availability of some external data required for calculation, in particular for indirect greenhouse gas emissions, the Group chose not to publish numerical information relating to its carbon emissions.

It is also specified that no wind farm or administrative building is located in sensitive, seismic or flood risk areas. The vulnerability of the Group's wind activities to climate change is insignificant.

Due to its limited exposure, the Group does not recognize any provision or guarantee related to the environmental risk.

3.2.2 Protecting biodiversity

Protecting fauna

Terrestrial fauna

An association of hunters in Lower Saxony commissioned a study from the *Institut für Wildtierforschung* (IWFo, the Institute of Wildlife Research, University of Veterinary Medicine, Hanover). This research showed that the presence of wind turbines has no significant adverse effect on game species. Wind farm maintenance work causes no more disturbance than conventional agricultural work.

Terrestrial fauna can be disrupted during the wind farm construction phase. This disruption, if and when it occurs, is only temporary (a few months, during construction phase) and is limited by the fact that most mammals are nocturnal, whereas construction work takes place during the day.

The risk of impact on terrestrial fauna is often considered to be negligible.

Bird life

The height of wind turbines and the rotating blades mean that wind farm installation creates issues for bird life. The main risks identified are collision (particularly for migratory species) and disturbance (particularly for nesting species).

As part of the impact study prior to wind-farm installation, an ornithological study is carried out to document species and their migratory activities, based on a literature review and fieldwork during different periods of biological activity (nesting, migration and wintering).

The study findings include proposals of suitable areas for wind farm development. In particular, wind turbine layouts allow spaces between the turbines to create migration corridors and flight routes, to ensure that wind farms do not create a barrier.

Because all precautions are taken at wind farm design phase, the risk of impact on birdlife during the operating period is very low.

Wind farm construction can nevertheless cause temporary disruption to bird life through truck and construction site vehicle traffic. Construction timetables are tailored so that construction works preferably start outside of nesting periods, in order to avoid endangering existing nests.

Finally, turbine connection networks are buried underground in order to limit collision risks for birds.

Management of bird life risk

Scope: Installed capacities for own account (excluding Breeze Two Energy)	2014	2013
Installed capacity for own account (net) as at December 31	301 MW	307 MW
Proportion of wind farms operated for own account for which the impact study included an ornithological analysis (1)	78.9%	77.3%

(1) *Percentages refer to wind farms operated for own account as at December 31 of the relevant year when THEOLIA performed an impact study which included an ornithological analysis.*

Bats

Wind farms present a dual risk for bats populations: firstly, bats can collide with the blades during migration and secondly, because some wind turbines have artificial lighting, they can attract insects and become a tempting hunting ground for bats, which increases the risk of collision.

The impact study prior to wind farm installation may include a bat review at ground level and at altitude, covering the whole period of bats activity. Field studies may also be carried out to identify their nesting sites. However, bat studies are not necessarily systematic. They will depend on local regulations and the site in question.

Management of bat life risk

Scope: Installed capacities for own account (excluding Breeze Two Energy)	2014	2013
Installed capacity for own account (net) as at December 31	301 MW	307 MW
Proportion of wind farms operated for own account for which the impact study included a bat review (1)	14.0%	13.8%

(1) Percentages refer to wind farms operated for own account as at December 31 of the relevant year when THEOLIA performed an impact study which included a bat review.

As for bird life, the installation location and layout is important. Firstly, wind turbines are often installed in agricultural areas, which are the environments least likely to be used by bats for travel. Depending on the bat-related issues, the turbines can be installed at a distance from bat hibernation sites and can be distanced from the local plant-growth areas (hedgerows, forest edges, etc.) which are corridors of choice for bat flight.

The Group may also decide, during the wind farm design phase, to implement preventive management plans whereby the turbines are stopped under certain conditions (night time, in the summer months, with low winds, etc.) in order to prevent collision risks.

Mitigation or compensatory measures

Specific features can be developed on the installation site, for instance planting or maintaining hedgerows to encourage the birds to disperse beyond the wind farm area, installation of owl nest boxes to create housing for endangered species, planting fallow wildlife areas in order to create a broader range of fauna, development of calcareous grasslands (growing on chalky/limestone soils) to promote the development of ecosystems, etc.

Accompanying measures

THEOLIA can also perform bird and bat activity monitoring in partnership with local players, in the period after wind farm construction when necessary. The aim is then to identify potential disruption and monitor mortality rates. In case of proven mortality, notice is given to independent bodies and the Group implements solutions that are appropriate to the local context.

Protecting plant life

Wind farms are generally built on agricultural land to limit the impact on the natural environment. Risks of plant life destruction are most relevant during the construction phase. The extensive work carried out during this period (e.g. turbine foundations, access road and track building, installation of the internal electric wind turbine network, etc.) are liable to impact plant life.

A botanical study prior to wind turbine installation is used to characterize all natural habitats present on site and to identify all species of flora.

In the same way as for fauna, the turbine layout plan is adapted according to study findings. In particular, areas with heritage species are avoided.

The electrical cables that connect the wind turbines to the grid connection substation are buried underground, which requires the removal of plant cover only in limited areas.

Finally, it is preferable for turbine erection operations to take place after harvest time in order to avoid damage to crops by heavy vehicle traffic in the fields. Where relevant, compensation for loss of production is paid to farmers whose crops have been damaged.

Management of flora risk

Scope: Installed capacities for own account (excluding Breeze Two Energy)	2014	2013
Installed capacity for own account (net) as at December 31	301 MW	307 MW
Proportion of wind farms operated for own account for which the impact study included a botanical study (1)	94.7%	94.8%

(1) Percentages refer to wind farms operated for own account as at December 31 of the relevant year when THEOLIA performed an impact study which included a botanical study.

3.2.3 Preventing pollution risks (water, air and soil)

Wind power is a clean energy that directly generates no carbon dioxide, sulfur dioxide, soot, ash, radioactive releases or any other type of air, soil or water pollution at its operating site. It does not emit any unpleasant odor, requires no pesticides, generates no thermal pollution or any pollution related to fuel supply. The only potential for pollution is through accidental leakage of liquids (oils, fuels).

These leaks could come from lifting equipment, transport vehicles or liquids stored on site to be used for construction requirements. In any case, leakage risks remain limited to the duration of construction work and will be minimized by efficient construction site management.

Any pollutant substances are strictly prohibited on site. Vehicles are refueled and parked on impermeable areas. Liquids are stored in covered and closed premises. Decontamination kits are available on site. In events of an accidental spill, water-tight absorbent blankets are placed on the ground and contaminated soil is collected and disposed of via an appropriate service.

If necessary, settling tanks may be temporarily dug, in the immediate vicinity of the turbine construction platforms, in order to clean vehicles and tools used for concrete pouring. Any solid matter recovered after settling is disposed of by the contractor responsible for it.

In addition, some mechanical transmission systems in the wind turbines use hydraulic technologies and could present a risk in the event of system leakage. However, any liquid flows from the nacelle are contained inside the tower. Because the tower is a sealed system, any liquid spilled will be recovered, and may be reused or removed from site as waste, via an authorized disposal route.

Likewise, the risk of accidental pollution from electrical substation leakage is very limited, since the transformer substations generally have a double safety system to protect against oil leaks.

Finally, periodical inspections are carried out on each wind turbine and electrical substation under operation to ensure that any leaks are detected and to verify the leak-tightness of the tower.

Overall, given the low likelihood of occurrence and the means used to limit leakage risk as much as possible, this risk is estimated to range from very low to zero.

3.2.4 Waste management

The use of wind energy for electricity generation avoids the production of radioactive waste that would have been produced through nuclear power generation.

Annual radioactive waste savings

Scope: Installed capacities for own account, controlled capacities and capacities operated for third parties	2014	2013
Capacities operated and controlled as at December 31	1,194 MW	1,224 MW
Annual output	1,871 GWh	2,020 GWh
Tons of radioactive waste saved (1)	20.58	22.22

(1) Estimate based on 11 g of radioactive waste generated for every MWh of nuclear-powered electricity generated. Source: EDF

Standard waste (in construction and operating phase)

Electricity generation from wind energy generates very little waste. Waste is produced by construction and equipment maintenance operations, and can be split into three categories:

- non-hazardous industrial waste (metal, wood, clean worn parts, etc.);
- inert waste (construction site rubble, etc.); and
- waste from maintenance operations (oil, cleaning products, dirty rags, etc.).

Each construction and maintenance subcontractor is responsible for managing waste from its operations. Instructions have been given to dispose of waste via appropriate THEOLIA-approved disposal routes. Subcontractors must provide THEOLIA with copies of their waste tracking forms.

Non-hazardous waste that is not contaminated by toxic substances or pollutants is recovered, recycled, or disposed of in authorized waste disposal facilities.

The very limited quantities of packaging waste mainly from construction phase are recovered for reuse, recycling or any action that can generate usable materials or energy.

During site preparation phase, the vegetation and topsoil is removed from the turbine installation zones. The topsoil is kept and reused on site or deposited nearby, in order to reconstitute the plant cover. For some sites, a temporary storage area may be used.

Any electronic or mechanical waste (spare parts) or hazardous substances used in maintenance are managed by the maintenance contractor. The contractor uses specialized waste processing or recycling systems.

The burning or burying of waste is prohibited on site. Where possible, concrete is produced off-site. Delivery pallets and electric cable reels are returned to the supplier.

Wind farm decommissioning

No THEOLIA site has yet been decommissioned. The Group's first decommissioning operation will be the repowering operation currently underway at the Koudia Al Baïda site in Morocco. The 84 current turbines will be dismantled and the site will be fitted with new wind turbines. This early decommissioning operation is carried out at the Group's initiative, in partnership with the Moroccan *Office National de l'Électricité et de l'Eau potable*, because the turbines were only commissioned in 2000 and still had several years of service life ahead of them.

Other wind farms owned by the Group will not be decommissioned for another few years. Only 16% of our own installed capacity (excluding Morocco) was commissioned between 2000 and 2002. These sites are in Germany and are still under an electricity purchasing contract for at least another 6 years. Breeze Two Energy's wind farms were almost all commissioned between 2005 and 2008 and will therefore not be decommissioned in the short term.

When the Group comes to deal with decommissioning issues for a site where the wind activity is stopped, it will select a service provider to carry out this work on its behalf and shall itself bear the financial expense thereof. Turbine disassembly, removal and recycling shall be managed by the subcontractor.

The main issue in decommissioning is recycling the turbine components. A wind turbine primarily comprises steel and metal sheets (tower), composites (blades and nacelle casing) and mechanical, electronic and electrical components. In the Group's opinion, electrical compounds, copper (used in the generator and cables) and steel are these days perfectly well managed by existing waste disposal service. These materials will be reused for other industrial uses or transferred to an authorized waste processing or disposal service (off-site) and will not constitute "non-standard" or difficult-to-dispose-of waste, as is the case for other power generation sources (especially nuclear power). However, the Group remains attentive to changes in recycling practices for composite materials and concrete. In particular, we are monitoring developments in composites recycling via cement plants, which is in test phase in some countries.

Although wind farm decommissioning challenges are still some way in the future, THEOLIA has, since 2012, been making provision in its accounts for the estimated future costs of decommissioning wind farms that are not intended for sale.

3.2.5 Site reconditioning after withdrawal from service

As well as removing the turbines, a wind farm operator is responsible for returning the site to its initial condition upon withdrawal from service, in accordance with the commitments made to landowners and farmers, and in compliance with legislation. This operation comprises:

- removing the upper section of foundations down to a depth of 1 meter minimum,
- excavating crane operating areas and access routes down to a depth of 40 centimeters approximately, and
- removing grid connection substations and their foundations.

Each zone is covered with soil that is comparable to the local soils in order that natural vegetation or farming restarts. This stage leaves no significant trace on site of the previous wind farm. Because the soil and sub-soil is not polluted, any type of usage can be envisaged on the land released, in particular agricultural usage.

3.2.6 Consumption

The use of wind energy for electricity generation does not require an industrial plant. The wind turbines on site use no fresh water, raw materials, fuel or gas. They only consume a very limited amount of electricity.

The Group's water, fuel and gas consumption is only due to office-based activities and is very low. The Group's electricity consumption is primarily due to office-based activities and, to a much smaller extent, wind farms. Given the low significance of these consumption figures and the high levels of green electricity generated by the Group, THEOLIA has decided not to publish this information.

3.3 OUR SOCIAL RESPONSIBILITY

Despite the difficulties faced in the past, the Group's men and women demonstrated their fighting spirit and commitment to ensure the Company's recovery. With the continuous aim to optimize its organization, THEOLIA promotes cross-management across its teams. The Group is organized as an integrated industrial group, with pools of expertise available to all the countries.

Cross-management has several advantages:

- it enables to share best practices across the Group;
- it increases the Group's efficiency; and
- it favors synergies.

THEOLIA's ambition is to promote an integrated human resources policy, in order to enhance the motivation, professional development and accountability of its employees. The Group wants to be recognized as a responsible employer that respects the diversity of its teams and the individuality of each employee. The Group believes that an effective social responsibility policy can generate shared values and therefore lead to improving overall performance and risk management.

3.3.1 Employment

Workforce, as presented below, includes the Group's employees and excludes corporate officers, temporary workers and independent service providers. Workforce for the Group's wind power business included 119 people as at December 31, 2014.

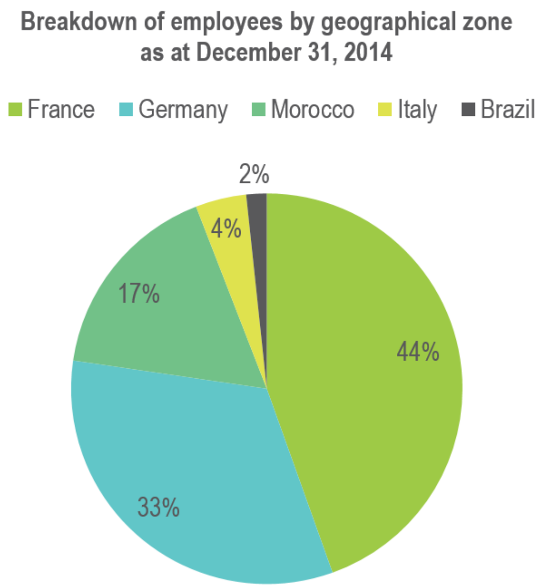
Variations in workforce as at December 31

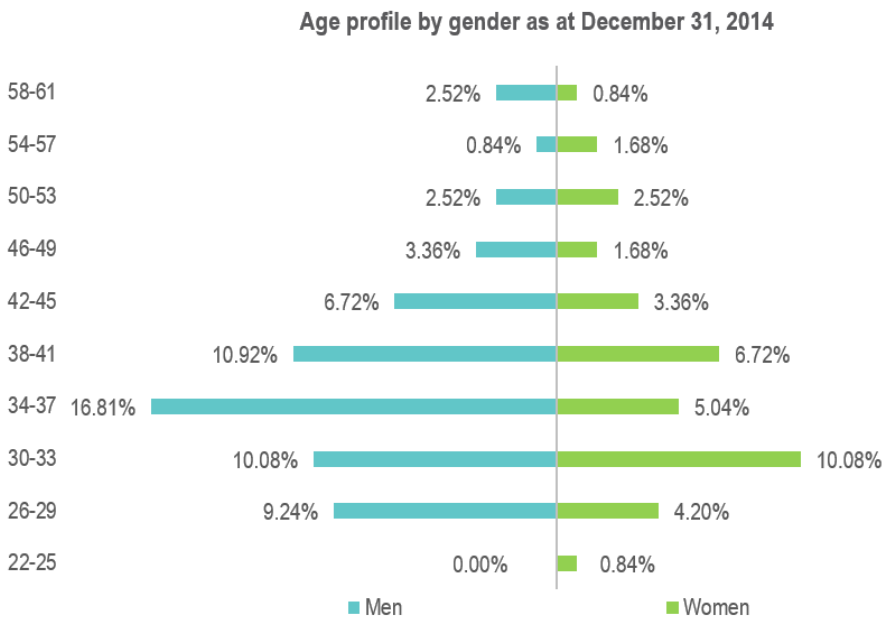
	2014	2013
Workforce	119	126
Women (%)	37%	40%
Men (%)	63%	60%

Variations in workforce in full-time equivalent

	2014	2013
Workforce in full-time equivalent	119	128
Women (%)	37%	40%
Men (%)	63%	60%

The drop in employee numbers during the past two years reflects the General Management's aim of continuing to control costs and optimize the Group's human resource management.





The majority of staff recruited in 2014 was hired to replace outgoing employees. The Group has no major difficulties in recruitment.

Change in workforce as at December 31

	2014	2013
Recruitments	8	13
Departures	15	27
CHANGE IN WORKFORCE	**(7)**	**(14)**

Reason for departure

	2014	2013
Lay-offs on economic grounds	-	-
Dismissals for personal reasons	6	4
End of the contract	1	6
By mutual consent	3	6
Resignation	5	11
Sabbatical leave	-	-
TOTAL	**15**	**27**

The percentage of resignations among total departures kept decreasing in 2014 (33%) compared to 2013 (41%) and 2012 (64%). The number of resignations, still high in 2014, is the consequence of the continuation of the Group's restructuring and the current organization of the wind power market. It is important for the Group to ensure effective management of strategic skills, and the recognition of high-potential employees.

3.3.2 Compensation policy

In each country, the Group aims to grant compensation in proportion to the levels of skill, responsibility and performance of each employee, in compliance with principles of fair treatment and in line with local legislation.

Payroll

	2014	2013
Total annual payroll (1)	€5,354,450	€5,497,905
Mean annual compensation (2)	€44,995	€42,885
Total annual payroll for women employees (3)	€1,732,144	€1,959,199
Mean annual compensation for women employees (4)	€39,027	€38,131

(1) Gross payroll (including variable pay), excluding social security contributions for the year in question and excluding corporate officers, interns and benefits in kind.
(2) Annual payroll divided by total employees in full-time equivalent.
(3) Gross payroll for women employees (including variable pay) excluding social security contributions for the year in question and excluding corporate officers, interns and benefits in kind.
(4) Annual payroll for women employees divided by the number of women employees in full-time equivalent.

The Group's compensation policy aims to motivate its employees, encourage their loyalty and attract new talent. The following loyalty measures are currently in place:

Variable compensation

For some positions, compensation includes variable pay, to reward employees if certain targets are achieved.

Profit-sharing scheme

Profit-sharing schemes are in place both within the Company and its subsidiary THEOLIA France. A new profit-sharing scheme was negotiated with THEOLIA SA's staff representatives in 2014 for the period from 2014 to 2016.

Free shares

1,196,000 (1) free shares were allocated to Group employees on December 10, 2012 by the Board of Directors, in order to align the performance of each employee with Group targets. Definitive acquisition is subject to attendance and performance conditions associated with operational, financial and stock performance targets. On December 10, 2014, 548,177 (1) free shares were definitively allocated to employees residing in France. Detailed information about the free share scheme can be found in section 6.2.5.3 hereof.

Stock options

On July 29, 2011, the Board of Directors granted 810,000 stock options to certain Group employees, subject to stock performance and attendance conditions. As at December 31, 2014, 675,000 stock options were outstanding. Detailed information about the stock option scheme can be found in section 6.2.5.4 hereof.

3.3.3 Working hours

Working hours within the Group are adapted to local legislation.

In France, the working time applicable to all French subsidiaries complies with the law on the 35-hour working week, with various types of contract:

- 35-hour contracts;
- 35 hour + 4 hour overtime contracts;
- 218-day annual contracts with days off in lieu of work, as per the National Collective Agreement for Metalwork Executives (*Convention collective nationale des cadres de la métallurgie*) and the Syntec Collective Agreement (*Convention collective Syntec);* and
- Fixed contracts with no reference to working hours for executive-level managers.

Some employees have chosen to work part time.

In Germany, the working time at the THEOLIA Naturenergien company is set to 40 hours per week. The German legislation stipulates that the working time cannot exceed 48 hours per week.

In Morocco, the working time at both CED and TEM subsidiaries is set to 44 hours per week, which corresponds to the legal working time. Working hours may be annualized according to positions and the company's requirements.

At the Italian subsidiary Maestrale Green Energy, the working time is set to 37.76 hours per week, while the standard working time in Italy is 40 hours per week. Employees benefit from 20 days off for their first 10 years of employment, then from 25 days.

For THEOLIA Brazil's employees, the working time is set to 44 hours per week, in compliance with the local legislation.

(1) Figure adjusted further to the completion of a capital increase on December 9, 2014.

Absenteeism (1)

	2014	2013
France	4.57%	1.51%
Germany	2.17%	2.47%
Morocco	0.51%	0.23%
Italy	0.54%	3.22%
Brazil	-	-
MEAN RATE OF ABSENTEEISM	**2.75%**	**1.63%**

(1) *Total number of days of absence or working days lost due to occupational accidents/occupational illness, other illness, unjustified absence, a sick child or family event over the reference period, expressed as a percentage of the theoretical total number of days worked over the same period.*

3.3.4 Labor relations and collective agreements

There is open and active dialogue between employees and management within the Group. The Group complies with local legislation for informing, consulting and negotiating with its employees.

Amongst the French entities, THEOLIA SA has a staff representative and THEOLIA France has a sole staff delegation including four members. Elections were carried out in February 2015 to renew the members.

Collective agreements were signed during the preceding years (profit-sharing scheme, time savings account, etc.).

A new profit-sharing agreement was negotiated within THEOLIA SA in 2014, for the period from 2014 to 2016.

3.3.5 Training

In order to ensure that training objectives were in line with the Group's strategic needs, the General Management has asked to be involved in developing the Group's employee training plan, since 2012. This initiative shows that training is acknowledged to be not only a tool for improving the Group's performance, but also an instrument for employee motivation.

The training policy is fitted to each employee's job environment. Therefore, training sessions are implemented in the aim of (i) protecting the employees on project sites (electrical certification, work at a height, OHS training) and (ii) improving the employees' performance at their job and their employability.

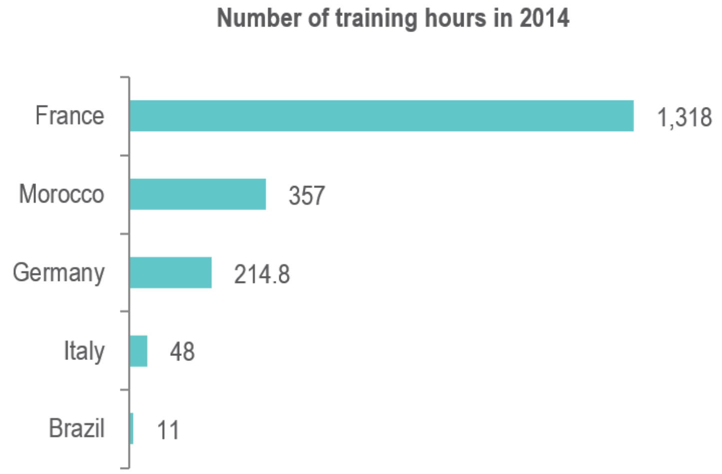
In 2014, in France, priority was given to diploma training courses.

Training fields may be as follows:

- technical (maximization of wind farm performance, upgrade according to the evolution of software, etc.);
- linguistic (mainly English and German, to improve communication between the Group's various entities); and
- behavioral (public speaking, negotiation, etc.).

During fiscal year 2014:

- the average duration of training for each trained employee was 26.33 hours; and
- 62% of Group employees benefited from training.



3.3.6 Health and safety

Since no French subsidiary employs more than 50 people, the staff representatives or the single staff delegation fulfill the statutory roles of members of the Health, Safety and Working Conditions Committee under French law. These bodies are consulted as provided for by the law whenever necessary.

The Group's low rate of accidents is the result of its effective health and safety policy.

Number of occupational accidents

	2014	2013
France	2	-
Germany	1	-
Morocco	2	-
TOTAL	**5**	**-**

One out of the two occupational accidents in France is a travel accident and none of them resulted in a work disruption. The occupational accident in Germany is a travel accident.

The frequency rate of occupational accidents which resulted in a work disruption within the Group is 14.68 for 1,000,000 working hours.

The severity rate of occupational accidents within the Group is 0.25 [(1)].

Number of days of complete inability to work due to an occupational accident

	2014	2013
France	-	-
Germany	31	-
Morocco	21	-
TOTAL	**52**	**-**

No occupational disease occurred in 2014.

(1) Number of working days lost (52) for 1,000 working hours.

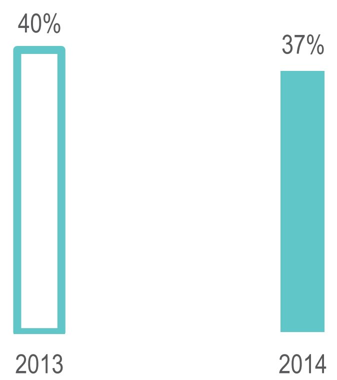
3.3.7 Equality of treatment

As a responsible employer, the Group attempts to combat all forms of discrimination and considers that diversity is a source of richness and momentum.

The Group respects professional equality by organizing the recruitment, career management and personal development of its employees in a fair manner without discrimination, in accordance with the applicable provisions in each country in which the Group is present. French employees have signed up to the Group's Charter of Ethics. This Charter is being rolled out in Germany.

The proportion of women employees slightly decreased in 2014, as some positions held by women were not replaced after they left:

Change in proportion of women employees as at December 31, 2014



The employment and integration of disabled workers are taken into account within the Group.

Despite their recruitment policy encouraging the employment of people with disabilities, THEOLIA SA and THEOLIA France have to pay a contribution to the French State (K-400) to promote the employment of disabled workers.

However, both companies regularly place orders with organizations that favor disabled people employment (office supplies, cleaning services, etc.). THEOLIA SA also resorts to a waste paper recycling company employing workers in vocational rehabilitation or disabled workers.

3.3.8 Compliance with the provisions of International Labor Organization conventions

The Group complies with the International Labor Organization provisions with respect to freedom of association and the right to collective bargaining, abolition of discrimination in employment and occupation, abolition of forced labor and child labor.

3.4 OUR SOCIETAL RESPONSIBILITY

3.4.1 Relations with stakeholders

Informing and consulting all stakeholders

Many stakeholders are affected by wind farm projects: the local community, mayors and municipal councilors, government departments, landowners and farmers, local or national associations, and any person affected in any way by the project under consideration. Information and consultation, particularly prior to project development, are one of the keys to successful integration of a wind farm in its natural and human environment. The Group has put in place organizational methods to ensure that all stakeholders can access project information with full transparency and give a reasoned opinion on the choices made by THEOLIA.

From the very outset of a project, THEOLIA teams meet with mayors and municipal councilors in the affected areas in order to assess the feasibility of installing a wind farm in that area. In parallel, every landowner and farmer is contacted and a "commitment to lease" agreement is signed for each plot of land covered by the study. Each meeting gives an opportunity to present stakeholders with the issues that are relevant to a wind farm project.

Throughout the project development and construction phases, regular information is provided to local residents, landowners and farmers. Regular drop-in information surgeries are held at the local town or village halls, preferably at weekends, in order to answer local people's questions; visits to existing wind farms are proposed; in some cases, local project monitoring committees are formed; information brochures are distributed to homes in the relevant areas; construction kick-off and end meetings are organized. These methods help local people get a better understanding of the issues at stake and the choices that led to the final project design.

Regular and open dialogue takes place with local politicians. Several working meetings are held in order to define local perspectives on the project.

Finally, a public inquiry is generally held prior to the issuance of building permit or equivalent authorization. This phase offers local people an opportunity to look at all the documents submitted with the application, to ask questions and give their opinion on the project, prior to closure of the permitting process. At minimum, the public inquiry is held in all local authorities (municipalities) that border onto the planned installation site.

Local initiatives with local authorities

In some cases, installation of a wind farm can be accompanied with financial support for local initiatives. The term we use is accompanying measures.

Energy-related support

Building a wind farm gives an opportunity to provide information to local politicians and local people on the benefits of renewable energies and on issues of energy management. It is also an opportunity to correlate electricity generation, the presence of wind turbines and energy consumption.

THEOLIA wants to provide financial support to local initiatives that promote the use of renewable energies or reduced energy consumption. The Group consults local residents to identify their needs and desires and preferably supports energy efficiency initiatives. For instance, THEOLIA has contributed to thermal insulation of municipal buildings and the replacement of public lighting with low-energy lamps. The amounts of support available will depend on the size of the wind farm project.

Heritage-related support

Building wind turbines alters the perception of a local landscape. The Group aims to give its projects a positive value, by financially supporting initiatives that enhance local heritage. The Group consults local residents in order to identify their needs and desires and preferably supports initiatives to promote or renovate heritage projects. For instance, THEOLIA has contributed to funding renovation work on a local church and work to bury electricity grid installations underground.

Opening wind farms to visitors

If the wind turbines are installed in a tourist-friendly region, the wind farm can become an attraction for visitors who want to learn more about this environmentally-friendly technology. Some wind farms can be visited by the public. Special access routes and reception areas are provided and information signs are installed close to the grid connection substation.

3.4.2 Impact of activities on health and safety

Health

The impact study carried out prior to wind farm installation includes a study of the human environment to identify local housing areas, the main economic activities (usually agriculture), any risky industries and, wherever possible, any industrial or local development plans. Visitor numbers in the area and transport infrastructure are also studied. Rights of way, easements and technical constraints are also listed.

The two main preventive measures implemented by the Group are the systematic inclusion of a distance of at least 500 meters between wind turbines and the first housing units and inclusion of precautionary distances from other infrastructures (roads, buildings, etc.). Given these safety distances, the health risks related to the presence of wind turbines are limited. However, larger distances may be used, depending on the results of the acoustic studies.

Acoustic impact

Over the last few years, significant technological progress has been made in acoustics: optimized blade profile and materials, use of silent gears, transmission shafts mounted on shock absorbers, padded nacelles. The sound of modern wind turbines is difficult to hear a few hundred meters away. However, noise is not inexistent and remains a fairly well-studied factor.

The impact study prior to wind farm installation includes an acoustic impact study. The purpose of this analysis is to estimate the perceived noise levels during wind farm operation. Outdoor measurements of the initial environment state are taken over several days, during the day or at night, at the homes of the most-exposed local residents. The measures are carried out by an independent expert, with simulation of the noise levels at these houses with operating wind turbines that are representative of those that will be installed. This technique is used to quantify the differential, or “noise aggravation”, calculated as the difference between the background sound level and the noise level with wind turbines in normal operating conditions. It should be noted that the wind has a significant influence on the sound levels. Above certain wind speeds, the turbine sound level stabilizes whilst the wind noise level increases. In these cases, there is a masking effect, whereby the wind noise covers the sound of the turbine.

Depending on the study findings, the Group may increase the distance of one or more turbines from a given house or building or implement a preventive management plan, by limiting one or more turbines under specific conditions (night time, sensitive wind speed range, wind direction).

Where projects have required special attention to acoustic details, and according to applicable legislation, the Group carries out post-installation acoustic monitoring. Depending on the results, the Group may decide to implement a corrective management plan by limiting one or more turbines under specific conditions, to improve the well-being of local residents. The combination of measures mean that the acoustic performance achieved is often significantly better than the thresholds imposed by local regulations.

Management of acoustic risk

Scope: Installed capacities for own account (excluding Breeze Two Energy)	2014	2013
Installed capacity for own account (net) as at December 31	301 MW	307 MW
Proportion of wind farms operated for own account for which the impact study included an acoustic study (1)	100%	100%

(1) Percentages refer to wind farms operated for own account as at December 31 of the relevant year when THEOLIA performed an impact study which included an acoustic study.

Stroboscopic effects

In the sunshine, rotating wind turbine blades block out the light periodically, which intermittently casts a shadow on to the area around it. This moving shadow phenomenon, referred to as "stroboscopic effect," occurs when the sun is low and the sky is clear. During the impact study, this effect is analyzed using specialized software that takes into account site topography, probability of sunlight, characteristics of the chosen wind turbine, installation layout and the location of receiving sites (windows of surrounding homes). The turbine layout plan takes this parameter into account in order to render the possible effect negligible.

Safety

Safety of local people and visitors

The Group takes all necessary measures to ensure the safety of people and property around its wind farms.

Wind turbines are installed in compliance with statutory and/or precautionary distances from housing, roads and miscellaneous buildings.

All wind turbines installed by the Group are designed, manufactured and tested according to the regulations and standards in force. In particular, THEOLIA only selects turbines that have received type certification from accredited third-party bodies. These type certificates attest:

- the conformity of turbine design with the applicable standards (loads, safety and systems, blades, components, electrical equipment, tower, etc.);
- the use of an appropriate manufacturing process; and
- the fact that tests on a prototype have been successfully performed.

Manufacturers that supply turbines installed by the Group are for the vast majority ISO 9001 certified (for quality management) and ISO 14001 certified (for environmental management) (see section 3.4.5 below).

The foundations are verified by an approved third-party inspection body.

Public access to the site is prohibited throughout the construction period and signposts are used to indicate this ban. Vehicle speed limits apply on-site and excavation zones are protected with fencing.

During operation, wind turbines and the grid connection substation are kept locked. The access doors display hazard warning signs. Unauthorized or unaccompanied persons are strictly forbidden to access the inside of the tower.

Direct fire risks affecting a wind turbine component or auxiliary, wind turbine drop risks, blade projection and ice projection risks are very limited because numerous precautions are taken:

- monitoring provisions (generator temperature, oil level, etc.) and safety measures for the main internal components significantly reduce the risk of fire and its direct consequences;
- fire extinguishers appropriate for electrical fires are installed close to the transformers and in each nacelle;
- wind turbines are equipped with protection against atmospheric discharges (lightning conductor, specific systems on blades);
- in very high wind or dangerous weather conditions, wind turbines are stopped for preventive reasons to limit accident risks; and
- wind turbines are equipped with on-blade ice detection mechanisms, which stop the turbine if necessary.

In addition, all wind farms have continuous remote surveillance, enabling operations to be monitored at all times, failures to be detected and accident risks to be minimized. In particular, any abnormal tower movement that could jeopardize structural stability is detected and leads to turbine stoppage. A maintenance team is then sent on site and the wind turbine is only restarted if an inspection has been successfully completed.

Preventive and corrective maintenance is also performed by accredited personnel. In particular, a comprehensive inspection is carried out by qualified technicians at least once a year.

It is considered that the installation of a wind farm does not cause any risk for the safety of local people and visitors.

Safety of workers

The main safety risk is related to occupational safety for technicians working on the wind turbines:

- risks associated with moving mechanical components in construction phase,
- risks associated with electrical power with high voltage and current, and
- risks associated with work at height.

In construction phase, signage is installed on site in order to indicate traffic directions, facilitate emergency service access, prohibit public access and warn workers of potential risks and hazards.

At least one person present on site carries a mobile telephone in order to contact emergency services if necessary.

Safety distances must be complied with when cranes are used to move wind turbine components.

In operating phase, maintenance work is carried out in fair weather conditions, with specially trained personnel, who have been trained to work at height and have the appropriate fall protection equipment.

Wind turbines are totally stopped during maintenance work.

Only a small proportion of these risks are relevant to THEOLIA employees, because most on-site operations are carried out by external service providers.

For THEOLIA employees, the primary response to these risks is training in electrical risks for personnel working on the wind turbines or electrical substations.

Aircraft safety

Wind turbines are always installed outside of any areas of aeronautical easement, in order to avoid interference with air traffic procedures. The height of wind turbines may be adapted, according to site-related constraints.

Wind turbines are fitted with obstacle lighting, generally at the top of the nacelle. This hazard beacon is monitored by the operator.

Risks related to aircraft are considered to be negligible.

3.4.3 Impact of activities on heritage and landscape

The perception of a landscape and changes thereto remains very subjective and varies significantly from one person to another. Opinions can vary widely – what is visual pollution for some may be aesthetically pleasing for others.

Integration with the landscape is a fundamental issue for a wind farm. The planned installation site must preserve natural areas, fit into the existing landscape and respect cultural heritage and local architecture. The installation plan is based on two key principles: it must be designed in harmony with the surrounding area and limit any visual interference with important sites.

Wind farms fit in with and emphasize the terrain in which they are installed. Configurations are studied in order to integrate as closely as possible into the landscape and to ensure the clarity of the project from close by and at a distance. For instance, wind turbine rows may accompany woodlands, which provide visual markers in the landscape, and a regular distance may be ensured between turbines. Encirclement/enclosure effects and visually overbearing designs are avoided. A new wind farm design must also take into account existing wind farms and ensure coherence between projects. In general, key notions include alignment, regularity, symmetry and the maintenance of visual windows.

The impact study prior to wind farm installation generally includes a landscape study. The landscape is photographed in order to define the key views over the site from characteristic locations. Photomontages are put together to present the projected views from homes, traffic routes and important sites. The aim is to provide a comprehensive presentation of the perception or lack of perception of the future wind farm and to study whether there is visual interference with any important local sites.

Finally, the foundations and internal electric wind turbine network (electrical cables connecting the turbines together and to the grid connection substation) are buried. Two methods are commonly used to blend the substations into the countryside: either the substation is colored to fit with a local landscape or vegetation is planted, according to a landscaper's design.

Management of landscape risk

Scope: Installed capacities for own account (excluding Breeze Two Energy)	2014	2013
Installed capacity for own account (net) as at December 31	301 MW	307 MW
Proportion of wind farms operated for own account for which the impact study included a landscape study (1)	96.8%	96.8%

(1) Percentages refer to wind farms operated for own account as at December 31 of the relevant year when THEOLIA performed an impact study which included a landscape study.

3.4.4 Direct and indirect contribution to the local economy

Wind farm installation has a direct financial impact on local authorities, landowners and farmers:

- every year, local authorities with a wind farm on their territory receive taxes as a result, according to the applicable local regulations; and
- landowners and farmers of the turbine installation sites and neighboring plots receive an annual compensation fee throughout the term of operations.

Beyond these effects, THEOLIA consistently seeks to favor local labor, chiefly:

- local subcontractors (specialists in natural habitats, environmentalists, landscape architects, acoustic scientists, land surveyors, geologists);
- specialist contractors for preparatory work (earthmoving, structural construction work), connection work (installation and electrical connections) and maintenance; and
- companies to maintain the platforms and surrounding areas around the turbines.

Other work is indirectly generated, for instance in accommodation and catering for construction site personnel.

Through its inherent activity and the accompanying measures, a wind farm contributes to local economic development.

3.4.5 Subcontractor relations

The Group's main suppliers are turbine suppliers. The turbine manufacturer accounts for 70 to 75% of the total investment cost of a wind project, including the cost of purchasing and installing the turbines and the cost of technically maintaining the wind farm over its entire operating life. Indeed, in most of the cases, the turbine supplier also provides technical maintenance services for the first 15 years. Turbine manufacturer selection is therefore a decision which is taken with great care. More specifically, the Group seeks to establish a long-term and balanced relation with its wind turbine suppliers.

Turbine selection within the Group is an individual process for each wind farm because THEOLIA does not sign framework agreements with turbine suppliers. For each project, THEOLIA selects the most appropriate turbine for the site. This is how the Group aims to achieve optimum performance for its operating wind farms and the highest levels of profitability.

Wind turbines operated for the Group's own account come from European and American suppliers only, who are not located in risky countries. The Group is not aware of any major labor-related risk relating to its turbine suppliers. Therefore, the Group does not include the labor-related risk in its turbine supplier selection process.

Turbine suppliers by country of origin

Scope: Installed capacities for own account (excluding Breeze Two Energy)	2014	2013
Installed capacity for own account (net) as at December 31	301 MW	307 MW
Proportion of German suppliers (Enercon, Senvion (1), Nordex, Fuhrländer)	66%	65%
Proportion of Danish suppliers (Vestas)	26%	27%
Proportion of American suppliers (GE)	8%	8%

(1) In 2014, REpower changed its name to Senvion.

Wind turbines operated for the Group's own account mainly come from ISO 14001 and ISO 9001 certified suppliers, who implement an integrated management system (environment and quality), ensuring that the environmental impacts of the supplier's activities is taken into account and that products and services provided are of high quality.

Proportion of ISO 14001 turbine suppliers

Scope: Installed capacities for own account (excluding Breeze Two Energy)	2014	2013
Installed capacity for own account (net) as at December 31	301 MW	307 MW
Proportion of ISO 14001 certified turbine suppliers, to the Company's best knowledge	96%	96%

Proportion of ISO 9001 turbine suppliers

Scope: Installed capacities for own account (excluding Breeze Two Energy)	2014	2013
Installed capacity for own account (net) as at December 31	301 MW	307 MW
Proportion of ISO 9001 certified turbine suppliers, to the Company's best knowledge	96%	96%

For the Haute Borne wind project in France, the construction of which was launched in 2014 and will end in 2015, THEOLIA also selected an ISO 14001 and ISO 9001 certified German turbine supplier.

In building its wind farms, the Group also uses subcontractors for various work packages: foundations, roadways and access (structural construction), electricity substation, internal electric wind turbine network, etc.

As for the main work package (turbines), the Group uses a tender process to select the subcontractors. This selection process is decentralized in each country. As far as possible, THEOLIA prefers to work with local subcontractors and/or subcontractors who have already successfully collaborated with the Group.

3.4.6 Business ethics and human rights

THEOLIA undertakes to work as a socially responsible business and expects its staff members' conduct to be above reproach. The Group has developed a Charter of Ethics to prevent any behavioral risks.

This Charter specifies the ethical principles that the Group wishes its employees to adhere to under all circumstances, in order to manage risks related to conflicts of interest, insider trading, compliance with laws and regulations, respect for individuals and shareholders, corruption and the protection of Group property.

The Charter illustrates the Group's ethical values (fairness, trust, solidarity and transparency), and discusses some issues of corporate life (health, safety).

As regards human rights, the Charter promotes respect for individuals, and more specifically non-discrimination towards the other employees, clients and suppliers, on the grounds of gender, origin, age or religion.

This Charter has initially been presented to staff working at the head office, as an appendix to their employment contract. The aim is to roll this Charter out to all subsidiaries working in the wind power business.

3.4.7 Sponsorship

THEOLIA is not involved in sponsorship actions.

3.5 REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PUBLISHED IN THE MANAGEMENT REPORT

To the Shareholders,

In our capacity as Statutory Auditor of THEOLIA SA, and appointed as independent third party, for whom the certification request has been approved by the French National Accreditation Body (COFRAC) under number 3-1048 [(1)], we hereby present you with our report on the social, environmental and societal information prepared for the year ended on December 31, 2014 (hereinafter the "CSR Information"), presented in the management report pursuant to Article L.225-102-1 of the French Commercial Code.

Responsibility of the Company

The Board of Directors of THEOLIA SA is responsible for preparing a management report including CSR Information in accordance with the provisions of Article R.225-105-1 of the French Commercial Code, prepared in accordance with the reporting protocols and guidelines used by THEOLIA SA (hereafter the "Reporting Guidelines"), which are available for consultation at the headquarters of the Company.

Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in Article L.822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with rules of ethics, professional auditing standards and the applicable legal texts and regulations.

Responsibility of the Statutory Auditor

Based on our work, our responsibility is:

- to attest that the required CSR Information is presented in the management report or, in the event of omission, is explained pursuant to the third paragraph of Article R.225-105 of the French Commercial Code (Attestation of completeness of CSR information);
- to express limited assurance on the fact that, taken as a whole, CSR Information is presented fairly, in all material aspects, in accordance with the adopted Reporting Guidelines (Formed opinion on the fair presentation of CSR Information).

Our work was carried out by a team of five people between February 2015 and March 2015 for an estimated duration of three weeks. To assist us in conducting our work, we referred to our corporate responsibility experts.

We conducted the following procedures in accordance with professional auditing standards applicable in France, with the order of May 13, 2013 determining the methodology according to which the independent third party entity conducts its assignment and, concerning the formed opinion on the fair presentation of CSR Information, with the international standard ISAE 3000 [(2)].

1. Attestation of completeness of CSR Information

Based on interviews with management, we familiarized ourselves with the Group's sustainable development strategy, with regard to the social and environmental impacts of the Company's business and its societal commitments and, where appropriate, any resulting actions or programs.

We compared the CSR Information presented in the management report with the list set forth in Article R.225-105-1 of the French Commercial Code.

(1) The scope of which is available at www.cofrac.fr.
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

In the event of omission of certain consolidated information, we verified that explanations were provided in accordance with the third paragraph of the Article R.225-105 of the French Commercial Code.

We verified that the CSR Information covered the consolidated scope, i.e., the Company and its subsidiaries within the meaning of Article L.233-1 of the French Commercial Code and the companies that it controls within the meaning of Article L.233-3 of the French Commercial Code, subject to the limitations presented in the methodological memo of section 3.1 “Sustainable Development: the heart of our business” of the management report.

Based on these procedures and considering the limitations mentioned above, we attest that the required CSR Information is presented in the management report.

2. Formed opinion on the fair presentation of CSR Information

Nature and scope of procedures

We conducted around three interviews with the people responsible for preparing the CSR Information in the departments in charge of data collection process and, when appropriate, those responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Reporting Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into consideration, when relevant, the sector best practices;
- verify that a data-collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of the CSR Information and review the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of the tests and controls according to the nature and significance of the CSR Information with regard to the Company’s characteristics, the social and environmental challenges of its activities, its sustainable development strategies and the sector best practices.

Concerning the CSR Information that we have considered to be most important (3):

- for the consolidating entity, we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), we performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the data consolidation, and we verified their consistency with the other information presented in the management report;
- for a representative sample of entities that we have selected (4) according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we held interviews to verify the correct application of the procedures and performed substantive tests using sampling techniques, consisting in verifying the calculations made and reconciling the data with supporting evidence. The selected sample represented 59% of the headcount, between 17% and 45% of the environmental quantitative information and 73% of the governance quantitative information.

Regarding the other consolidated CSR Information, we have assessed its consistency in relation to our understanding of the Group.

Lastly, we assessed the relevance of the explanations relating to, where necessary, the total or partial omission of certain information.

We believe that the sampling methods and sizes of the samples we have used in exercising our professional judgment enable us to express limited assurance; a higher level of assurance would have required more in-depth verifications. Due to the use of sampling techniques and the other limits inherent to the operations of any information and internal control system, the risk that a material anomaly be identified in the CSR Information cannot be totally eliminated.

(3) *Social indicators: Workforce as at December 31, and % of women and % of men and by country; Total number of recruitments; Numbers of lay-offs; Absenteeism (in %); Number of occupational accidents; Number of days of complete inability to work due to an occupational accident; Number of training hours per country.*

Environmental indicators: Capacities operated and controlled as at December 31; Annual output; Proportion of wind farms operated for own account for which the impact study included an acoustic study; Proportion of wind farms operated for own account for which the impact study included an ornithological analysis; Proportion of wind farms operated for own account for which the impact study included a bat review; Proportion of wind farms operated for own account for which the impact study included a botanical study.

Quantitative governance information: Proportion of ISO 14001 certified turbine suppliers, to the Company’s best knowledge; Proportion of ISO 9001 certified turbine suppliers, to the Company’s best knowledge.

Qualitative information: Preventive approach to environmental risk management; Environmental management of wind farm sites; Contribution to adapting and fighting climate change; Protecting biodiversity; Preventing pollution risks; Standard waste; Wind farm decommissioning; Site reconditioning after withdrawal from service; Safety of local people and visitors; Safety of workers; Subcontractor relations.

(4) *THEOLIA France and THEOLIA Naturenergien.*

Conclusion

Based on our work, we did not identify any material anomaly likely to call into question the fact that the CSR Information, taken as a whole, is presented fairly, in accordance with the Reporting Guidelines.

In Marseille, on April 10, 2015

One of the Statutory Auditors

Deloitte & Associés

Christophe Perrau

Partner

4 Review of fiscal year 2014

4. REVIEW OF FISCAL YEAR 2014

4.1 ACTIVITY OF THE GROUP IN 2014

4.1.1 Highlights of the year

Financial restructuring

During the second half of 2014, THEOLIA successfully implemented a financial restructuring plan, including notably:

- the performance of a capital increase in the amount of 59.8 million euros, maintaining the preferential subscription right for the shareholders, which enabled to proceed to the early partial redemption of 7.266 euros per outstanding convertible bond; and
- the change in the terms and conditions of the convertible bonds, including mainly the rescheduling of the redemption of the remaining bond debt into 4 installments, distributed over the next 5 years.

For further information on the capital increase and the change in the terms and conditions of the convertible bonds, refer to the securities note number 14-591 dated November 7, 2014, available on the Company's website.

Further to this restructuring, Fady Khallouf, THEOLIA's CEO, said: "*With stronger shareholders' equity and a reduced debt, THEOLIA shows today a healthier financial structure, in line with its strategy to actively carry on its development.*"

Group further development

In 2014, THEOLIA carried on the construction of the Haute Borne wind project, in the Somme French department. This project, financed through a long-term loan entered into in April 2014, will include 3 MW wind turbines, therefore bringing the total installed capacity of the future wind farm to 21 MW. The wind farm is planned to be commissioned during the second half of 2015.

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

Besides, in July 2014, THEOLIA obtained a new building permit free from any third-party claim for the installation of 7 wind turbines in the Charente-Maritime department in France. As long as the turbine type is not selected, the future wind farm's total capacity is estimated to 21 MW. As at December 31, 2014, THEOLIA held 219 MW in its pipeline which already received all necessary authorizations and which may be implemented or sold.

Finally, THEOLIA carries on the development of the first 100 MW phase of the Moroccan project, being currently finalizing the selection of the turbine supplier.

Disposals

During the first half of 2014, THEOLIA carried on its strategy to withdraw from its non-wind activities. Hence, on March 27, 2014, THEOLIA sold Seres Environnement, a company operating in the field of designing and manufacturing instruments to measure and analyze air and water quality, and on May 30, 2014, THEOLIA sold its photovoltaic power plant located in Germany.

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

Cooptation of Thibaut de Gaudemar as director

Further to the resignation of David Fitoussi as director and Chairman of the Audit Committee, THEOLIA's Board of Directors coopted Thibaut de Gaudemar as director as from December 9, 2014. Thibaut de Gaudemar was also appointed as Chairman of the Audit Committee.

4.1.2 Analysis of the consolidated income statement

The Group's consolidated financial statements for fiscal year 2014 were examined by the Audit Committee, and then approved by the Board of Directors during its meeting of March 31, 2015, in the presence of the Statutory Auditors.

The Group's consolidated financial statements for fiscal year 2013 have been restated in compliance with the new IFRSs 10 and 11 enforceable as at January 1, 2014 retrospectively.

Consolidated income statement (selected information) *(in thousand euros)*	Year ended December 31	
	2014	2013 restated
Revenue	101,126	95,867
EBITDA (1)	53,509	51,494
Current operating income	16,423	15,717
Operating income	7,550	(6,026)
Financial income	(29,521)	(39,678)
Net income from continuing operations	(26,916)	(47,696)
NET INCOME	**(27,050)**	**(46,583)**
of which Group share	**(25,221)**	**(42,013)**
of which non-controlling interests	(1,829)	(4,571)

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

4.1.2.1 Consolidated revenue

THEOLIA's consolidated annual revenue amounted to 101.1 million euros in 2014, showing an increase of + 5% compared to 2013.

Consolidated revenue by business segment *(in thousand euros)*	Year ended December 31	
	2014	2013 restated
Sales of electricity for own account	86,769	86,163
Operation	5,833	6,244
Development, construction, sale	8,017	2,353
Non-wind activity and other	506	1,107
TOTAL	**101,126**	**95,867**

Sales of electricity for own account

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

The revenue from the Sales of electricity for own account activity reached 86.8 million euros in 2014, increasing by + 1% compared to 2013. The positive effect related to the consolidation of Breeze Two Energy over 12 months in 2014, as opposed to 11 months in 2013, offset globally less favorable wind conditions and the disposal of an operating wind farm in August 2014. THEOLIA's main activity therefore kept its balance and ensured a recurring revenue for the Group.

The Sales of electricity for own account activity, which relies on 15- to 20-year electricity buy-back contracts, benefits from a recurring revenue and significant margins over the long term.

The revenue from the Sales of electricity for own account activity represents 85.8% of the consolidated revenue for fiscal year 2014.

Generating wind power in 4 countries with different wind resources enables the Group to reduce the impact of unfavorable wind conditions in one country over a given period.

Operation

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

The revenue from the Operation activity amounted to 5.8 million euros in 2014, slightly decreasing compared to 2013. As at December 31, 2014, capacities managed for third parties reached 556 MW, compared to 579 MW as at December 31, 2013.

The revenue from the Operation activity represents 5.8% of the consolidated revenue for fiscal year 2014.

Development, construction, sale

The revenue from the Development, construction, sale activity includes the proceeds from the sale of projects or operating wind farms, as well as from development and construction services carried out on behalf of third parties.

The revenue from the Development, construction, sale activity amounted to 8.0 million euros in 2014, compared to 2.4 million euros in 2013. During the third quarter of 2014, THEOLIA sold a 6 MW operating wind farm in Germany.

The revenue from the Development, construction, sale activity represents 7.9% of the consolidated revenue for fiscal year 2014.

Non-wind activity

The revenue from the Non-wind activity primarily includes income generated by the sales of the electricity produced by a solar park in Germany.

The Non-wind activity registered a revenue of 0.5 million euros in 2014 over the 5 months of activity before the solar park was sold, which occurred on May 30, 2014. On a full-year basis, the revenue for this activity had reached 1.1 million euros in 2013.

The Group has operations in four countries (Germany, France, Morocco and Italy).

Consolidated revenue by geographical zone *(in thousand euros)*	Year ended December 31	
	2014	2013 restated
Germany	68,307	61,739
France	23,599	23,957
Morocco	6,119	6,964
Italy	2,761	2,591
Other countries	340	616
TOTAL	**101,126**	**95,867**

Germany

The revenue registered in Germany in 2014 is largely the result of the sales of the electricity produced by the wind farms held and controlled by the Group in the country (80.4% of the revenue in Germany), of the disposal of an operating wind farm (11.2% of the revenue performed in Germany) and of management fees for the wind farms operated for third parties (7.6% of the revenue in Germany).

Germany benefited from a positive scope effect related to the consolidation of Breeze Two Energy over 12 months in 2014, compared to 11 months in 2013, but globally unfavorable wind conditions impacted the Sales of electricity for own account and Operation activities. The Development, construction, sale activity recorded a strong increase, further to the sale of an operating wind farm in 2014, while no operating wind farm had been sold in 2013. Overall, the revenue registered in Germany in 2014 increased by + 11% compared to 2013. It represents 67.5% of the consolidated revenue for fiscal year 2014.

France

The revenue performed in France in 2014 mainly includes the sales of the electricity produced by the wind farms held and controlled by the Group in the country (98.4% of the revenue in France) and, to a lesser extent, management fees for the wind farms operated for third parties.

The revenue registered in France in 2014 is stable compared to 2013 and represents 23.3% of the consolidated revenue for fiscal year 2014.

Italy

In compliance with the new IFRSs 10 and 11, only the Bovino wind farm (10 MW) is accounted using the global integration method and registers its sales of electricity as revenue. The Giunchetto wind farm (15.2 net MW for the Group) is accounted using the equity method. The comparative 2013 information was restated.

The revenue registered in Italy in 2014 increased by + 6% compared to 2013. It represents 2.7% of the consolidated revenue for fiscal year 2014.

Morocco

The revenue registered in Morocco corresponds to the sales of the electricity produced by the 50.4 MW wind farm operated by the Group for own account.

Unfavorable wind conditions in 2014 led to a 12% decrease in the revenue performed in Morocco compared to 2013. The revenue registered in Morocco represents 6.1% of the consolidated revenue for fiscal year 2014.

4.1.2.2 Consolidated EBITDA

Consolidated EBITDA is not a financial indicator defined by IFRSs. It corresponds to the current operating income before amortization and provisions for non-operational risks (see table for the conversion of EBITDA to current operating income in section 4.1.2.3 below).

In line with the growth of the consolidated revenue, the consolidated EBITDA increased by + 4% between 2013 and 2014. It reached 53.5 million euros for fiscal year 2014, compared to 51.5 million euros for fiscal year 2013.

Consolidated EBITDA by business segment *(in thousand euros)*	Year ended December 31	
	2014	2013 restated
Sales of electricity for own account	57,761	59,239
Operation	2,044	1,957
Development, construction, sale	(6,429)	(9,204)
Non-wind activity	413	1,377
Corporate	(281)	(1,873)
TOTAL	**53,509**	**51,494**

Sales of electricity for own account

The EBITDA from the Sales of electricity for own account activity amounted to 57.8 million euros in 2014, compared to 59.2 million euros in 2013. 2014 was specifically penalized by exceptional repairs on some of THEOLIA's and Breeze Two Energy's wind farms, which resulted in additional external expenses.

Operation

With a slight drop in revenue the Operation activity maintained its level of EBITDA. In 2013, the EBITDA from this activity benefited from a net provision reversal on waived long-outstanding receivables of 0.7 million euros.

Development, construction, sale

This activity showed a loss of 4.3 million euros during the first half of 2014. During the second half of 2014, margins generated further to the sale of an operating wind farm in Germany enabled to partially offset this activity's structure costs. Overall, the EBITDA from this activity was a loss of 6.4 million euros in 2014, compared to a loss of 9.2 million euros in 2013.

The Group performs, at each closing of the fiscal year, a complete review of its pipeline of projects under development and adjusts the value of some of its projects according to the assessment of the risk of failure. In 2014, this review led to a net depreciation of 0.9 million euros, compared to 1.1 million euros in 2013.

Non-wind activity

The Non-wind activity registered an EBITDA of 0.4 million euros in 2014 over the 5 months of activity before the solar park was sold, which occurred on May 30, 2014. On a full-year basis, the EBITDA for this activity had reached 1.4 million euros in 2013.

Corporate

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

In 2014, expenses of the Corporate activity were clearly decreasing. The activity notably carried on reducing its external expenses and its staff costs. It is reminded that 2013 had been penalized by receivable depreciations related to a subsidiary under liquidation in the amount of 0.9 million euros.

The following table shows the Group's EBITDA by geographical zone for each relevant period:

Consolidated EBITDA by geographical zone *(in thousand euros)*	Year ended December 31	
	2014	**2013 restated**
Germany	36,034	38,180
France	14,319	14,853
Morocco	3,980	4,013
Italy	44	(3,984)
Other countries	(584)	191
Headquarters [(1)]	(284)	(1,759)
TOTAL	**53,509**	**51,494**

(1) "Headquarters" includes only the THEOLIA SA parent company and therefore differs from the Corporate activity.

4.1.2.3 Current operating income

Current operating income is not a financial indicator defined by IFRSs. It corresponds to the operating income before non-current provisions, other non-current income and expenses, share in income of joint ventures and associates and impairment.

Despite the increase in amortization over the period, the current operating income recorded a growth of + 5% in 2014, to reach 16.4 million euros.

(in thousand euros)	Year ended December 31	
	2014	**2013 restated**
EBITDA	**53,509**	**51,494**
Amortization	(37,278)	(36,118)
Provisions for non-operational risks	192	341
CURRENT OPERATING INCOME	**16,423**	**15,717**

The vast majority of amortization is related to wind farms held and controlled by the Group.

For wind farms held by THEOLIA, amortization is calculated, at each closing, according to the residual value of the farms (estimated sale price) and the date of disposal estimated by the Group (5 years). In 2014, this expense increased by 0.5 million euros, mainly due to the change in assumptions related to some operating wind farms.

For wind farms controlled by THEOLIA and therefore held by Breeze Two Energy, amortization, after restatement, is recognized according to a straight-line method, over 20 years in Germany and 15 years in France. In 2014, this expense increased by 1.4 million euros, due to the integration of Breeze Two Energy over 12 months, compared to 11 months in 2013.

To the contrary, amortization decreased by 0.7 million euros in 2014, due to the occurrence of withdrawals from the scope of consolidation.

Amortization registered on operating wind farms held and controlled by the Group is distributed as follows by geographical zone in 2014 (in million euros):

- Germany (23.9)
- France (8.9)
- Morocco (2.7)
- Italy (0.9)

4.1.2.4 Operating income

Operating income is not a financial indicator defined by IFRSs. It corresponds to all the income and expenses not related to financial activities, discontinued activities or tax.

The Group's operating income is strongly improving, going from a loss of 6.0 million euros in 2013 to a profit of 7.6 million euros in 2014. Impairment recorded in 2014 was down again, going from 16.0 million euros in 2013 to 6.5 million euros in 2014. It mainly involved:

- a 2 million euro depreciation on the value of wind turbines purchased in 2008, not yet installed, reflecting the history of their acquisition;
- a 2.5 million euro depreciation on the value of an Italian project; and
- a 1.5 million euro impairment allocated to the goodwill on a wind farm purchased in 2007.

4.1.2.5 Financial income

The Group's financial income represented a net cost of 29.5 million euros in 2014, compared to a net cost of 39.7 million euros in 2013. This improvement mainly reflects the clear reduction in interest accounted for Breeze Two Energy's bond debt, as well as the significant reduction in financial asset depreciations.

Financial income *(in thousand euros)*	Year ended December 31	
	2014	2013 restated
Current financial income		
Interest cost related to the convertible bond (effective interest rate)	(14,725)	(13,903)
Interest cost related to the operating wind farms	(13,742)	(19,099)
Other	962	496
Non-current financial income		
Depreciation of financial assets	(2,016)	(7,181)
TOTAL	**(29,521)**	**(39,678)**

In compliance with IFRSs, the net annual interest cost related to the convertible bond increased again in 2014. This cost broke down as follows in 2014 (in million euros):

- interest cost for the year 2014 (4.2)
- additional non-cash interest cost due to the convertible nature of the bond (10.5)

As per fiscal year 2014, the non-cash interest cost due to the convertible nature of the bond amounted to 10.5 million euros, compared to 11.0 million euros expected on a full-year basis. Further to the implementation of the restructuring plan in December 2014, the Company expects that the non-cash interest cost accounted due to the convertible nature of the bond will be low during the next 5 years.

The net interest cost related to loans held by operating wind farms held and controlled by the Group decreased by 5.4 million euros in 2014, further to a normal annual reduction of interest on loans and to the review of the value of the debt related to Breeze Two Energy.

This cost broke down as follows by geographical zone (in million euros):

- operating wind farms in Germany (8.5)
- operating wind farms in France (5.3)

Financial asset depreciations recorded in 2014 strongly decreased compared to 2013, going from 7.2 million euros in 2013 to 2.0 million euros in 2014. They mainly involve, for fiscal year 2014, depreciations of securities and receivables related to non-consolidated companies.

4.1.2.6 Net income

The net income, Group share, for 2014 is a loss of 25.2 million euros, compared to a loss of 42.0 million euros in 2013.

In 2014, the Group was penalized by unfavorable wind conditions, as well as non-recurring items for an aggregated amount of 19.0 million euros, including:

- impairment (6.5)
- financial asset depreciations (2.0)
- additional non-cash interest cost due to the convertible nature of the bond (10.5)

4.1.3 Financial structure

In recent years, the Group's main sources of liquidity have been its operating activities, project financing, the issuance of convertible bonds, capital increases, asset disposals and corporate credit lines in Germany.

In 2014, THEOLIA successfully implemented a financial restructuring plan, including notably:

- the performance of a capital increase in the amount of 59.8 million euros, which enabled to proceed to the early partial redemption of 7.266 euros per outstanding convertible bond; and
- the change in the terms and conditions of the convertible bonds, including mainly the rescheduling of the redemption of the remaining bond debt into 4 installments, distributed over the next 5 years.

This operation significantly improved the Group's financial structure, reinforcing its shareholders' equity and reducing its convertible bond debt.

4.1.3.1 Shareholders' equity - Group share

The Group share of shareholders' equity amounted to 147.5 million euros as at December 31, 2014, compared to 117.8 million euros as at December 31, 2013. This significant reinforcement mainly reflects the 59.8 million euro capital increase performed in December 2014, partially offset by the net loss, Group share, registered for the consolidated Group in 2014 for 25.2 million euros.

4.1.3.2 Net financial debt

Net financial debt is calculated by reference to current and non-current financial liabilities (including the fair value of derivative interest rate hedging instruments), less cash, cash equivalents and a portion of financial assets corresponding to loans and receivables granted to subsidiaries accounted using the equity method.

The consolidated net financial debt amounted to 326.1 million euros as at December 31, 2014, a decrease of 83.4 million euros over the year. In 2014, the Group mainly performed the early partial redemption of 59.8 million euros of its convertible bond and carried on the annual redemption of its project financing.

Net financial debt *(in thousand euros)*	December 31	
	2014	2013 restated
Convertible bond (OCEANEs)	(67,791)	(119,010)
Project financing, of which:	(325,573)	(370,668)
Bank loans – THEOLIA's wind farms	*(123,417)*	*(147,149)*
Bonds – Breeze Two Energy's wind farms	*(202,156)*	*(223,519)*
Other financial liabilities, of which:	(26,583)	(16,216)
Derivative financial instruments (interest rate swap)	*(10,858)*	*(7,145)*
Other (shareholders' loans and current accounts)	*(15,725)*	*(9,071)*
Financial debt	**(419,947)**	**(505,894)**
Cash and cash equivalents	77,881	84,822
Financial assets (loans and receivables granted)	16,007	11,623
Net financial debt	**(326,059)**	**(409,449)**

FINANCIAL DEBT

Financial debt amounted to 419.9 million euros as at December 31, 2014, compared to 505.9 million euros as at December 31, 2013, i.e. a decrease of 85.9 million euros.

Notes 6.1.2.3 and 6.1.2.4 to the consolidated financial statements for the fiscal year ended on December 31, 2014 (see section 5.1.6 hereof) provide maturities for financial debt as at December 31, 2014.

It is specified that Breeze Two Energy's Class A and B bonds are subject to rating by rating agencies (see section 4.4.3.2 hereof). The other items of the Group's debt are not subject to rating.

Convertible bond

In 2014, THEOLIA successfully implemented a financial restructuring plan, including notably:

- the performance of a capital increase in the amount of 59.8 million euros, which enabled to proceed to the early partial redemption of 7.266 euros per outstanding convertible bond; i.e. a redemption of 59.8 million euros; and
- the change in the terms and conditions of the convertible bonds, including mainly the rescheduling of the redemption of the remaining bond debt into 4 installments, distributed over the next 5 years.

Therefore, the convertible bond, which amounted to 119.0 million euros as at December 31, 2013, only amounted to 67.8 million euros as at December 31, 2014 (including accrued interest), i.e. a reduction of 51.2 million euros.

The main movements recorded on the convertible bond during fiscal year 2014 are as follows (in million euros):

- payment, in January 2014, of interests accrued as at December 31, 2013 (4.2)
- accounting of additional non-cash interest due to the convertible nature of the bond + 10.5
- early partial redemption (59.8)
- interests accrued as at December 31, 2014 + 2.7

As at December 31, 2014, 8,221,890 convertible bonds were still outstanding. Since December 11, 2014, the new terms of the convertible bonds came into force, namely mainly:

- partial redemption in three installments will be made as follows: (i) 1.702 euro per convertible bond as at January 1, 2017, (ii) 2.431 euros per convertible bond as at January 1, 2018 and (iii) 1.945 euro per convertible bond as at January 1, 2019;
- as partial redemptions are made, the par value, conversion ratio and coupon will change as follows:

From	To	Par value (in euros)	Conversion ratio (subject to standard adjustments)	Coupon (in % of the par value)
December 11, 2014	December 31, 2016 (inclusive)	11.764	9.222	3.922 %
January 1, 2017	December 31, 2017 (inclusive)	10.062	7.266	3.613 %
January 1, 2018	December 31, 2018 (inclusive)	7.631	4.472	2.932 %
January 1, 2019	December 31, 2019 (inclusive)	5.686	2.236	1.967 %

- bondholders are entitled to ask for the early redemption, in whole or in part, of their convertible bonds on January 1, 2020 at a price of 1.946 euro per convertible bond.

For further information on the terms and conditions of the convertible bonds, refer to the securities note number 14-591 dated November 7, 2014, available on the Company's website.

In compliance with IFRSs, on December 11, 2014, the Company de-recognized the bond debt subject to the former terms and conditions and re-recognized the bond debt subject to the new terms and conditions at its market value, i.e. at the bond price on that day, or 7.90 euros. This bond price being very close to the economic value of one convertible bond (i.e. the aggregated amount of expected redemptions, or 8.024 euros), the Company foresees that the non-cash interest cost recognized due to the convertible nature of the bond will be low during the next 5 years.

For fiscal year 2014, non-cash interest cost due to the convertible nature of the bond amounted to 10.5 million euros, compared to the expectation of 11.0 million euros on a full-year basis.

Project financing – bank loans (THEOLIA's wind farms)

As at December 31, 2014, bank project financing debt represented 123.4 million euros, or 29.4% of the Group's financial debt, compared to 147.1 million euros as at December 31, 2013, or 29.1% of the Group's financial debt as at that date.

Bank project financing decreased by 23.7 million euros over the year, due to their normal amortization and to the withdrawal of two assets from the consolidated scope (one operating wind farm sold in Germany and the solar park) and the associated bank project financing. To the contrary, construction of the Haute Borne wind farm in France required bank project financing in the amount of 6.4 million euros.

It is reminded that bank project financing is without recourse or with limited recourse against the parent company:

- each bank project financing is directly taken out by the special purpose vehicle ("SPV"), which holds the assets of the wind farm subject to financing; the SPV is the debtor of financing and ensures repayment of the installments through cash flows from the wind farm's operation; and
- bank project financing is designed so as not to exceed the guarantee period for the electricity feed-in tariffs or the issuance of green certificates from which the wind farms benefit under the national regulatory frameworks.

Bank project financing is based on fixed or variable rate loans. If the debt has a variable rate, it is subject to rate hedging via an interest rate swap corresponding to 65% to 100% of the outstanding amount.

As at December 31, 2014, excluding the effect of financial hedging instruments, 40.8% of bank project financing debt had a fixed rate. Including the effect of financial hedging instruments, 88.4% of bank project financing debt had a fixed rate and was therefore protected against an unfavorable change in interest rates.

Bank project financing contracts contain various covenants, the breach of which could result in the repayment of the corresponding financing (see section 4.4.3.4 hereof). The Group has a policy of continuously checking that those covenants are complied with.

As at December 31, 2014, financial covenants related to bank project financing debt were complied with. As at the date of publication of this Registration Document, no early repayment request was made for financing of the entire THEOLIA Group.

Project financing – bonds (Breeze Two Energy's wind farms)

Bonds related to Breeze Two Energy are only guaranteed by the cash flows generated by the operation of Breeze Two Energy's wind farms and are therefore without recourse on THEOLIA. Bonds related to Breeze Two Energy are valued at their fair value based on future discounted cash-flows. Class C bonds are valued at 30% of their fair value.

Bonds related to Breeze Two Energy decreased by 21.4 million euros during fiscal year 2014, due to the following main movements (in million euros):

- redemption of a portion of the nominal amount (15.2)
- payment of interest accrued as at December 31, 2013 (1.9)
- interest accrued as at December 31, 2014 + 1.8
- adjustment of the value as at end of period (6.0)

In 2014, net cash flows generated by the operation of Breeze Two Energy's wind farms enabled to redeem the nominal amount and the interest of the A debt, as well as the interest and a portion of the nominal amount of the B debt. No redemption of the C debt was performed.

Other financial liabilities

The fair value of interest rate hedging instruments (swap) is assessed at each closing and is included in the "Other financial liabilities" item, in the amount of 10.9 million euros as at December 31, 2014, an increase of 3.7 million euros over the fiscal year, notably due to the implementation of a new interest rate hedging instrument regarding a new financing in France.

The balance of the "Other financial liabilities" item, i.e. 15.7 million euros, as at December 31, 2014, corresponds to financing brought by the investment vehicle THEOLIA Utilities Investment Company to its three wind farms. It is reminded that since the enforcement of the new IFRSs 10 and 11, the wind farms held by THEOLIA Utilities Investment Company are accounted using the global integration method and their parent company, THEOLIA Utilities Investment Company, is accounted using the equity method. This share of the "Other financial liabilities" item recorded an increase of 6.7 million euros, mainly due to the acquisition of its third wind project (Haute Borne) by THEOLIA Utilities Investment Company during the first half of 2014.

Overall, the "Other financial liabilities" item increased by 10.4 million euros in 2014, mainly due to the financing of the Haute Borne wind farm (shareholders' equity financed by THEOLIA Utilities Investment Company and implementation of an interest rate swap for project financing).

CASH, CASH EQUIVALENTS AND FINANCIAL ASSETS (LOANS AND RECEIVABLES GRANTED)

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

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

The Group has a policy to invest cash in secured SICAV mutual funds, with an immediate availability. The Group's cash position broke down as follows on the specified dates:

Cash and cash equivalents *(thousand euros)*	**As at December 31**	
	2014	**2013 restated**
Free cash	20,795	26,765
Cash reserved for SPVs	20,733	26,574
Pledged cash	36,353	31,483
TOTAL CASH AND CASH EQUIVALENTS	**77,881**	**84,822**

The Group's cash position decreased by 6.9 million euros over the year 2014.

Financial assets presented as deducted from the financial debt correspond to loans and receivables granted to subsidiaries accounted using the equity method (THEOLIA Utilities Investment Company and the Aerochetto company, holding the Giunchetto wind farm). They increased by 4.4 million euros in 2014.

4.1.4 Consolidated cash flows

The following table shows extracts from consolidated data on the Group's cash flows for the specified periods:

Consolidated cash flows (extracts) *(in thousand euros)*	Year ended December 31	
	2014	2013 restated
Cash flow from operating activities	51,337	58,713
Net cash flow generated by investing activities	79	17,791
Net cash flow generated by financing activities	(58,447)	(61,123)
Impact of changes in exchange rate	109	(41)
CHANGE IN CASH AND CASH EQUIVALENTS	(6,923)	15,340

Net cash flow from operating activities

In line with the growth of the consolidated EBITDA, the gross cash flow also increased in 2014 and reached 51.2 million euros, compared to 50.4 million euros in 2013.

The change in the working capital requirement showed a cash inflow of 1.6 million euros in 2014, mainly related to the reduction of receivables and inventories, compared to a cash inflow of 6.6 million euros for fiscal year 2013.

Overall, operating activities generated cash inflows totaling 51.3 million euros in 2014, compared to 58.7 million euros in 2013.

Net cash flow related to investing activities

In 2014, the Group continued investing in its projects which received all required authorizations, notably in France for the Haute Borne wind farm and in Morocco. Overall, the Group allocated 8.1 million euros to its investments in 2014, compared to 11.6 million euros in 2013.

Disposals performed in 2014 (solar park, Haute Borne wind farm sold to THEOLIA Utilities Investment Company and Seres Environnement) resulted in a cash inflow of 10.1 million euros. In 2013, the integration of Breeze Two Energy in the Group's consolidated scope on February 1, 2013 had had a net positive impact of 23.7 million euros.

It is reminded that in 2013, the unwinding of the swap contract relating to the convertible bonds had generated a cash inflow of 5.5 million euros in the "Change in loans granted" item.

Overall, in 2014, the net cash flow related to investing activities was close to zero, while it showed a cash inflow of 17.8 million euros in 2013.

Net cash flow used by financing activities

Financing activities used 58.4 million euros in 2014, compared to 61.1 million euros in 2013.

In 2014, the performance of a capital increase enabled a net cash inflow of 55.1 million euros.

The subsidiary holding the Haute Borne wind project drew on its project financing and entered into a loan with its parent company THEOLIA Utilities Investment Company to finance the wind farm's shareholders' equity. All of this represented a 13.9 million euro increase in the loans and other debt.

Besides, the Group carried out repayments, including notably:

- the early partial redemption of its convertible bond in the amount of 59.8 million euros,
- the normal repayment of project financing related to THEOLIA's operating wind farms held for own account, in the amount of 25.4 million euros; and
- repayments of Breeze Two Energy's Class A and B bonds, for installments of May and November 2014, for an aggregated amount of 15.2 million euros.

Finally, the Group paid out interest in the amount of 26.2 million euros, relating to project financing of operating wind farms held by THEOLIA, Breeze Two Energy's Class A and B bonds and the convertible bonds. It should be noted that the early partial redemption of the convertible bonds was associated with the payment of accrued interest over the amount redeemed, which generated a cash outflow of 1.5 million euros in December 2014.

Overall, the Group's cash position decreased by 6.9 million euros in 2014. During the fiscal year, the Group carried on investing in the ongoing wind projects, notably in France and Morocco, performed a capital increase and redeemed a significant portion of its debt.

4.1.5 Research and development

The Group develops, builds, operates and sells wind farms. The Group's wind activity does neither include research and development and nor getting patents or specific licenses. No research and development expenses were recorded in 2014.

4.1.6 Dividends

The Company did not pay any dividends during the last three fiscal years.

In the scope of its financial restructuring plan implemented in December 2014, the Company committed not to pay any dividend before January 1, 2018 and, over the period from January 1, 2018 to January 1, 2020, not to pay any dividend that shall represent more than 50% of the distributable result of the previous fiscal year.

4.2 INVESTMENTS

4.2.1 Main investments made over the last three fiscal years

Over the last three fiscal years, the Group commissioned two wind farms.

Construction of the Magremont wind farm, located in the Somme department in France, began in September 2011. This wind farm comprises 6 wind turbines with a nominal capacity of 2.5 MW, i.e. a total capacity of 15 MW. This wind farm was sold to THEOLIA Utilities Investment Company in December 2011. Commissioning occurred in November 2012.

Construction of the Bovino wind farm, located in the Puglia region in Italy, began in September 2011. This wind farm comprises 5 wind turbines with a nominal capacity of 2 MW, i.e. a total capacity of 10 MW. Commissioning occurred in December 2012. Given the particularly difficult access to financing in Italy and the associated very unfavorable loan conditions, the Group financed the Bovino wind farm on equity.

The Group invested 27.3 million euros in 2012, 3.9 million euros in 2013 and 11.7 million euros in 2014. These amounts may significantly vary from one year to another depending on the pace of completion of projects in the portfolio.

Detailed information on the Group's tangible and intangible fixed assets can be found in note 5 to the consolidated financial statements for the year ended on December 31, 2014, in section 5.1.6 hereof.

4.2.2 Main ongoing investments

THEOLIA is firmly committed to the realization of the Haute Borne wind project, located in the Somme department in France. The construction works began in February 2014. This project will comprise 7 wind turbines with a nominal capacity of 3 MW, i.e. a total capacity of 21 MW. This wind farm was sold to THEOLIA Utilities Investment Company in June 2014. Commissioning is planned for the second half of 2015.

4.2.3 Main planned investments

As at December 31, 2014, the Group had 219 MW of projects which had obtained a building permit or were under construction.

Besides the Haute Borne project (21 MW), currently under construction in France (see section 4.2.2 above), this portfolio includes:

- the first 100 MW phase of the Moroccan project;
- 5 projects located in France, with a cumulative capacity of 88 MW; and
- 2 projects located in Germany, with a cumulative capacity of 10 MW.

Projects located in France and Germany are likely to be realized or sold.

Apart from the Haute Borne project (see section 4.2.2 above), THEOLIA has not taken any other firm investment commitment.

The Group may also pursue carefully selected external growth opportunities that would contribute to accelerating its development.

4.3 MATERIAL CONTRACTS

The Group has not entered into any material contract over the two fiscal years preceding the publication of this Registration Document, other than those concluded within the normal course of business, with the exception of the contracts presented below:

- on January 31, 2013, an agreement under which THEOLIA took control of Breeze Two Energy, a German company holding and operating wind farms for a total of 337 MW for own account, of which 311 MW are located in Germany and 26 MW are located in France ;
- on March 27, 2014, an agreement under which all the shares THEOLIA held in Seres Environnement SAS were transferred to a third party, as part of THEOLIA's strategy to withdraw from its non-wind activities;
- on April 10, 2014, an agreement under which THEOLIA Naturenergien GmbH sold its photovoltaic power plant with a total capacity of 2.9 MWp, located in the district of Merzig -Wadern, in Saarland, Germany, with effect on May 30, 2014, as part of THEOLIA's strategy to withdraw from its non-wind activities;
- on April 15, 2014, the financing agreement for the Haute Borne wind project in France (21 MW);
- on June 13, 2014, an agreement under which all the shares THEOLIA France SAS held in Centrale Éolienne de la Haute Borne SAS were transferred to THEOLIA Utilities Investment Company SA, with effect on that day;
- on June 24, 2014, an agreement under which THEOLIA Naturenergien GmbH sold an operating 6 MW wind farm, located in the Thuringia state of Germany, with effect on August 4, 2014;
- on August 26, 2014, a memorandum of understanding between THEOLIA and Boussard & Gavaudan Partners Limited, acting as Managing Member of Boussard & Gavaudan Investment Management, acting as Investment Manager of the funds Boussard & Gavaudan Holding Limited and BG Master Fund PLC (main bond creditor of the Company and holder of 33.35% of the outstanding OCEANEs), in the aim of restructuring the OCEANE debt of the Company. This memorandum of understanding ended with the completion of the capital increase.

Section 2.5 hereof describes regulated agreements and commitments made by the Company.

4.4 MAIN RISK FACTORS

The Group is operating in a demanding and constantly changing environment. As for any company, it faces risks which, should they arise, would be likely to have an adverse effect on the Group, its activities, its financial position, its income or the price of its securities. This section presents the main risks that may be faced by the Group: those specific to its wind activities, strategic risks related to its development, financial risks, as well as various risks specific to the Group.

The Group makes sure these risks are prevented and handled. The Report of the Chairman of the Board of Directors (see section 2.1 hereof) describes the risk management and internal control processes implemented within the Group.

As a wind power company, the Group's industrial and environmental risk exposure is extremely low. Chapter 3 hereof identifies the potential risks related to the impact of its activities on the people and the environment, outlines the management policy implemented and measures its efficiency using one or several numerical indicators.

The Company carried out a review of the risks that could have a significant adverse effect on its business, its financial position and income, and considers that there are no substantial risks other than those presented below.

4.4.1 Risks specific to wind activities

The development, construction and operation of wind farms are the result of a long-term, technical and complex process. Within the framework of its wind activities, the Group is facing several specific risks, in particular operational (related to the selection of the sites, construction and commissioning of wind farms, connection to the grids, weather conditions, etc.) and legal (difficulty to obtain the required permits and authorizations, risks of change in the regulations, etc.).

Those risks are notably reduced due to a strong contractualization of the activity, an appropriate supplier selection and purchase policy, the implementation of numerous measures to promote the acceptability of the projects developed by the Group, as well as a daily monitoring of the wind farms' performance. Management of operational risks related to the Group's wind activities is preventive and responsive, and is based on its teams' internal expertise.

4.4.1.1 Risk related to the difficulty to select proper sites for wind farm development

The selection of future sites to construct the Group's wind farms is subject to many criteria: the site must benefit from favorable wind conditions, it must meet topographical and environmental restrictions (related in particular to the closeness of dwellings or sensitive or protected sites), various easements (in particular site access easements), and ease of connection to the local electric grid, the availability of the land area considering the increased competition, etc. Consequently, the number of available sites for the Group's projects is inevitably limited and could be reduced in case of tighter layout constraints, notably if the minimum distance between wind turbines and houses was to be increased in the countries where the Group is developing projects.

Moreover, the continuous increase of the global installed wind farm fleet tends to reduce the number of potential sites, notably in Germany.

Should the location restrictions be strengthened or should the Group not be in a position to find available sites for its organic development, this could have a significant adverse effect on the Group's capacity to develop new wind projects.

In order to reduce that risk, the Group may decide to co-develop some projects, in partnership with local developers, in particular during the early stages of the projects. For countries already strongly involved in wind energy, such as Germany, or when a site under operation shows particularly favorable conditions for wind energy generation, such as Morocco, the Group may also implement repowering operations, involving the replacement of the existing wind turbines by new generation turbines on existing sites. Besides, the Group carries on prospecting for new potential sites, notably in France.

4.4.1.2 Risk related to the difficulty to obtain building permits and operating authorizations

Obtaining building permits and operating authorizations from various national and local authorities is necessary for the construction and operation of a wind farm. Due to the plurality of the authorities involved, the process to obtain building permits and operating authorizations is often long and complex and may lead to a rejection of the authorization request. In this case, the Group may decide to appeal this decision.

When building permits and operating authorizations are obtained, third parties may appeal these authorizations and, therefore, delay the definitive grant date or even cancel the authorization (see section 4.4.1.3 below). In France and Italy in particular, a growing number of groups are opposed to wind farms, for reasons such as visual pollution of the landscape, noise and more generally impairment to their environment. This may have implications on obtaining building permits and timeframes for the development of wind projects. These actions may also lead to the cancellation of permits or, in some rare cases, the decommissioning of an existing wind farm.

Rejection by the local population, filing of lawsuits against the projects developed by the Group or unfavorable outcome to the Group from such actions could have a significant adverse effect on the Group's ability to develop new wind farms. Failure to obtain building permits or operating authorizations or the introduction of third-party claims against the permits and authorizations obtained could lead to a depreciation of the Group's assets and have a significant adverse effect on the Group's ability to generate cash flows.

As at December 31, 2014, the Group had, in its project portfolio, 302 MW of projects under development, 59 MW of projects for which a permit or similar authorization had been filed and were under review, 198 MW having obtained a permit or similar authorization, as well as a 21 MW project under construction. The Group cannot guarantee that building permits and operating authorizations will be granted for projects under development or which authorization is under review.

To limit the risk of third-party claim against its projects, the Group carries out many actions throughout the development process: it is present in the representative bodies of the population in the early stages of prospecting and diagnosis; while the technical studies are being conducted, it holds regular meetings with the inhabitants and State agencies to inform the involved residents, landowners and farmers, and to promote the acceptability of the project; there are broad reflections and consultations during the development phase regarding the project's impact on the environment; close relations with local and national politicians are maintained in order to encourage their acceptance of new wind projects on their territory, etc. All the actions made by the Group are described in Chapter 3 hereof.

4.4.1.3 Risk related to the loss of building permits or operating authorizations

In the event that building permits and operating authorizations are definitively obtained, the beneficiary has a certain amount of time to carry out the construction works for the authorized wind farm and to commission the wind farm. In some cases, these deadlines may be extended.

In Morocco, considering the specific legal framework, deadlines may vary for each project.

In France, the recourse deadline against a building permit is 2 months. The recourse deadline against an operating authorization is 6 months. The beneficiary of these authorizations has 2 years to carry out the works and 3 years to commission the wind farm. Both deadlines may be extended for 10 years, under certain conditions.

In Germany, the recourse deadline against a sole authorization is 1 month. The beneficiary of the sole authorization has 2 years to carry out the works and 3 years to commission the wind farm. Both deadlines may be extended, under certain conditions.

Finally, in Italy, the recourse deadline against a sole authorization is 2 months before administrative courts and 4 months before the President of the Republic. The beneficiary of the sole authorization has 30 months to carry out the works, as well as 6 test months to commission the wind farm. Both deadlines may be extended, the length of the extension depending on the regions.

Any delay in obtaining financing, in signing the electricity buy-back contract, in the construction, delivery of equipment by suppliers or in connecting to the grids, as well as any incapacity to obtain the extension of administrative authorizations in a timely manner, may potentially lead to expiry of the administrative authorization validity and could lead to a depreciation of the value of the Group's assets and have a significant adverse effect on the Group's ability to generate cash flows, in case the authorization expired.

For operating wind farms, maintaining the necessary authorizations in force could be reconsidered, or even cancelled, if the Group does not comply with the terms of said authorizations, with electricity sales contract provisions, or applicable regulations.

With its strong internal expertise, the Group takes all possible care to carry out its projects in a timely manner and to operate its wind farms while strictly complying with the regulations in force. In particular, the Group has cross-functional teams with expertise in the field of constructing and operating wind farms.

4.4.1.4 Risk related to the strengthening of national regulations

Considering the increasing importance of the renewable energy sector within the European Union, the legal and regulatory requirements for the development of wind farms could be strengthened. Also, the conditions for granting building permits and operating authorizations could become stricter and the costs for compliance with the legal or regulatory arrangements could increase.

In France, Act No. 2010-788 of July 12, 2010 regarding the national commitment to the environment, also known as “Grenelle 2”, strengthened the regulations in force with notably the creation of two new planning instruments for onshore wind development (the Regional Climate, Air and Energy Plan and the Regional Wind Plan), the registration of wind turbines as facilities classified for environmental protection (ICPE) and the ban to build a wind farm within 500 meters of all “dwellings or areas intended for habitation”.

To the contrary, the “Brottes” Act, adopted in early 2013, simplified the conditions for wind farm development in France, as this legislation repeals the “wind energy development zone” (ZDE) procedure and the rule requiring a minimum of five wind turbines on each site.

Likewise, an experimental single authorization procedure, including notably the building permit and the operating authorization, came into force in France in May 2014, for 3 years, in seven regions. Should this experiment be spread out across the country, it would simplify the authorization process without reducing the level of environmental requirements and could enable a reduction of the authorization period.

If regulations were strengthened, new restrictions on the Group’s activities, likely to increase its investment expenses or its compliance costs, to extend the development timeframes for its projects, to reduce the Group’s future cash flows or to lead to the non-feasibility of projects under development, could be implemented.

Any change in applicable regulations is likely to have an adverse effect on the Group and there cannot be any guarantee on the Group’s capacity to deal with these new obligations. If the Group or its projects do not comply with their legal obligations, the Group’s construction or connection rights could be challenged. In addition, the regulation authorities could impose fines or other sanctions, likely to affect the Group’s profitability or harm its reputation.

The Group has very demanding internal practices, which may exceed the legal provisions for developing and operating its projects, in particular in terms of distance from dwellings, health, safety or biodiversity protection. All the actions made by the Group are described in Chapter 3 hereof.

4.4.1.5 Risk related to the increase in prices of technical equipment

The Group estimates that turbines represent about 75% of the cost of investment in a wind project. Consequently, any decrease in turbine prices has a significant direct and positive effect on the Group’s operational costs. Deflation of the turbine price also leads to a lower asset cost, which enables the Group to reduce its project financing debt, which affects favorably the Group’s business, financial position and income. In countries like France or Germany, in which the Group is bound by a system of guaranteed tariffs and purchase obligations for farms operated for own account, the Group is not required to impact the decrease in turbine prices on the price of the electricity it sells. The decrease in the price of technical equipment has a marked favorable impact on the Group’s operational costs, its level of debt, its capacity to maintain its supply and its development deadlines.

To the contrary, a price increase in turbine supplies might harm the profitability of the Group’s projects and could have a significant adverse effect on the business, financial position or income of the Group, or on its ability to develop.

Even though for several years, the price of the equipment required for the construction of a wind farm has remained at a low level, a risk of price inflation persists for these components, due to the volatility of the price of raw materials required to produce turbines. Nevertheless, as at the date of publication of this Registration Document, this risk has not led to an actual significant price increase.

As the Group has no framework agreement in force for its turbine supplies over several countries and/or projects, it is therefore entirely free to adapt its purchasing policy according to the commercial efforts of its suppliers.

4.4.1.6 Risk of dependency on suppliers of technical equipment

Constructing a wind farm requires the supply, delivery and assembly of many technical elements, such as wind turbines, which only a known number of suppliers are able to supply to the Group. Moreover, in most of the cases, the turbine supplier also provides technical maintenance services for wind turbines for their first 15 years.

The Group is therefore subject to two major risks:

- the risk related to turbine availability: however, there has been no sign of shortage for several years; and
- the risk related to supplier default: the Group reduces its exposure to that risk by diversifying its purchases. Moreover, suppliers who showed signs of weakness already implemented restructuring schemes supposed to ensure their longevity.

The intensified risk related to the availability of the necessary equipment for constructing wind farms or any inability of a supplier to fulfill its obligations, in particular in terms of maintenance, regarding the Group's wind projects and farms, might harm the profitability of a project and could have a significant adverse effect on the business, financial position or the operating income of the Group, or on its ability to achieve its goals (in particular regarding financing in place, for which the occurrence of such an event could lead to an early repayment).

As regards the development of its wind projects, the Group favors a case-by-case approach. It selects the manufacturer according to the most appropriate turbine type to the specific features of the site in order to optimize performance and based on the supplier's capacity to assume maintenance of the facilities. The Group has no framework agreement in force for its turbine supplies and is therefore not restricted by large long-term commercial and financial commitments. The Group is entirely free while selecting its suppliers for each of its wind projects. This approach enables the Group to use a wider range of suppliers and reduces the risk of dependency on a supplier. The Group seeks to establish a long-term and balanced relation with its wind turbine suppliers. Section 3.4.5 hereof describes the relations between the Group and its subcontractors.

4.4.1.7 Risk related to the construction and commissioning of wind farms

During the wind farm construction phase, the Group may face various obstacles, in particular adverse weather conditions, problems in connecting to grids, construction defects, delayed deliveries or non-deliveries by suppliers, unexpected technical delays or even actions taken by third parties.

These events might lead to significant delays in the construction and commissioning of wind farms, which might have a significant adverse effect on the Group's cash flows, operating income and financial position.

The Group most often uses turnkey contracts, which impute expense and deadline-related costs to the supplier. Accordingly, within a specific limit, extra costs are paid by the supplier and delays in commissioning are offset by compensation payments. When a turnkey structure is not possible, the Group can rely on its strong experience in implementing construction contracts and seeks to allocate each risk to the party most able to control it.

4.4.1.8 Risk related to the connection to electricity transport and distribution grids

Setting up a wind farm requires a connection to the electricity national transport or distribution grid. Given the sometimes considerable distance between the site of the future wind farm and the transport and distribution network, and the waiting lines of developers at connection points, the Group cannot guarantee that it will obtain sufficient network connections, within the planned time limits and costs.

Delays in transmission and distribution networks could delay the operation start date of new wind farms, which could have an adverse effect on the Group's cash flows and operating income.

The Group maintains close relations with grid operators. This enables the Group to accurately assess the technical requirements and timeframes for connecting to the grid each of its wind farms under construction.

4.4.1.9 Risk related to weather conditions

The Group operates, for own account and for third parties, wind farms that produce electricity. For fiscal year 2014, the revenue from the sales of electricity for own account represented 85.8% of the consolidated revenue and the revenue from the Operation activity represented 5.8% of the consolidated revenue.

A sustained drop in wind conditions could lead to a reduction of the volume of electricity produced by the Group and a corresponding drop in value of wind farms held by the Group, as well as a decrease in the revenue for the Operation activity. Such a decline in the production of electricity could have a significant adverse effect on cash flows generated by the Group.

The Group is exposed to this risk due to the relative lack of geographical diversification of its wind farms, Germany representing 76.2% of capacities held, controlled and operated by the Group.

The profitability of a wind farm depends not only on the wind conditions observed onsite, but also on the consistency between the wind conditions observed and the forecasts made during the project development phase. Prior to the construction of a wind farm, a wind resource survey is conducted at the proposed site. The core assumptions made by the Group with respect to the selection of sites, positioning of wind turbines and implementation of project financing are based on the findings of this survey. The Group cannot guarantee that the weather conditions observed, in particular wind conditions, will comply with the assumptions made during the wind project development phase.

The Group takes all possible care while performing the wind studies preliminary to the installation of a wind farm and has in-house wind experts. The Group has also set up daily monitoring and continuous reporting to measure the performance of its operating wind farms, which enable it to assess the evolution of operational conditions and to establish a tangible report for budget forecasts. This remote supervision of the operation of facilities also allows to limit the frequency and duration of incidents, and thus achieve the best levels of availability.

4.4.1.10 Risk related to the change in the electricity sales price

The European Union and its member States have, for several years, been conducting active policies to support renewable energies. These policies include purchase obligations for electricity produced from wind energy with favorable feed-in tariffs, systems of green certificates which are marketable on organized or informal markets, as well as incentive fiscal measures to encourage investment in this sector. Depending on the country, electricity sales prices may be established, either in whole or in part, by regulatory authorities in the form of guaranteed tariffs. Sales of electricity are then governed by long-term agreements.

In Germany, where the sales of electricity for own account represented 54.3% of the Group’s total consolidated revenue in 2014, electricity produced from wind energy is purchased by network operators, at rates guaranteed over 20 years.

In France, where the sales of electricity for own account represented 23.0% of the Group’s total consolidated revenue in 2014, wind farms benefit from feed-in tariffs guaranteed over 15 years.

In Italy, where the sales of electricity for own account represented 2.7% of the Group’s total consolidated revenue in 2014, wind farms commissioned before December 31, 2012 benefit from a green certificate system and wind farms commissioned after December 31, 2012 benefit from a system of fixed incentive tariffs granted through auctions.

The Group cannot guarantee that those policies will continue in the future and that the electricity produced by its future production sites will benefit from a legal purchase obligation by the historic producers/distributors, or from other support measures or tax incentives for the production of electricity from renewable energies. No guarantee can be given by the Group that the regulated tariffs and market prices applicable in each country in which it operates or intends to operate will always reach a level that ensures the Group's profitability margins as initially planned during the project’s financing.

In Germany, a new act regarding renewable energy came into force on August 1, 2014. It provides that new installations (i.e. installations authorized after January 23, 2014 and commissioned after December 31, 2014) of more than 500 kW have to sell the electricity produced directly on the market and benefit from an additional compensation, paid in premiums, as a supplement to the market price. Until December 31, 2016, those premiums will be set compared to reference values established by the authority and as from 2017, an auction system will be implemented.

This new act only involves future installations. THEOLIA's entire installed capacity held, controlled and operated in Germany is not impacted and continues to benefit from the former regulations described in section 1.6.3.1 hereof.

In France, an appeal against the tariff order dated November 17, 2008, setting the conditions of purchase of the electricity produced by onshore wind turbines, led to its cancellation by the French State Council in an order dated May 28, 2014. The reason of this cancellation is the absence of notification of the tariff order as State aid to the European Commission. It is not the existence of the feed-in tariff regime which was invalidated, but it is the administrative failure from the French government when the order was adopted in 2008 which was punished. Purchase obligation agreements entered into based on the order dated November 17, 2008 will not be challenged. In its decision, the French State Council did not decide on the recovery of amounts received as per the State aid which was not duly notified.

A new order dated June 17, 2014, setting the conditions of purchase of the electricity produced by onshore wind turbines, was published in the official gazette of July 1, 2014. Tariff conditions of this new order are very similar to those of the order dated November 17, 2008, but now benefit from the compatibility approval of the European Commission, which was given on March 27, 2014.

In the event that the new tariff order dated June 17, 2014 was to be questioned or if feed-in tariffs in France were to change in an adverse way, it could have an adverse effect on the business, financial position or income of the Group, or on its ability to develop.

In order to limit the risk related to the change in the electricity sales price, the Group selects the countries where it operates notably according to their national policy to support renewable energies.

Therefore, the Group gives priority to the Member States of the European Union, which policy to support renewable energies has been steady for several years. The European Union regularly reminds its will to carry on and strengthen this policy. In its 2030 Energy-Climate package entered into in October 2014, the European Union set the objective of reducing its greenhouse gas emissions by 40% by 2030, compared to 1990.

The Group also operates in Morocco, a country with a clear policy in favor of the environment and renewable energies. Prices are set by the national operator, the *Office National de l'Électricité et de l'Eau potable*, which joins the Group in a partnership for its projects under development in Morocco.

Finally, the Group could consider spreading out to other markets with a strong wind potential, provided, among other things, that legal certainty is guaranteed.

4.4.1.11 Risk related to the bill on energy transition for future installations in France

A bill on energy transition was adopted, on first reading, respectively on October 14, 2014 by the French National Assembly and on March 3, 2015 by the French Senate, but in very different versions. Disagreements consist notably of the limitation, by 2025, of the share of nuclear-generated electricity in France and the extension from 500 meters to 1 kilometer of the minimum distance between wind turbines and dwellings. The Joint Committee of the French parliament, held on March 10, 2015, did not manage to reach an agreement. The text will be reviewed on second reading before the French National Assembly, than before the French Senate, before the final vote is made by the members of the National Assembly.

This bill notably provides for purchase conditions for the electricity produced, such as they are defined by the tariff order dated June 17, 2014, be replaced, in the future, for new installations, by the possibility, for producers, to enter into an agreement providing additional compensation to the electricity sold directly on the market. Characteristics and conditions for this additional compensation will be specified at a later date by an order from the French State Council.

This bill only involves future installations. THEOLIA's entire installed capacity held, controlled and operated in France, as well as projects subject to a purchase agreement request before the additional compensation comes into force, will not be impacted and will continue to benefit from the former regulations described in section 1.6.3.2 hereof.

Projects which will not be subject to a purchase agreement request before the additional compensation comes into force will be subject to these new regulations. As conditions for setting the additional compensation are not yet determined as at the date of publication of this Registration Document, the Group cannot guarantee that the proceeds from the sales of electricity on the market and the additional compensation will reach the same level as the guaranteed feed-in tariff effective as at the date of publication of this Registration Document.

Any decrease in the compensation for the electricity produced by wind farms which will be subject to the additional compensation could have an adverse effect on the ability of the Group to develop in France.

4.4.1.12 Risk of non-compliance with legal or regulatory provisions in terms of environment, health and safety

The Group operates energy production facilities which could present hindrances or hazards for the surrounding area, fauna and flora, and more generally the surrounding natural habitat (e.g., open agricultural, forest and maritime spaces). These sites could be a source of injuries, industrial accidents or harm to health and the environment. For instance, the blade of a wind turbine could break and fall to the ground. An act of sabotage or malicious damage committed on the Group's production site could result in injuries and material damages, pollution or disruption of business.

If such events did occur, the Group could be responsible for the compensation of damages or prejudice caused by its energy production facilities, which could have a significant adverse effect on the Group's cash flows, financial position, reputation and public image.

To limit this risk, the Group follows its quality-based approach to limit as much as possible its impact on the people and the environment, in accordance with the regulations in force, which are constantly evolving. All the actions made by the Group to that aim are described in Chapter 3 hereof. Some of these risks, in particular damages, are handled by the subscription of insurance policies, notably the public liability insurance.

4.4.2 Strategic risks related to the Group's development

The future success of the Group is strongly dependent on its ability to develop in a highly competitive environment. Failing that, this could have a significant adverse effect on the Group's business, financial position, income, prospects, or its capacity to achieve its objectives. In order to expand, the Group could perform external growth operations and/or establish itself in new countries, notably emerging countries.

The proper implementation of such operations by the Group mainly depends on the skills, know-how and expertise of its staff members. The Group develops a performance-oriented professional environment, which intends to develop its staff members' skills.

4.4.2.1 Risk related to competition

The Group is dealing with competition from other wind sector players who may have greater financial, human and technical resources than its own resources, and more developed networks than the Group's in this sector. Some competitors of the Group, who are seeking to grow their presence in the renewable energy sector, including electricity producers established in Europe and large international groups, have greater financial capacity than THEOLIA, which enables them to purchase new projects and might create a speculative bubble, therefore slowing down the Group's development. This situation could have a significant adverse effect on the Group's business, financial position, income, prospects, or its capacity to achieve its objectives.

Within this context, the Group chose to focus its expertise on a unique sector: onshore wind energy. Its ambition is to reach the best standards in this sector. The Group concentrates most of its efforts to continuously improve its performance. As an independent player and thanks to its internal expertise, the Group is flexible and agile and can adapt to a highly competitive environment.

4.4.2.2 Risk related to acquisitions

The Group may make acquisitions as part of its growth strategy, with the aim of establishing itself in a new country or reinforcing its existing positions. The implementation of said strategy would suggest that THEOLIA might find development opportunities at an acceptable cost and with satisfactory conditions. Such transactions may include certain risks related to the integration of the activities and staff transferred, the inability to implement expected synergies, the difficulty of maintaining homogeneous standards, the discovery of unexpected liabilities or costs, or the increase in the Group's debt.

More generally, those risks, should they be effective, could have a significant adverse effect on the Group's business, operating income or financial position, or its capacity to achieve its objectives.

Moreover, some of these investments or acquisitions could be compensated in shares, which could have a dilution effect for the current holders of securities, in particular shareholders.

On January 31, 2013, the Group took control of Breeze Two Energy, a limited partnership which operates 337 MW. BGE Investment S.à.r.l., a subsidiary wholly owned by THEOLIA, purchased 70% of the Class C bonds, as well as various rights including the right to indirectly appoint the Managing Director of Breeze Two GmbH, the general partner of Breeze Two Energy. The transaction, in the amount of 35.5 million euros, was mostly financed by a vendor loan amounting to 34 million euros, due in 2026, and by cash for 1.5 million euros.

Wind farms held by Breeze Two Energy were financed through a bond issue made up of three classes of bonds. As THEOLIA does not guarantee Breeze Two Energy's bond debt, taking control over Breeze Two Energy did not create any additional financial risk, except the 1.5 million euros paid when the purchase contract was entered into and the possible interests to be paid on the vendor loan. This vendor loan was taken out by BGEI and is without recourse towards the parent company, THEOLIA. Its redemption depends on the payment of future cash-flows generated by Breeze Two Energy.

The main risk associated to the fact that THEOLIA took control over Breeze Two Energy would be, for THEOLIA, not to be able to generate the anticipated operational synergies between THEOLIA and Breeze Two Energy, which would reduce the benefits of such a transaction.

Those synergies could be performed by taking over the management of Breeze Two Energy's wind farms by THEOLIA's teams, which used to be subcontracted to third parties. Some measures were already taken to optimize the management of Breeze Two Energy. In particular, the agreement with the service provider performing the company's administrative management was terminated. As from March 2014, these duties are performed by the Group's staff. Likewise, operational management of Breeze Two Energy's wind farms located in France was taken over by THEOLIA's operating teams in France. According to the initial strategy, operational management of Breeze Two Energy's wind farms located in Germany could be gradually taken over by THEOLIA's German teams.

The Group, organized as an integrated group, is a performing industrial platform. It is organized through cross-management, which enables it to be ready to take over installed or soon-to-be installed capacities, at controlled costs.

Besides, significant acquisition opportunities are reviewed by the Board of Directors.

4.4.2.3 Risk related to expanding to emerging markets

The Group's current operations are concentrated in Germany, France and Italy, which are heavily regulated. However, the Group is currently developing an ambitious project in Morocco and could consider establishing itself in other markets, notably emerging markets.

The emerging economies are more dynamic and generally subject to a greater volatility than more developed economies. The Group's success in these countries depends partly on its capacity to adapt to their swift economic, cultural, social, legal and political changes. If the Group is not in a position to manage the risks related to this expansion into emerging markets, its business, financial position and revenue could be significantly affected.

As part of its existing operations, the Group has been able to manage its exposure to risks in Morocco. In order to increase its presence there, the Group is currently developing a 300 MW project, in partnership with the national operator, the *Office National de l'Électricité et de l'Eau potable*.

Finally, for its possible future developments in new countries, the Group will give priority to stability, growth and legal certainty criteria.

4.4.3 Financial risks

Producing wind energy is a highly capital-intensive activity. In order to guarantee its expansion, the Group therefore significantly uses debt financing.

In order to limit the risks related to its debt, the Group mainly uses financing without recourse or with limited recourse on the parent company, structures its project financing for each project's cash flows to be enough to service its debt, implements an interest rate hedging policy through swap contracts and pursues an active management policy for its existing debt.

Pursuant to IFRS 7, market risks are presented in the note to the consolidated financial statements in section 5.1.6, note 6.4 hereof. It is specified that the Group is not subject to any equity risk or commodity price risk, that it does not consider being subject to a significant credit risk (see section 5.1.6, note 6.4.1 hereof) and that it is only faintly subject to a foreign exchange risk (see section 5.1.6, note 6.4.3 hereof).

4.4.3.1 Risk related to the Group's debt

As at December 31, 2014, the Group's net consolidated financial debt reached 326 million euros, compared to 409 million euros as at December 31, 2013. Section 5.1.6, note 6 hereof details the Group's financial liabilities and cash. Section 5.1.6, note 13 hereof details off-balance-sheet commitments.

The Group's substantial level of debt, as well as the cost represented by financial expenses due as per this debt, may reduce the Group's financial flexibility and may have important consequences, including, but not limited to:

- requiring the Group to devote a significant portion of its cash flows to satisfy its debt obligations;
- limiting the Group's ability, over the long term, to obtain additional financing for working capital requirements, investments, acquisitions or its ability to refinance the existing debt;
- increasing the Group's vulnerability to general adverse economic conditions;
- using the Group's assets as a guarantee; and
- increasing the cost of servicing the Group's debt in the event that its financial commitments are renegotiated.

These and other factors may have an adverse effect on the Group's business, financial position and income.

4.4.3.2 Liquidity risk

The liquidity risk is the risk for the Group to be unable to face its financial obligations in due time or under normal conditions, using its financial resources.

The Group's financial debt mainly includes a convertible bond, project financing related to THEOLIA's operating wind farms and bonds related to Breeze Two Energy's operating wind farms. It is specified that Breeze Two Energy's Class A and B bonds have been subject to rating by rating agencies since 2006. Breeze Two Energy's Class A and B bonds are rated respectively B and CCC by the Fitch Rating agency, and B- and D by the Standard & Poor's agency.

The Group's financial debt is detailed by maturity in section 5.1.6, note 6.1.2 hereof. The Group's cash is also detailed in section 5.1.6, note 6.2 hereof.

Whereas the convertible bond is a corporate loan, the repayment of which being directly under the responsibility of THEOLIA SA, project financing is without recourse or with limited recourse on THEOLIA SA and Breeze Two Energy's bonds are without recourse on THEOLIA SA. Indeed:

- every project financing is directly taken out by the Special Purpose Vehicle ("SPV"), which holds the assets of the wind farm subject to financing; the SPV is the debtor of financing and ensures repayment of the installments through cash flows resulting from the wind farm's operation;
- financing is designed so as not to exceed the guarantee period of the electricity feed-in tariffs or the issuance of green certificates from which the wind farms benefit under national regulatory frameworks; and
- repayment of the bonds issued by Breeze Two Energy and their interests depends exclusively on the cash flows generated by the operation of Breeze Two Energy's wind farms.

Therefore, the Group's liquidity risk corresponds, for the most part, to commitments to repay its convertible bond, which is not backed by any assets, and to financing its future needs, including the development of wind projects and the Group's general needs.

In order to face its general needs, the Group implemented a flexible business model, which enables it to balance its cash position through occasional disposals of wind projects and farms, notably by selling them to its investment vehicle created in 2011.

Since December 9, 2014, further to the restructuring plan implemented by the Company (see sections 4.1.1 and 6.2.2 hereof), the new terms and conditions of the bond came into force. In particular, the early redemption right at the option of the bondholders as at January 1, 2015 was cancelled and the redemption of the remaining amount of the bond debt was split over four installments, distributed over five years, including an early redemption right at the option of the bondholders as at January 1, 2020, at a price of 1.946 euro.

4.4.3.3 Risk related to obtaining financing

Within the current economic context and considering the development criteria that the Group requires, the Group has no difficulty obtaining the required financing for its wind projects in France, Morocco and Germany. In Italy, the context is still difficult, as political uncertainty impacts financing conditions.

Any deterioration of the economic and financial environment may result in a more difficult access to project financing and have adverse consequences on project financing conditions. The Group cannot ensure that it will be in a position to raise the necessary funds that will allow it to grow and handle its commitments. The possible difficulty to obtain financing or the deterioration of financing conditions could force the Group to continue investing by means of equity, to suspend or discontinue the development or construction of its projects, or to sell them to third parties. This could have a significant adverse effect on the Group’s business, financial position or operating income.

In order to reduce its exposure to this risk, the Group created a co-investment vehicle, which enables it to continue expanding with a reduced contribution of equity, while limiting the deterioration of loan terms. In addition, the Group organizes competition between different banking institutions before subscribing bank loans.

4.4.3.4 Risk related to conditions of the existing financing arrangements

Some financing commitments included in the Group’s project financing agreements require the Group to respect some financial ratios related, among other things, to the leverage and debt service (covenants) of each special purpose vehicle or group of companies. Failure to comply with these covenants and to obtain waivers from the lenders could lead the Group to have to make an early repayment of the related financing. In addition, cross-default provisions could magnify the effect of a single default on the Group’s debt.

If the Group does not meet its financial commitments, it cannot guarantee that it will be able to renegotiate or obtain waivers for its defaults. Early repayment of financing granted to the Group would have a significant adverse effect on the Group's liquidity, financial position and income.

As at December 31, 2014, the Group had not met some financial commitments which were required for project financing of a wind farm located in Italy, due to the stoppage of the wind farm in early 2014, in the scope of an escrow. The wind farm got out of escrow in March 2014. The lenders did not notify the early repayment of the corresponding debt. The involved wind farm is accounted using the equity method in the financial statements as at December 31, 2014. Apart from this, the other main financial covenants were met as at the closing of the fiscal year. As at the date of publication of this Registration Document, no early repayment was requested for any of the financing arrangements of the entire THEOLIA Group.

Those financial ratios are calculated by the Group and are subject to certification from the Statutory Auditors when so required by the financial documents. The Group’s policy is to constantly control that those covenants are met.

4.4.3.5 Interest rate risk

Financing for wind projects implemented by the Group involves a significant use of debt at fixed or variable interest rate. The Group is subject to the risk of variation of interest rates for the share of its debt that is subject to variable rates. A significant increase in interest rates could have an impact on the profitability of the Group’s future projects and/or the development of its wind portfolio.

In order to limit the interest rate risk on existing loan agreements, the Group implements an interest rate risk hedging policy with contracts designed to swap interest terms (interest rate swaps). From an economic point of view, the implementation of these interest rate swaps allows conversion of variable rate loans into fixed rate loans and hedging against fluctuation in the amount of interests due.

As at December 31, 2014, the Group had a debt of 419.9 million euros, of which 20% were made of variable rate loans excluding the effect of hedging instruments and 6% including the effect of hedging instruments. During fiscal year 2014, the Group paid 26.2 million euros in loan interests.

Section 5.1.6, note 6.4.4 hereof indicates interest rate risk sensitivity.

4.4.3.6 Risk related to obligations guaranteed by off-balance-sheet commitments

As part of its activities, the Group grants certain off-balance-sheet commitments to obtain financing and support its direct and indirect subsidiaries. The main off-balance-sheet commitments are described in section 5.1.6, note 13 hereof.

By granting guarantees to cover some commitments of its subsidiaries, the Group could be forced to reimburse the lenders of some financing or pay the amounts owed to commercial creditors (such as equipment suppliers) or clients, should a wind project not manage to be successful or a wind farm become insolvent. In such case, the creditors could exercise the security or the guarantee granted by the Group and the corresponding payments made by the Group could have a significant adverse effect on its cash flows, financial position or income.

In order to quantify this risk, the Group performs a regular monitoring of the underlying documents in which off-balance-sheet commitments were granted. As far as the Company is aware, during fiscal year 2014, no creditor exercised securities or guarantees granted by the Group.

4.4.4 Other risks

4.4.4.1 Dilution risk for shareholders

The Group issued several types of financial instruments, the exercise of which could trigger a dilution for shareholders:

	OCEANEs	Performance shares	Stock options	Stock warrants
Outstanding as at 2013/12/31	**8,226,380**	**2,192,950 (3)**	**2,175,000**	**100,000**
Converted or definitively allocated during fiscal year 2014	4,490	799,337 (3)	n/a	n/a
Cancelled during fiscal year 2014	-	1,180,007 (3)	1,500,000	50,000
Issued during the capital increase of December 9, 2014 (1)	n/a	n/a	n/a	119,547,052 (6)
Granted during fiscal year 2014	n/a	-	-	-
Outstanding as at 2014/12/31	**8,221,890**	**213,606 (3)**	**675,000**	**119,597,052**
Maximum possible issue of new shares	75,822,270 (2)	149,524 (4)	403,650 (5)	39,889,217

(1) See section 6.2.2 hereof.
(2) Based on the allocation of 9.222 shares per bond converted.
(3) Figure adjusted further to the completion of a capital increase on December 9, 2014.
(4) Considering performance criteria.
(5) Considering an exchange ratio of 0.598, adjusted further to the completion of a capital increase on December 9, 2014.
(6) Maturing on June 9, 2016. 3 stock warrants entitling to the subscription of one new share at a price of 0.60 euro per share.

As at December 31, 2014, a maximum of 116,264,661 new shares could be created. As at December 31, 2014, if all securities granting access to the capital had been exercised, a shareholder holding 1% of the share capital before they were exercised would have held 0.62% of THEOLIA's share capital after they were exercised.

4.4.4.2 Risk related to the variations of the Group's revenue

In countries where it is present, the Group's revenue fluctuates from one fiscal year to the next, depending in particular on the wind farms commissioned or sold, the acquisitions or takeovers performed over the period and wind conditions. It is stated that, as part of its co-investment strategy, the Group favors the sale of its wind projects to its investment vehicle, and that these disposals are not considered as revenue in accordance with accounting standards in force.

Thus, the Group recognized a revenue of 101.1 million euros in 2014, compared to 95.9 million euros in 2013 and 67.7 million euros in 2012.

Therefore, the Group's revenue and income can vary markedly from one fiscal year to the next. Consequently, the Group's revenue for a given fiscal year might not necessarily reflect the growth of its business in the longer term or be a relevant indicator of its future performance.

4.4.4.3 Risk related to dependency to some senior managers and key employees

The Group's future success depends, to a significant extent, on the total implication of its main executives. The Company leaned in particular on Fady Khallouf, Chief Executive Officer and also Chief Financial Officer of the Company, for its development, as well as for the definition and implementation of its strategy. If the Company was to lose the services of one or several main executives with extensive experience of the sector in which the Group exercises its activity, and in particular Fady Khallouf, or if one or several of them decided to reduce or to end their implication, the Company could meet difficulties to replace them and its business could be slowed down or its financial position, income or capacity to achieve its objectives could be affected.

Besides, the Group's future success also depends on its capacity to retain, motivate its key managers and to attract new highly qualified employees. The Group might not be able to do so in order to maintain its competitiveness and its profitability. This inability could have a significant effect on the Company's business, financial position or income or on its capacity to achieve its objectives.

The Group develops an involving work environment and encourages the support of its values, including those of the Group's Charter of Ethics. The Group's human resource policy is described in section 3.3 hereof.

4.4.4.4 Litigation risk

The Group is exposed to a risk of litigation with its clients, suppliers, employees and any third party claiming damages with respect to health, the environment, safety or operations, hazards, negligence, or non-observance of a contractual, regulatory or legal obligation that may have a significant adverse effect on the Group's business, financial position and revenue. In the consolidated financial statements as at December 31, 2014, the Group set aside an overall amount of 2.9 million euros for litigations.

In addition, the building permits and operating authorizations for the construction of wind projects are, sometimes, subject to legal actions due to the opposition of communities to wind farms or other objections to using the land (see sections 4.4.1.2 and 4.4.1.3 above). The Group's consistent success when faced with these claims cannot be guaranteed, and this could have a significant adverse effect on the development of its projects. These and other related risks could have a significant adverse effect on the Group's business, financial position and revenue.

4.4.4.5 Risk related to the implementation of IFRSs

The Company applies IFRSs, and in particular IAS 36, which require some of the Group's assets to be tested and/or valued according to their recoverable value, based on profitability assumptions.

The determination of such valuations involves valuation methods that are partially subjective and complex and that could result in significant positive or negative variations in reported income and asset values in the balance sheet.

These valuations are subject to monitoring from the Audit Committee, the Board of Directors and the Statutory Auditors. Nevertheless, no guarantee can be given on the achievement of all profitability assumptions made.

4.4.4.6 Risk related to the former management of the Italian subsidiary

During fiscal year 2012, the Company became aware of events that could be qualified as misfeasance on the part of the former *Amministratore Delegato* of the Maestrale Green Energy subsidiary, stemming from conflicts between the individual's obligations as a Corporate Officer and his private interests. These facts could have a significant adverse effect on the Group's cash position, financial position and income. Following this discovery, the Company decided to dismiss this manager in June 2012.

Besides, the Company took all necessary measures to remedy the consequences of this mismanagement, but it cannot guarantee that other incidents related to the former management will not come to light in the future, with a negative impact on the activities of its Italian subsidiary.

4.4.5 Risks covered by insurance

The Group implemented a coverage policy for the main risks related to its wind activities that may be insured, subject to the usual exemptions or exclusions imposed by the market, with appropriate insurance policies subscribed with top-tier insurers. In this regard, during 2014, the Group paid 2,3 million euros in insurance premiums and brokerage fees, compared to 2,2 million euros in 2013.

The Group has taken out professional public liability insurance to cover the Company and its subsidiary THEOLIA France against the monetary consequences resulting from bodily, material or consequential harm, incurred under their liability in connection with their activities. This coverage applies notably in the event of harm caused to others by the companies covered by the insurance policy or on account of the people for whom they are responsible or objects over which they have custody. The other companies of the wind division (excluding France) subscribed to similar local liability insurance policies.

The Group maintains insurance policies for its wind farms during their construction phase, as well as during their operating phase.

Accordingly, the Group takes out the following insurance policies during the construction phase of its wind projects:

- an insurance policy that covers various construction risks (also known as “all construction risks”): from the construction period up to the projects’ commissioning, this insurance covers the project manager and funding bodies, as needed, and material damage, including fire, machinery breakdown, explosion of works (equipment and civil engineering), theft and the expected operating loss;
- in some cases, the Group also chooses to take out “transport” insurance that provides coverage for the material harm to goods transported (and related financial loss) that constitute so-called “strategic” transport; and
- an insurance policy that covers the project manager’s public liability against any pecuniary consequences of its public liability that may be due as part of the construction phase.

Besides, the Group subscribes insurance policies that are in force as soon as the wind farms are commissioned. They cover machine breakdown due to accidents, damage by fire, lightning, explosion, fall of aircrafts or theft and operating loss consecutive to the guaranteed damage, as well as the pecuniary consequences that the developer may be required to pay for under its public liability.

The Group is also protected by the contractual guarantees subscribed to by its subcontractors, covering the damaged items and other harm for which they are responsible.

Moreover, the Group is protected by the contractual guarantees provided by the suppliers of wind turbines, which cover the loss suffered in the event of defective functioning of these turbines (including, in particular, operating loss related to malfunctioning of equipment and replacement costs for defective parts).

Nonetheless, these insurance policies can be subject to significant exemptions and no guarantee can be given as to whether the insurance policies of the Group are or shall be adequate to cover any loss from certain events. In addition, the Group’s insurance policies are subject to annual revisions by the insurers and the Group might not be in a position to maintain them or, at least, to maintain them at an acceptable cost.

Likewise, the contractual guarantees subscribed to by subcontractors and suppliers can prove to be inadequate, difficult to implement or even ineffective if the co-contractor refuses or is not in a position to respect them. Should the Group have to suffer a significant damage partially or not insured or covered by contractual guarantees, the corresponding costs could have a significant adverse effect on its cash flows, financial position or income.

4.5 LEGAL AND ARBITRAL PROCEEDINGS

In the normal course of its operations, the Group is party to arbitration, judicial or administrative proceedings. These litigations are of various types and involve various Group subsidiaries. Risk provisions recorded with respect to all Group litigations totaled 2.9 million euros as at December 31, 2014.

The Group does not provide a breakdown of the provisions recorded with respect to each Group litigation in order to avoid disclosing any information that might be prejudicial to the Group in the course of the resolution of these litigations.

With the exception of judicial and arbitration proceedings set out below, there are no other governmental, judicial or arbitration proceedings, including any proceedings of which the Group is aware, either in abeyance or of which the Company is threatened, likely to have or having had significant impacts on the financial position or profitability of the Company or its subsidiaries over the last twelve months.

4.5.1 France and Morocco

Litigations involving Jean-Marie Santander

Civil proceedings (France)

On March 13, 2009, THEOLIA filed a civil claim with the Commercial Court of Marseille against Jean-Marie Santander, as well as the Athanor Equities and Global Ecopower companies, in order to claim damages (amounting to 5,950 thousand euros), regarding the commercial and image damage that it considers to have suffered.

On February 21, 2011, the Commercial Court of Marseille ruled that Jean-Marie Santander was to reimburse the Company 450 thousand euros for breaching the non-compete clause binding him to the Company.

On November 15, 2012, the Court of Appeal of Aix-en-Provence (i) confirmed the initial judgment handed down by the Commercial Court of Marseille on February 21, 2011, under which Jean-Marie Santander was ordered to pay THEOLIA the sum of 450 thousand euros (for the breach of a non-compete clause) and (ii) also ordered Jean-Marie Santander and the Global Ecopower company jointly and severally to pay THEOLIA the sum of 500 thousand euros as compensation for the losses suffered as a result of the acts of unfair competition committed against THEOLIA. All other petitions filed by the parties were dismissed.

On January 23, 2013, Jean-Marie Santander and the Global Ecopower company lodged an appeal to the Court of Cassation. On July 8, 2014, the Court of Cassation invalidated the order handed down by the Court of Appeal on November 15, 2012, restoring the parties to the situation they were before said appeal order and referred them to the Court of Appeal of Aix-en-Provence differently composed. The parties then applied to this Court for a new ruling on the matter.

As at the date of publication of this Registration Document, the proceedings before the Court of Appeal of Aix-en-Provence is ongoing and no hearing has been set yet.

Other proceedings (France)

On February 25, 2015, Jean-Marie Santander and the Global Ecopower company assigned THEOLIA, its Moroccan subsidiary THEOLIA Emerging Markets, former corporate officers of the Company and the CEO currently holding office, before the Regional Court of Marseille, in order to claim damages for damage they consider to have suffered as a result of the criminal complaint filed by THEOLIA and THEOLIA Emerging Markets in December 2009 and the presentation that was made of this complaint and the associated criminal proceedings in THEOLIA's successive Registration Documents. The total amount of 12,050 thousand euros is claimed under (i) an alleged extra-patrimonial damage to Jean-Marie Santander including a "physical trauma" and a "heavy stress", (ii) an alleged damage to his reputation and image, and (iii) an alleged commercial and image damage suffered by the Global Ecopower company.

As at the date of publication of this Registration Document, no proceedings timetable has been set yet.

Civil proceedings (Morocco)

On May 22, 2010, THEOLIA Emerging Markets brought a legal action against Jean-Marie Santander before the Commercial Court of Casablanca for mismanagement with the aim to have the latter sentenced to damages amounting to MAD 1,000 thousand (as a provisional basis) pending the appointment of an expert who shall assess the effective damage suffered on the basis of misconduct and sums improperly received, estimated to MAD 3,300 thousand.

On October 23, 2010, the Commercial Court of Casablanca ruled that it assumed jurisdiction. On May 17, 2011, an order of the Court of Appeal of Casablanca confirmed that judgment.

As at the date of publication of this Registration Document, the procedure is still pending before the Commercial Court of Casablanca.

Other proceedings (Morocco)

On June 26, 2009, the JMZ Holding company filed with the Commercial Court of Casablanca a motion to have THEOLIA Emerging Markets sentenced to pay a provisional compensation of MAD 200 thousand for wrongful breach of the lease agreement and deterioration of the leased premises, pending the appointment of an expert who shall assess the effective damage as a result of the termination of the contract. As part of this procedure, a counterclaim was filed by THEOLIA Emerging Markets to have JMZ Holding sentenced to pay back (i) MAD 340 thousand for unreturned deposits and (ii) MAD 880 thousand for the value of the movable assets abusively held back by JMZ Holding since March 31, 2009 (effective termination date of the lease).

On February 14, 2013, the Commercial Court of Casablanca (i) ordered THEOLIA Emerging Markets to pay JMZ Holding the sum of MAD 1,771 thousand for wrongful breach of the lease agreement and the sum of MAD 43 thousand for damage to the premises and (ii) ordered JMZ Holding to return the bank guarantee of MAD 340 thousand.

On July 16, 2013, THEOLIA Emerging Markets filed an appeal against that decision. In July 2014, the Court of Appeal of Casablanca (i) overturned the trial judgment of the Commercial Court of Casablanca dated February 14, 2013, setting the amount of wrongful breach of the lease agreement to MAD 1,771 thousand and, ruling again, denied the claim for damages filed by JMZ Holding and (ii) confirmed the trial judgment in all its other provisions, namely payment (a) by THEOLIA Emerging Markets of MAD 43 thousand for damage suffered by the apartments and (b) by JMZ Holding in the amount of MAD 340 thousand for unreturned deposits.

As at the date of publication of this Registration Document, the notification of this order to JMZ Holding is ongoing.

Announcements made by the ADAMT

In connection with the friendly takeover offer launched by the MEIF 4 AX HOLDINGS SAS company on the THEOLIA Group in July 2013 that finally lapsed, the ADAMT (*Association de Défense des Actionnaires Minotaires de THEOLIA*), rising up against the terms and conditions of the offer, indicated, during the offer period, through various publications to have requested an AMF investigation and to have filed a complaint with the Public Prosecutor of Paris.

As at the date of publication of this Registration Document, the Company is not aware of the outcome of these actions.

In any case, the Company has taken appropriate measures to ensure the protection of its interests and reserves the right to engage in any necessary legal proceedings to protect its corporate interest.

4.5.2 Italy

Criminal proceedings related to the Martignano project

On May 23, 2007, a committee composed of 8 residents of Martignano filed a recourse with the Administrative Court (“TAR”) of Lecce against the Puglia region, WindService Srl, and NeoAnemos Srl (subsidiary of the Company), requesting the *Autorizzazione Unica* (“Single Authorization”) granted by the Puglia region to build the Martignano wind farm be pronounced null and void. In addition, the plaintiffs requested that the TAR issue a preliminary injunction to suspend construction works on the farm during the entire period of the legal proceedings. On February 5, 2008, the TAR ruled on the merits declaring the Single Authorization null and void, considering the recourse as admissible, but that decision was overturned on July 17, 2009 by the State Council, which consequently confirmed the validity and the effectiveness of the Unique Authorization.

As part of the aforementioned administrative proceedings, the Prosecutor of Lecce, approached by the plaintiffs, conducted an investigation against Carlo Durante, serving then as the legal representative of NeoAnemos Srl, for having built constructions with a view to establishing a wind farm in the municipality of Martignano without a valid Single Authorization, and against the civil servants who issued the Single Authorization for (i) forgery and (ii) abuse of office, being specified that should said civil servants be convicted, the Single Authorization would automatically become null and void.

In a ruling dated September 21, 2009, the investigating judge referred this case on the merits, thereby confirming the Prosecutor's petition. The trial started in December 2010.

On April 10, 2013, the Criminal Court of Lecce declared the Single Authorization as being illicit, sentenced the civil servants for abuse of office and acquitted Carlo Durante as a result of the prescription of the offense he was charged for. The convicted civil servants filed an appeal against that decision.

Since June 2013, the liquidation process of the NeoAnemos Srl company is ongoing.

Proceedings related to the Giuggianello project

On March 26, 2012, the sellers of the Wind Service Srl company, the special purpose vehicle of the Giuggianello project, issued summons to Maestrale Green Energy Srl and Giuggianello Srl to appear before the Civil Court of Lecce, petitioning to have them sentenced jointly and severally to acquire the remaining 75% of the share capital in the Wind Service Srl company for the contractual price of 4,050 thousand euros and to pay damages, estimated to 50 thousand euros. Maestrale Green Energy Srl and Giuggianello Srl filed a counterclaim for defeasance of the contract on the grounds of breach of the guarantees and representations given by the sellers, petitioning for reimbursement of the sum of 1,350 thousand euros that was paid in 2010 for the purchase of the first 25% of the share capital in Wind Service.

Pending the decision on the merits of the case, the sellers requested that assets of Maestrale Green Energy Srl and Giuggianello Srl be put in escrow as a preventive measure. This request, which was granted on February 14, 2013 for a value of 4,300 thousand euros, was confirmed by the Court of Appeal.

On February 20, 2013, pursuant to the order so authorizing, some of the equity interests held by Maestrale Green Energy Srl in several of its subsidiaries were put in escrow as a preventive measure.

On November 14, 2013, further to that enforcement, Maestrale Green Energy Srl and Giuggianello Srl seized the Court of Milan in order to challenge the procedure followed for the implementation of the escrow.

On August 2, 2014, the Court of Milan overturned the escrow of the equity interests held by Maestrale Green Energy Srl. This decision was challenged by the sellers of the Wind Services Srl company, before the same Court, in the context of a recall procedure, which was rejected on March 19, 2015.

The equity interests held by Maestrale Green Energy Srl are currently free of any escrow, but it can not be excluded that the sellers conduct a new escrow pending a decision on the merits.

Administrative proceedings related to the Pergola project

On January 9, 2013, the Administrative Court ("TAR") of the Marche region invalidated the Single Authorization for the Pergola project following proceedings brought by local residents in June 2010. This decision was based on a failure to assess the acoustic impact of the wind farm.

On July 9, 2013, Garbino Eolica Srl appealed against that decision to the State Council which rejected the appeal on March 13, 2014, confirming therefore the decision of the TAR to invalidate the Single Authorization.

The purchase agreement of the special purpose vehicle includes an obligation on the sellers to refund the full purchase price if a definitive legal decision leads to the invalidation of the Single Authorization, following a legal challenge brought prior to July 5, 2010. In that respect, in December 2013, Maestrale Green Energy Srl initiated arbitration proceedings against the sellers of Garbino Eolica Srl, to seek reimbursement of the full purchase price on the following grounds: (i) failure of fulfillment of the condition precedent of the closing of the transaction relating to the publication of the Single Authorization which was performed under conditions that the TAR deemed as not correct, and in the alternative, (ii) the invalidation of the Unique Authorization by the TAR.

The arbitrator's decision is not expected before the second quarter of 2015.

Proceedings related to the Bovino project

In April 2011, Maestrale Green Energy and Vibinum initiated arbitration proceedings against the sellers of the special purpose vehicle of the Bovino project, in order to have the contract terminated and accessory damages paid.

On February 26, 2013, the arbitration panel issued an order (i) rejecting the requests made by Maestrale Green Energy and Vibinum with respect to the resolution of the contract and the condemnation of sellers to punitive damages, (ii) allowing the application of Maestrale Green Energy and Vibinum that sellers are ordered to pay 600 thousand euros for the project development costs to be borne by the sellers under the terms of the contract and (iii) partially granting the counterclaim made by the sellers so that Maestrale Green Energy be sentenced to pay the balance of the project's purchase price, namely 6,900 thousand euros plus late payment interest.

On July 10, 2013, an action to invalidate that order was initiated by Maestrale Green Energy and Vibinum with the Court of Appeal of Milan. Ruling on the merits is not expected before 2016.

On February 27, 2014, pending a ruling on the merits, the Court of Appeal, however, decided to suspend the provisional enforcement of the arbitral decision, in consideration of the delivery by Maestrale Green Energy of a bank guarantee of 6,400 thousand euros.

Moreover, the Puglia Region ruled that the Single Authorization for the 38 MW Bovino project should have been considered as invalid since November 4, 2014. The special purpose vehicle Bovino Eolico Srl challenged this decision before the Administrative Court of Lecce, the decision of which is not expected before the first half of 2016.

Criminal proceedings related to the Giunchetto wind farm

Some former executives of the Aerochetto Srl company are being investigated by the Public Prosecutor of the Court of Nicosia for the following offences: (i) diversion of a watercourse and modification of the site condition, (ii) destruction of natural heritage, (iii) disturbing peacefulness, and (iv) floods and landslips that were allegedly caused during wind farm construction. These offenses shall be prescribed in November 2015. The case was referred to be ruled on the merits and the trial began on October 21, 2014.

In this context, the Public Prosecutor decided to put the wind farm in escrow which was partially released on August 8, 2013 and then totally on March 18, 2014, except 4 turbines the stop of which is ordered during the night phase.

Alongside the criminal proceedings, two applications for interim measures were filed by several landowners before the Civil Court of Enna in August 2014, asking for the shutdown of several turbines on the grounds that the acoustic limitations are not respected. A same expert was appointed for these two actions, thereby extending the duration of proceedings that should not end before the second quarter of 2015.

4.5.3 Germany

Litigations opposing the German subsidiary THEOLIA Naturenergien to some of its O&M clients

As part of its activity to operate wind farms for third parties in Germany, the Company's German subsidiary, THEOLIA Naturenergien, paid a monthly compensation to its O&M clients, based on the estimated electricity production of each wind turbine. For several years, the compensation paid to some clients was greater than the production levels.

THEOLIA Naturenergien is currently pursuing the recovery of the overpayments to some customers. In some cases, THEOLIA Naturenergien has been obliged to undertake legal procedures against reticent clients. To date, the court confirmed the validity of the actions initiated by the Group. However, as part of the litigation, some clients have sought compensation for the reimbursement request with damages that would have been due for fraudulent dealings allegedly committed by the former exclusive partner and the former Managing Director, as well as a former associated company that had exclusivity on the sales process in question.

These disputes are ongoing, and as such, it cannot be ruled out that, depending on the facts and circumstances of each case, it may become evident that fraudulent dealings have been committed in some cases under the responsibility of the former exclusive partner and the former Managing Director of THEOLIA Naturenergien. Through negotiations with its customers, THEOLIA Naturenergien has executed a large number of amicable settlements, which should enable it to avoid the occurrence of further litigation.

The legitimacy of the different requests from these customers depends mainly on the facts and circumstances specific to each sale. As a result, insofar as it is impossible to rule out the possibility that fraudulent dealings have been committed during some transfers, it is also not possible to reasonably measure the risk associated with the clients' claims for damages.

THEOLIA Naturenergien is analyzing and closely following these different procedures and is undertaking claims towards the former exclusive partner and the former Managing Director, as well as the former associated companies in order to prepare its possible recourses. However, this risk is constantly being reduced as a result of the successful negotiations by THEOLIA Naturenergien with the relevant clients.

Legal actions involving ecolutions GmbH & Co. KGaA and its General Partner, Ecolutions Management GmbH

On October 18, 2012, the shareholders of the ecolutions GmbH & Co. KGaA company ("ecolutions"), represented by its Supervisory Board, brought a legal action before the *Landgericht* of Frankfurt, to have the General Partner Ecolutions Management GmbH (the "General Partner") removed from its role in the management and legal representation of ecolutions. On April 23, 2013, the *Landgericht* of Frankfurt upheld their claim. Following the appeal lodged by the General Partner, the *Oberlandesgericht* of Frankfurt overturned the decision of the *Landgericht,* on March 18, 2014, with no admission of appeal. The Supervisory Board of ecolutions, in the name of the shareholders of the company, contested, before the *Bundesgerichtshof*, the non-admission of any appeal decided by the *Oberlandesgericht*. This claim was accepted and the proceedings before the *Bundesgerichtshof* are currently underway. The hearing is scheduled on June 30, 2015.

Following the Extraordinary General Meeting of shareholders of ecolutions held on September 10, 2012, the Company initiated a legal action to have the validity of the resolutions approved by the shareholders during this meeting confirmed, and supported ecolutions, the defendant, in the legal proceedings brought by the General Partner and Impera Total Return AG against these same resolutions. The action brought by the Company is currently suspended by the *Landgericht* of Frankfurt. However, on March 12, 2013, the same *Landgericht* of Frankfurt rejected almost entirely the action brought by the General Partner and Impera Total Return AG, thus indirectly confirming the validity of the resolutions approved by the shareholders on September 10, 2012. Following the appeal lodged by the General Partner and Impera Total Return AG, the *Oberlandesgericht* of Frankfurt overturned the decision of the *Landgericht,* on March 18, 2014, with no admission of appeal. The Supervisory Board of ecolutions, in the name of the shareholders of the company, contested, before the *Bundesgerichtshof*, the non-admission of any appeal decided by the *Oberlandesgericht*. This claim was accepted and the proceedings before the *Bundesgerichtshof* are currently underway. The 6hearing is scheduled on June 30, 2015.

Following the aforementioned decisions by the *Oberlandesgericht* of Frankfurt, three members of the Supervisory Board of ecolutions resigned from their offices. As a reaction, the General Partner filed a request to the Register Court of Frankfurt to amend the Supervisory Board by four new members of its choice. As a significant shareholder, THEOLIA took part in this request to defend its position. The Company rejected the candidates proposed by the General Partner and stated its own proposals. On March 26, 2014, the Register Court followed the arguments of THEOLIA and appointed the candidates proposed by the Company as members of the Supervisory Board. Following the appeal lodged by the General Partner, the *Oberlandesgericht* of Frankfurt, appointed two new candidates as members of the Supervisory Board of ecolutions on September 8, 2014.

Following the Annual Ordinary General Meeting of shareholders of ecolutions held on December 19, 2014, the Company initiated a legal action on January 19, 2015, to challenge the validity of the nineteenth resolution relating to the completion of an authorized share capital. On March 19, 2015, the Company completed this procedure by introducing a new action to challenge the validity of the thirteenth resolution relating to the withdrawal of the aforementioned proceedings regarding the removal of the General Partner from its role in the management and legal representation of ecolutions. The hearing is scheduled on June 16, 2015.

On March 25, 2015, the General Partner filed a motion to the Register Court of Frankfurt so that it appoints the Chairman and Vice-Chairman of the Supervisory Board of ecolutions. As a significant shareholder, THEOLIA took part in this request to defend its position. This request was rejected on April 20, 2015. Meanwhile, a shareholder filed another request before the same Register Court of Frankfurt to revoke George Hersbach, appointed by THEOLIA, from his duties as member and Chairman of the Supervisory Board of ecolutions. As at the date of publication of this Registration Document, the Register Court has not yet rendered its decision.

4.6 PARENT COMPANY ACTIVITY IN 2014

4.6.1 Comments on the parent company results

The financial statements of THEOLIA SA were approved by the Board of Directors during its meeting of March 31, 2015.

4.6.1.1 Income statement

The table below presents excerpts from the income statement for THEOLIA SA for the years 2013 and 2014:

Income statement (selected information) *(in thousand euros)*	Year ended December 31 2014	2013
Revenue	6,064	(12,573)
Operating income	1,434	(4,620)
Financial income	7,409	(45,412)
Extraordinary income	(15,190)	(1,150)
NET INCOME	**(6,770)**	**(51,449)**

Revenue

THEOLIA SA's revenue essentially includes rebilling of Group costs to the subsidiaries.

In 2014, the revenue amounted to 6.1 million euros, compared to a negative revenue of 12.6 million euros in 2013. It is reminded that the 2013 revenue included the negative effect of a credit of 18.8 million euros, following the re-transfer of turbines owned by a subsidiary under liquidation.

Group costs re-invoiced to the subsidiaries remained stable between 2013 and 2014.

Operating income

Operating income and expenses recorded in 2014 include the following main items (in million euros):

- the positive effect of the transfer of the costs related to the capital increase to assets + 4.6
- offset by an expense corresponding to restructuring costs (5.3)
- a reversal of impairment further to the scrapping of a former non-wind project + 3.8
- functioning expenses and current staff costs (5.3)
- an impairment on wind turbines held in inventory (2.0)

During the second half of 2014, the Company successfully implemented a financial restructuring plan, including notably the performance of a capital increase in the amount of 59.8 million euros, the early partial redemption of the convertible bond in the amount of 59.8 million euros, and the change in the terms and conditions of the convertible bond. This transaction resulted in costs which, for the most part, were transferred to assets.

In 2014, the Company scrapped a non-wind construction project, fully provisioned. The corresponding depreciation reversal had a positive impact of 3.8 million euros on the operating income, offset by a negative impact of the same amount on the extraordinary income.

In 2014, wind turbines held in inventory again showed a decrease in their recoverable value in the amount of 2.0 million euros, recognized as impairment of inventory.

Finally, the operating result was a profit of 1.4 million euros for fiscal year 2014, compared to a loss of 4.6 million euros for 2013, representing a significant improvement, mainly due to the scrapping of a depreciated non-wind project and to the decline in impairment on inventories recognized over the year.

Financial income

The financial income for fiscal year 2014 was a profit of 7.4 million euros, compared to a loss of 45.4 million euros in 2013. It mainly broke down as follows for fiscal year 2014 (in million euros):

- interests on advances granted to subsidiaries + 5.5
- dividends received from subsidiaries + 3.6
- net reversals on depreciations of financial assets + 2.6
- interests on convertible bonds (4.2)

As a parent company, THEOLIA SA makes advances to its subsidiaries. Interests on these advances amounted to 5.5 million euros in 2014. In addition, THEOLIA SA received dividends from its subsidiaries that record a profit, in the amount of 3.6 million euros in 2014.

Each year, the Company performs impairment tests on its financial assets, primarily to ensure that the securities and receivables held are correctly valued. In 2014, depreciation reversals for securities of the subsidiaries sold (Seres Environnement) and liquidated (THEOLIA CEE), in the aggregated amount of 10.3 million euros, offset depreciations on financial assets accounted over the year, showing a net reversal of 2.6 million euros.

Finally, the interest cost on the convertible bond (OCEANEs) for the year 2014 amounted to 4.2 million euros.

It is reminded that the financial income for fiscal year 2013 had been penalized by net financial asset depreciations in the amount of 34.6 million euros and by a write-off of 15.0 million euros.

Extraordinary income

The extraordinary income for fiscal year 2014 was a loss of 15.2 million euros, compared to a loss of 1.2 million euros in 2013. This loss balanced (i) the increase in the operating income in the amount of 3.8 million euros, corresponding to the scrapping of a non-wind project fully provisioned and (ii) the increase by 10.3 million euros in the financial income, corresponding to (in million euros):

- the depreciation reversal of Seres Envionnement's securities, further to the disposal of the subsidiary + 9.3
- the depreciation reversal of THEOLIA CEE's securities, further to the liquidation of the subsidiary + 1.0

Net income

The net income for the period was a loss of 6.8 million euros, compared to a loss of 51.4 million euros in 2013.

Fiscal year 2014 was primarily penalized by depreciations of assets (inventories and financial assets) in the amount of 9.7 million euros.

4.6.1.2 Balance sheet

Change in shareholders' equity

Shareholders' equity amounted to 196.8 million euros as at December 31, 2014, compared to 148.4 million euros as at December 31, 2013. This significant reinforcement mainly reflects the 59.8 million euro capital increase performed in December 2014, partially offset by the loss over the fiscal year, i.e. 6.8 million euros.

Financial debt

The capital increase performed in December 2014 enabled to carry out the early partial redemption of 7.266 euros per outstanding convertible bond, i.e. a redemption of 59.8 million euros.

Therefore, the financial debt, which amounted to 160.8 million euros as at December 31, 2013, only amounted to 99.4 million euros as at December 31, 2014 (accrued interest included), i.e. a 61.4 million euro decrease.

Trade payables and related accounts

The breakdown of trade payables by due date at the end of the last two fiscal years is shown below:

Trade payables *(in thousand euros)*	December 31	
	2014	2013
Trade payables not yet due (invoices not yet received)	1,681	451
Total trade payables due	2,216	657
Of which:		
from 0 to 3 months	2,191	522
from 3 to 6 months	-	5
from 6 to 9 months	-	-
from 9 to 12 months	25	130
TOTAL TRADE PAYABLES AND RELATED ACCOUNTS	**3,896**	**1,108**

Trade payables and related accounts significantly increased in 2014, as expenses related to the financial restructuring performed in December 2014 were not all paid before the closing.

Financial assets

Net financial assets decreased by 9.1 million euros in 2014, mainly due to (in million euros):

- the net depreciation of financial assets (mainly in Italy) (7.7)
- the disposal of Seres Environnement and the liquidation of THEOLIA CEE (1.0)
- the net decrease in receivables from equity investments (interest included) (0.4)

Inventories

In 2014, the Company again depreciated the wind turbines held in inventory by 2.0 million euros.

4.6.1.3 Cash flow statement

The table below presents excerpts of cash flows recorded by THEOLIA SA for the periods indicated:

Cash flows (excerpts) *(in thousand euros)*	Year ended December 31	
	2014	2013
Cash flow from operating activities	5,780	(321)
Cash flow from investing activities	9,540	1,576
Cash flow from financing activities	(10,389)	(4,237)
Change in cash and cash equivalents	**4,932**	**(2,982)**
Net cash and cash equivalents as at beginning of period	13,203	16,185
Net cash and cash equivalents as at end of period	18,135	13,203

Cash flow from operating activities

The Company's gross cash flow was negative in the amount of 3.7 million euros for fiscal year 2014.

In 2014, the decrease in inventories (impairment on the turbines held in inventory), the increase in trade payables (restructuring costs not paid as at the closing) and the decrease in other receivables (transfer to a subsidiary of a down payment paid to a supplier) showed a positive change in the working capital requirement related to operations, i.e. a cash inflow of 9.5 million euros.

Overall, operating activities resulted in a cash inflow of 5.8 million euros for 2014, compared to a cash outflow of 0.3 million euros in 2013.

Cash flow from investing activities

Cash flow from investing activities shows a cash inflow of 9.5 million euros in 2014, compared to 1.6 million euros in 2013.

The Company collected 3.1 million euros in dividends, net of withholding tax.

The Company received more loan repayments from its subsidiaries than it made new advances. The change in loans therefore showed a cash inflow of 5.5 million euros, excluding interest for the fiscal year.

It is reminded that in 2013, the positive effect of 5.5 million euros from the unwinding of the swap contract relating to the convertible bonds had been offset by the new net advances granted to subsidiaries, in the amount of 5.0 million euros.

Cash flow from financing activities

In 2014, the performance of a capital increase enabled a net cash inflow of 55.1 million euros.

In return, the Company was able to proceed to the early partial redemption of its convertible bond in the amount of 59.8 million euros.

Finally, in 2014, the Company paid 5.7 million euros of interest on its convertible bonds, including the 2013 annual interest paid in January 2014, as well as accrued interest on the amount subject to the early redemption in December 2014.

Financing activities therefore required a cash outflow of 10.4 million euros in 2014, compared to 4.2 million euros in 2013.

As at December 31, 2014, the Company's net cash amounted to 18.1 million euros, compared to 13.2 million euros as at December 31, 2013, i.e. a 4.9 million euro increase in the cash position.

During the fiscal year, the Company mainly performed a capital increase, redeemed a significant portion of its debt and maximized its cash flows from and to its subsidiaries.

4.6.2 Summary of results over the last five years

The following table covers THEOLIA SA, excluding its subsidiaries.

French GAAP	Fiscal year ended on December 31				
(in thousand euros, except income per share which is in euros)	2014	2013	2012	2011	2010
Total shareholders' equity	196,761	148,351	199,736	207,040	214,199
Balance sheet total	302,417	312,754	364,067	379,046	425,943
Share capital as at end of period					
Share capital	18,528	90,853	90,840	127,591	110,293
Number of ordinary shares	185,279,143	64,894,862	64,885,834	127,591,147	110,292,782
Number of preferred shares without voting right	-	-	-	-	-
Maximum number of shares to be created					
By allotment of shares	149,524	1,833,570	1,900,000	475,000	1,777,111
By conversions of bonds	75,822,270	28,463,275	35,546,990	72,916,468	90,170,427
By stock options	403,650	1,087,500	1,155,000	2,310,000	-
By stock warrants	39,889,217	67,200	167,336	2,355,504	4,053,504
Operations and results					
Revenue net of taxes	6,064	(12,573)	6,368	5,431	24,919
Income (loss) before taxes, employee profit-sharing, amortization and provisions	(10,709)	(16,643)	13,080	(5,916)	(6,004)
Income tax	(423)	(267)	(753)	(247)	(297)
Employee profit-sharing	-	-	-	-	-
Income (loss) after taxes, employee profit-sharing, amortization and provisions	(6,770)	(51,449)	(11,719)	(45,665)	(89,829)
Income distributed	-	-	-	-	-
Earnings per share (undiluted)					
Income (loss) before taxes, employee profit-sharing, amortization and provisions	(0.06)	(0.26)	0.20	(0.05)	(0.05)
Income (loss) after taxes, employee profit-sharing, amortization and provisions	(0.04)	(0.79)	(0.18)	(0.36)	(0.81)
Dividends paid	-	-	-	-	-
Earnings per share (diluted)					
Income (loss) before taxes, employee profit-sharing, amortization and provisions	(0.04)	(0.17)	0.13	(0.03)	(0.03)
Income (loss) after taxes, employee profit-sharing, amortization and provisions	(0.02)	(0.53)	(0.11)	(0.22)	(0.44)
Dividends paid	-	-	-	-	-
Employees					
Average number of employees	23	21	21	23	23
Total salary expenses	1,683	1,841	1,854	2,186	4,030
Employee benefits paid	867	1,096	947	1,052	1,292

4.7 EVENTS AFTER YEAR-END AND PROSPECTS

4.7.1 Events after year-end 2014

Stock warrants

Between December 9, 2014 and February 28, 2015, 217,563 stock warrants were exercised, which led to the creation of 72,521 new shares.

Excluding the events mentioned above, no significant change in the financial or commercial position of the Group occurred since December 31, 2014.

4.7.2 Future prospects

During the second half of 2014, THEOLIA successfully performed a financial restructuring plan, which included in particular:

- a capital increase in the amount of 59.8 million euros;
- the early partial redemption of 59.8 million euros of its convertible bond; and
- the change in the terms of the convertible bonds, including mainly the rescheduling of the redemption of the remaining convertible bond into 4 installments, distributed over the next 5 years.

This operation enabled the Group to strengthen its balance sheet, by reinforcing its shareholders' equity and reducing its debt. The Group's financial structure is now fitted to its strategy to actively carry on its development.

The Group has strong bases for its future organic development, with in particular, as at December 31, 2014, 219 MW which already received all necessary authorizations and which may be implemented or sold. This portfolio notably includes the first 100 MW phase of its great 300 MW project under development in Morocco.

Moreover, since 2011, the Group is implementing a co-investment strategy which enables it to expand with a reduced contribution of equity. The Group is willing to carry on this strategy and considers performing additional disposals of wind farms and projects to its investment vehicle in the short and medium term.

Finally, an operational restructuring performed over several years enabled the Group to significantly reduce and maximize its organization.

On these grounds, the Group is today ready to grow. Its main objective is to expand its operational assets in order to strengthen its profitability and create value.

The Group actively carries on the construction of the Haute Borne wind farm (21 MW in France), the commissioning of which is planned for the second half of 2015. Besides, the Group considers launching the construction of 3 wind farms in France by the end of 2015, for an estimated aggregated capacity of 52 MW.

4.7.3 Earnings forecasts or estimates

The Company does not publish forecasts or estimates.

5 Financial statements

5.1 CONSOLIDATED FINANCIAL STATEMENTS

5.1.1 Income statement

(in thousand euros)	Notes	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Revenue	4.4	**101,127**	**95,867**	**95,447**
Change in inventories of finished goods and work in progress		(10,821)	(5,854)	(5,941)
External expenses		(30,403)	(29,885)	(30,891)
Tax		(2,003)	(1,940)	(1,863)
Staff costs	7.2	(8,312)	(9,523)	(9,607)
Operating provisions	9.1	2,183	1,969	2,390
Other operating income and expenses	4.5	1,737	859	1,041
EBITDA	4.4	**53,509**	**51,494**	**50,575**
Amortization	5.4	(37,278)	(36,118)	(35,300)
Current provisions	9.1	192	341	341
Current operating income	4.4	**16,423**	**15,717**	**15,616**
Non-current provisions	9.1	(629)	(1,750)	(2,084)
Other non-current income and expenses	4.4	(1,709)	(1,950)	(1,982)
Share in income of joint ventures and associates	10.1	(72)	(2,064)	(4)
Operating income (before impairment)		**14,013**	**9,953**	**11,547**
Impairment	5.5	(6,463)	(15,979)	(16,004)
Operating income (after impairment)		**7,550**	**(6,026)**	**(4,458)**
Cost of net financial debt	6.3	(28,770)	(38,989)	(39,311)
Other financial income	6.3	3,866	8,310	7,851
Other financial expenses	6.3	(4,617)	(8,999)	(7,961)
Financial income	6.3	**(29,521)**	**(39,678)**	**(39,421)**
Corporate tax expenses	11	(4,945)	(1,991)	(2,519)
Net income from continuing operations		**(26,916)**	**(47,696)**	**(46,399)**
Net income for the year from discontinued activities	3.3	(133)	1,111	1,111
NET INCOME OF THE CONSOLIDATED GROUP		**(27,050)**	**(46,583)**	**(45,286)**
of which Group share		(25,221)	(42,013)	(41,210)
of which non-controlling interests		(1,829)	(4,571)	(4,076)
Earnings and diluted earnings per share of the consolidated Group (in euros)		(0.35)	(0.65)	(0.64)

5.1.2 Comprehensive income

(in thousand euros)	2014/12/31	2013/12/31 Restated	3/12/31 Published
Net income of the consolidated Group	**(27,050)**	**(46,583)**	**(45,286)**
Fair value of derivative instruments	(3,746)	4,219	3,362
Currency translation adjustments	590	422	422
Deferred tax	1,211	(930)	(643)
Items reclassifiable to net income	**(1,945)**	**3,711**	**3,141**
Actuarial gains and losses on retirement benefit obligation	(48)	-	-
Deferred tax	16	-	-
Items not reclassifiable to net income	**(32)**	**-**	**-**
COMPREHENSIVE INCOME	**(29,027)**	**(42,872)**	**(42,145)**

5.1.3 Balance sheet

(in thousand euros)	Notes	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Goodwill	5.1	36,853	38,327	39,402
Intangible assets	5.2	57,409	64,891	66,008
Tangible assets	5.3	442,556	480,034	482,059
Investments in joint ventures and associates	10.1	-	12	11
Non-current financial assets	6.1	20,213	17,159	12,797
Deferred tax assets	11.2	5,801	2,239	1,343
Non-current assets		**562,832**	**602,663**	**601,620**
Inventories and work in progress	8.2	4,933	5,078	5,078
Trade and other receivables	8.3	24,537	25,010	26,170
Other current assets	8.3	12,724	14,650	15,186
Current financial assets	6.1	446	328	205
Cash and cash equivalents		77,881	84,822	84,722
Current assets		**120,521**	**129,886**	**131,361**
Assets classified as held for sale	3.3	9,158	11,630	11,630
TOTAL ASSETS		**692,511**	**744,180**	**744,611**

(in thousand euros)	Notes	2014/12/31	2013/12/31 Restated	Published
Share capital	12.1	18,528	90,853	90,853
Share premiums		348,781	305,663	305,663
Retained earnings		(194,548)	(236,727)	(227,359)
Net income of the consolidated scope, Group share		(25,221)	(42,013)	(41,210)
Shareholders' equity, Group share		**147,540**	**117,777**	**127,947**
Non-controlling interests	12.3	(19,391)	(16,474)	(17,070)
Shareholders' equity		**128,149**	**101,303**	**110,877**
Non-current financial liabilities	6.1	383,660	462,717	445,791
Provisions - non-current share	9.1	39,513	34,593	21,531
Retirement benefit obligation	7.3	227	205	205
Deferred tax liabilities	11.2	59,922	54,154	54,245
Other non-current liabilities		6,464	6,686	6,969
Non-current liabilities		**489,786**	**558,355**	**528,741**
Current financial liabilities	6.1	36,286	43,178	63,068
Provisions - current share	9.1	-	39	374
Trade and other payables	8.4	29,018	29,131	29,389
Tax and social security liabilities	8.4	4,231	4,137	4,115
Current corporate tax liabilities		263	285	293
Current liabilities		**69,798**	**76,770**	**97,239**
Liabilities directly associated with assets classified as held for sale	3.3	4,778	7,754	7,754
TOTAL EQUITY AND LIABILITIES		**692,511**	**744,180**	**744,611**

5.1.4 Cash flow statement

(in thousand euros)	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Net income of the consolidated Group	**(27,050)**	**(46,583)**	**(45,286)**
Net income from discontinued activities	(133)	1,111	1,111
Elimination of amortization, depreciation and provisions	44,680	57,936	56,708
Elimination of change in deferred tax	4,948	1,977	2,505
Elimination of capital gains/losses from disposals	86	(49)	(49)
Elimination of the share in income of joint ventures and associates	72	2,064	3
Financial expenses	27,628	37,384	38,428
Other income and expenses with no effect on cash	929	(3,432)	(3,991)
Gross cash flow	**51,160**	**50,407**	**49,428**
Change in working capital requirements	1,629	6,610	6,872
Corporate tax paid	(1,360)	2,419	2,047
Cash flows from discontinued activities	(92)	(722)	(722)
Net cash flow from operating activities	**51,337**	**58,713**	**57,625**
Acquisitions of fixed assets	(8,074)	(11,563)	(9,157)
Acquisitions of financial assets	-	(50)	(50)
Disposals of fixed assets	8,327	110	123
Change in loans granted	(1,937)	5,587	5,897
Net effect of change in scope of consolidation (acquisitions/disposals)	1,763	23,707	23,707
Net cash flow from investing activities	**79**	**17,791**	**20,519**
Treasury shares	-	(98)	(98)
Increase (decrease) in share capital	55,122	-	-
Loan and other debt subscriptions	14,470	1,084	1,152
Repayments of loans and other debt	(101,833)	(35,067)	(36,301)
Interest paid	(26,206)	(27,041)	(27,327)
Net cash flow from financing activities	**(58,447)**	**(61,123)**	**(62,574)**
Effect of change in exchange rates	109	(41)	(41)
CHANGE IN CASH AND CASH EQUIVALENTS	**(6,923)**	**15,340**	**15,529**

5.1.5 Changes in shareholders' equity

(in thousand euros)	Share capital	Share premiums	Currency translation adjustments	Change in fair value and other	Consolidated reserves and income	Shareholders' equity - Group share	Non-controlling interests	Total shareholders' equity
As at 2012/12/31 (published)	**90,840**	**305,655**	**744**	**(4,910)**	**(226,851)**	**165,477**	**66**	**165,543**
Impact related to IFRSs 10 and 11 enforcement					(9,368)	(9,368)	1,091	(8,277)
As at 2013/01/01 (restated)	**90,840**	**305,655**	**744**	**(4,910)**	**(236,219)**	**156,109**	**1,157**	**157,266**
Expenses and income directly recorded under shareholders' equity			422	2,719		3,141	571	3,712
Net income of the consolidated scope, Group share					(42,013)	(42,013)	(4,571)	(46,584)
Comprehensive income	**-**	**-**	**422**	**2,719**	**(42,013)**	**(38,872)**	**(4,000)**	**(42,872)**
Bond conversions	13	9				22		22
Share-based payments					649	649		649
Treasury shares					(117)	(117)		(117)
Transactions between shareholders					(15)	(15)		(15)
Other reclassifications					1	1	(13,631)	(13,630)
As at 2013/12/31	**90,853**	**305,663**	**1,166**	**(2,191)**	**(277,714)**	**117,777**	**(16,474)**	**101,303**
Expenses and income directly recorded under shareholders' equity			590	(1,433)		(843)	(1,134)	(1,977)
Net income of the consolidated scope, Group share					(25,221)	(25,221)	(1,829)	(27,050)
Comprehensive income	**-**	**-**	**590**	**(1,433)**	**(25,221)**	**(26,064)**	**(2,963)**	**(29,027)**
Increase in share capital	11,955	47,819				59,774		59,774
Decrease in share capital	(84,366)				84,366	-		-
Expenses paid for increase in share capital		(4,652)				(4,652)		(4,652)
Bond conversions	6	31				37		37
Share-based payments	80	(80)			657	657		657
Treasury shares					35	35		35
Transactions between shareholders					(9)	(9)	28	19
Other reclassifications					(16)	(16)	18	2
AS AT 2014/12/31	**18,528**	**348,781**	**1,756**	**(3,624)**	**(217,901)**	**147,540**	**(19,391)**	**128,149**

5.1.6 Notes to the consolidated financial statements

Contents of the notes

The presentation of notes appended to the consolidated financial statements changed compared to the one used for 2013 financial statements, in order to make them easier to read and more pertinent, in compliance with recommendations from the French Financial Markets Authority (AMF). The major part of accounting principles previously gathered into only one note (former note 2) are now included in the other notes. The previous notes regarding the income statement and the balance sheet are now distributed by main topics.

NOTE 1 GENERAL INFORMATION

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

The Group's activities are primarily in Europe.

The fiscal year for which the financial statements are established began on January 1, 2014 and ended on December 31, 2014. The Group's financial statements were approved by the Board of Directors on March 31, 2015.

NOTE 2 ACCOUNTING PRINCIPLES

2.1 Accounting principles applied

In compliance with regulation EC No. 1606/2002 dated July 19, 2002, the consolidated financial statements for the period from January 1, 2014 to December 31, 2014 are established in accordance with IFRSs (International Financial Reporting Standards) published by the IASB (International Accounting Standards Board) as at December 31, 2014 and with adoption of regulations published in the Official Journal of the European Union as at the date the financial statements were closed. IFRS principles include both IFRSs and IASs (International Accounting Standards), as well as their interpretation (IFRIC and SIC), available at the following address: http://ec.europa.eu/internal_market/accounting/ias_fr.htm.

The accounting principles applied as at December 31, 2014 are similar to those for the preceding fiscal year, except for the implementation of IFRSs 10 and 11.

New standards, amendments and interpretations applicable as of January 1, 2014

The standards, amendments or interpretations listed below were applied permanently to all of the periods shown in the financial statements, unless otherwise required by specific transition provisions.

<table>
<tr><th>Standards and interpretations</th><th>Denomination</th><th>Possible impact on the Group's financial statements</th></tr>
<tr><td>Amendment IAS 27 (2011)</td><td>Separate Financial Statements</td><td rowspan="5">These amendments and interpretations had no impact on these financial statements</td></tr>
<tr><td>Amendment IAS 28 (2011)</td><td>Investments in Associates and Joint Ventures</td></tr>
<tr><td>Amendment IAS 32</td><td>Offsetting Financial Assets and Financial Liabilities</td></tr>
<tr><td>Amendment IAS 36</td><td>Recoverable amount disclosures for non-financial assets</td></tr>
<tr><td>Amendment IAS 39 and IFRS 9</td><td>Novation of OTC Derivatives and Continuing Designation for Hedge Accounting</td></tr>
<tr><td>IFRS 10</td><td>Consolidated Financial Statements</td><td rowspan="5">Impact from these standards and amendments is described in note 3</td></tr>
<tr><td>IFRS 11</td><td>Joint Arrangements</td></tr>
<tr><td>IFRS 12</td><td>Disclosure of Interests in Other Entities</td></tr>
<tr><td>Amendment IFRS 10 and 12 and IAS 27</td><td>Investment Entities</td></tr>
<tr><td>Amendment IFRS 10, 11 and 12</td><td>Transition Guidance</td></tr>
</table>

New standards, amendments and interpretations applicable as of January 1, 2015 not anticipated by the Group:

- IFRIC 21 “Levies Charged by Public Authorities”.

New standards, amendments and interpretations not anticipated by the Group not yet adopted by the European Union but subject to early application in 2014 as they interpret texts already adopted:

- Amendment IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”;
- Amendment IAS 27, “Equity Method in Separate Financial Statements”;
- Amendment IAS 16 and IAS 41 “Agriculture: Bearer Plants”;
- Amendment IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”;
- Amendment IAS 19, “Defined Benefit Plans: Employee Contributions”;
- Amendment IFRS 11, “Accounting for Acquisitions of Interests in Joint Operations”;
- Annual improvements – 2010-2012 cycle;
- Annual improvements – 2011-2013 cycle;
- Annual improvements – 2012-2014 cycle.

Standards, amendments and interpretations not yet applicable as not yet adopted by the European Union:

- IFRS 9 “Financial Instruments: Classification and Measurement”, “Impairment of Financial Assets” and “Hedge accounting excluding macro hedge accounting”;
- IFRS 14 “Regulatory Deferral Accounts”;
- IFRS 15 “Revenue from Contracts with Customers”.

2.2 Basis for preparing the financial statements

The comparative information provided concerns the fiscal year ended on December 31, 2013.

Financial statements are shown in thousand euros, unless otherwise indicated, rounded up to the nearest superior thousand euros.

IFRS principles require the retrospective amendment of the comparative information published in the following cases:

- Definitive allocation of goodwill from business combination transactions (IFRS 3);
- Application of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations;
- Application of IFRS 10 “Consolidated Financial Statements” and IFRS 11 “Joint Arrangements”;
- Changes in Accounting Estimates and Errors (IAS 8).

The Group’s consolidated financial statements are issued according to the going concern principle and the historical cost principle, with the exception of certain financial instruments and financial assets available for sale that are evaluated at fair value.

2.3 Judgments and estimates

Establishing financial statements according to IFRSs requires the Group’s Management to make assumptions adopted to calculate financial estimates, which by their nature carry a certain amount of uncertainty. These estimates are based on comparable historical data and on various assumptions that, considering the circumstances, are considered as the most reasonable and likely.

Without revisiting the foregoing, estimates were made within a context of a rapidly changing environment and markets. With this in mind, new information may be acquired or new events may occur, which could lead to significantly challenge certain assumptions that today are considered as reasonable.

The accounts and information subject to significant estimates primarily concern intangible assets, tangible assets, goodwill, other non-current assets, derivative financial instruments, provisions for risks and expenses and deferred tax assets.

As these assumptions are uncertain, the actual numbers may vary from these estimates. The Group regularly reviews its estimates and assessments to take into account past experience and integrate those factors deemed relevant in light of economic conditions.

The key assumptions are:

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

NOTE 3 CONSOLIDATION SCOPE

3.1 Accounting principles related to the consolidation scope

3.1.1 Consolidation methods

Controlled entities

Subsidiaries are consolidated using the global integration method when the Group considers that it controls them. IFRS 10 “Consolidated Financial Statements” introduces a new single control model based on three criteria: “an investor controls an entity when it is exposed or entitled to variable yield due to its links with the entity or when it is able to influence the yield due to the power it has on the entity”. Said links are not exclusively linked to the existence of direct or indirect rights in the share capital.

Before, control was defined in the IAS 27, as well as in interpretation SIC 12 “Consolidation – Special Purpose Entities”, such as the power to direct the financial and operational policies of an entity to obtain benefits from its activities.

Subsidiaries and structured entities (formerly known as special purpose entities) are accounted using the global integration method as of the date when effective control is transferred to the Group. They are deconsolidated as at the date when this control ends.

Profit or loss from subsidiaries acquired or sold during the fiscal year is included in the consolidated income statement, respectively either as of the date control was acquired or up to the date control was lost.

Where applicable, restatements are made on financial statements of subsidiaries to harmonize and homogenize the accounting principles used with those of the other businesses within the scope of consolidation.

All intra-group balances and operations are eliminated in the consolidation.

Associates

Associates are businesses in which the Group exercises a significant influence over operational and financial policies without holding control. In general, these are companies in which the Group holds at least 20% of voting rights.

Joint arrangements

IFRS 11 replaces IAS 31 “Interests in Joint Ventures” and interpretation SIC 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”.

This new standard defines the way a joint arrangement through which at least two parties exercise joint control has to be handled.

In compliance with this new standard, only two types of joint arrangements exist: joint ventures and joint activities, as the classification of joint arrangements is based on the rights and obligations of each of the parties in the joint arrangement, taking notably into account the structure, legal form of agreements, the rights granted to each party by agreements, as well as the facts and circumstances as the case may be.

A joint venture is a joint arrangement in which the parties ("Venturers") which exercise joint control over the entity have rights on its net assets.

A joint activity is a joint arrangement in which the parties ("Participants") have direct rights on the assets, and obligations regarding the liabilities of the entity.

In compliance with IAS 31, the Group accounted its joint arrangements, performed as joint ventures, using the proportionate consolidation method.

In compliance with IFRS 11, joint arrangements qualified as joint ventures have to be accounted using the equity method (the proportionate consolidation method is no longer authorized).

Joint control means the contractually agreed sharing of control over an entity, which only exists in the event that decisions regarding the relevant activities require the unanimous agreement of the parties sharing that control.

Equity method

The Group's stakes in associates and joint ventures are recorded using the equity method. The financial statements of associates and joint ventures are included in the consolidated financial statements as of the date when significant influence or joint control started and until the date when significant influence or joint control is lost.

The balance sheet value of investment in associates includes the cost of purchasing the securities (including goodwill) plus or minus variations in the Group's share of net assets in the associate as of the purchase date. The income statement reflects the Group's share in income of the associate and joint venture.

Profit or loss from associates is included in operating income when the activities carried out by these companies are considered close to those of the Group (renewable energy).

3.1.2 Foreign currencies

The consolidated financial statements are presented in euros, which is the operational and presentation currency of the parent company. The operational currency of foreign subsidiaries is generally local currency.

Presentation of financial statements

Items in the balance sheet for entities located outside the Eurozone are converted at the closing exchange rate in effect in the operational currency and the items in the income statement are converted at the average exchange rate in effect in the operational currency.

Operations in foreign currency

Transactions in foreign currency are converted at the exchange rate in effect on the day of the operation.

3.1.3 Business combinations

Business combinations subsequent to January 1, 2010 are recorded according to the purchase method defined by revised IFRS 3. The cost of a purchase corresponds to the fair value of the assets remitted, company treasury instruments issued and liabilities incurred or taken on as at the date of the exchange.

When an exclusively controlled business is first consolidated, to the extent that reliable evaluation is possible, fair value is used to evaluate the acquired company's assets, liabilities and any liabilities due to past events corresponding to existing obligations as at the purchase date, except for exceptions specifically indicated in revised IFRS 3.

The goodwill entered on the consolidated balance sheet represents the difference between:

- the sum of the following elements:
  - purchase price for transfer of control,
  - amount of minority interests in the acquired company, determined either at the fair value on the purchase date (full goodwill method), or on the basis of their share in the fair value of the net identifiable assets and liabilities acquired (partial goodwill method); this option is opened transaction by transaction,
  - and for purchases in stages, fair value on the purchase date of the Group's share before the transfer of control;
- and the net amount of identifiable assets acquired and identifiable liabilities taken on, evaluated at their fair value on the purchase date.

When the purchase cost is lower than the fair value of the Group's share in acquired identifiable assets and assumed identifiable liabilities of the acquired subsidiary, the difference is recorded directly on the income statement.

Price supplements are evaluated at fair value on the purchase date; they are evaluated definitively within 12 months following the purchase date. Any subsequent variation in these price supplements is recorded in profit or loss for the period. The standard provides a period of 12 months to finalize evaluation of these price supplements.

The costs directly attributable to a business combination are recorded as expenses in the income statement for the period.

After its original entry, goodwill undergoes an annual impairment test. The test is done more often if impairment indicators appear between the two annual tests.

The identification and evaluation of assets and liabilities acquired are done provisionally on the purchase date.

The identification and evaluation are done definitively within a period of 12 months following the purchase date. When the original entry is modified within 12 months, this modification is recorded retrospectively, as if the definitive values had been recorded directly on the purchase date. The impact of the change in value noted after expiration of the allocation period compared to the values attributed to the assets acquired and liabilities taken on at the time of the first consolidation is recorded in a forward-looking manner, in the income statement for the fiscal year in which the change is noted and for subsequent fiscal years, where applicable, without adjustment of goodwill.

If the modifications of the original entry of the combination are related to correction of an error, then there is a retrospective modification of values attributed to the acquired assets and liabilities, as well as non-controlling stakes in companies or purchase price elements, as if their corrected fair value had been recorded on the purchase date.

For purchases of additional interests in a subsidiary made since January 1, 2010, which do not change control exercised over the entity, the difference between the stock purchase price and the added proportion of consolidated shareholders' equity is recorded as shareholders' equity attributable to the Group's parent company owners, leaving unchanged the consolidated value of the subsidiary's identifiable assets and liabilities including goodwill. The share of these purchases paid in cash, net of the associated purchase costs, is classified under cash flow from financing activities in the consolidated cash flow statement.

For assignments of interests made since January 1, 2010, which do not change control exercised over the entity, the difference between the fair value of the security transfer price and the proportion of consolidated shareholders' equity that these securities represent on the date of their transfer is recorded as shareholders' equity attributable to the Group's parent company owners, leaving unchanged the consolidated value of the subsidiary's identifiable assets and liabilities including goodwill. The share of these transfers, received as cash, net of the associated transfer costs, is classified under cash flow from financing activities in the consolidated cash flow statement.

Assignments of interests made since January 1, 2010, involving the loss of exclusive control, generally give rise to constitution of a profit (loss) from disposal posted to the income statement, calculated based on the entire stake as at the date of the transaction. Any residual stake retained is thus evaluated at its fair value in the income statement at the time of loss of exclusive control. When the security transfer operation is analyzed as a contribution of assets in a jointly-controlled entity, the share of the retained assets and liabilities remains recorded at its historic value, without posting the profit (loss) from the disposal pursuant to the SIC 13 interpretation.

3.2 Changes in the scope of consolidation

3.2.1 *Main events of the fiscal year*

Disposals

During the first half of 2014, THEOLIA carried on its strategy to withdraw from its non-wind activities. Hence, on March 27, 2014, THEOLIA sold Seres Environnement, a company operating in the field of designing and manufacturing instruments to measure and analyze air and water quality, and on May 30, 2014, THEOLIA sold its photovoltaic power plant located in Germany.

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

Group further development

In 2014, THEOLIA carried on the construction of the Haute Borne wind project, in the Somme French department. This project, financed through a long-term loan entered into in April 2014, will include 3 MW wind turbines, therefore bringing the total installed capacity of the future wind farm to 21 MW. The wind farm is planned to be commissioned during the second half of 2015.

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

Besides, in July 2014, THEOLIA obtained a new building permit free from any third-party claim for the installation of 7 wind turbines in the Charente-Maritime department in France. As long as the turbine type is not selected, the future wind farm's total capacity is estimated to 21 MW. As at December 31, 2014, THEOLIA held 219 MW in its pipeline which already received all necessary authorizations and which may be implemented or sold.

Finally, THEOLIA carries on the development of the first 100 MW phase of the Moroccan project, being currently finalizing the selection of the turbine supplier.

3.2.2 *Consolidated entities*

For fiscal year 2014, the scope of consolidation includes, in addition to the parent company:

- 102 companies in which it holds direct or indirect exclusive control (compared to 110 as at December 31, 2013 restated); and
- 6 companies in which it exercises significant influence (compared to 7 as at December 31, 2013 restated).

The full list of these companies is shown in note 15 "List of consolidated companies".

Creations

Entities	% interest	% control	Consolidation method	Country	Business segment
CENTRALE EOLIENNE DES MESNILS	100.00%	100.00%	Global integration	France	Development, construction, sale
THEOLIA AM	100.00%	100.00%	Global integration	Corporate	Corporate

Disposals

On March 27, 2014, THEOLIA sold Seres Environnement (and its subsidiaries), a company operating in the field of designing and manufacturing instruments to measure and analyze air and water quality. This disposal is part of THEOLIA's strategy to withdraw from its non-wind activities.

During the second half of 2014, the Group sold a company holding a 6 MW wind farm in Germany.

Entities	% interest	% control	Consolidation method	Country	Business segment
Marklohe Infra GmbH & Co.KG	100.00%	100.00%	Global integration	Germany	Operation
WINDKRAFT DIETLAS GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Sales of electricity for own account
SERES ENVIRONNEMENT TECHNOLOGY (beijing) Co Ltd	51.00%	51.00%	Equity method	China	Non-wind activity
SERES ENVIRONNEMENT SAS	100.00%	100.00%	Global integration	France	Non-wind activity
SERES ENVIRONNEMENT MAGHREB SA	99.87%	99.87%	Global integration	Morocco	Non-wind activity

Mergers/liquidations

In the scope of the simplification of the legal organizational chart, the Group performed, in 2014, merger or liquidation operations. The entities involved are stated below:

Entities	% interest	% control	Consolidation method	Country	Business segment
WINDHAGEN PROJEKT WALTROP Gmbh & Co.KG	100.00%	100.00%	Global integration	Germany	Sales of electricity for own account
THEOLIA CEE Gmbh	100.00%	100.00%	Global integration	Austria	Development, construction, sale
CWP GmbH	52.00%	52.00%	Global integration	Germany	Sales of electricity for own account

It is specified that these operations have no effect on the consolidated figures.

3.2.3 Impact of the retrospective application of IFRSs 10 "Consolidated Financial Statements" and 11 "Joint Arrangements"

IFRSs 10 and 11 regarding consolidation were published in May 2011 and adopted by the European Union on December 29, 2012, with a mandatory retrospective application at the latest as from January 1, 2014.

Application of these standards, as well as their amendment "Transition Guidance", as at January 1, 2014, forced the Group to review the control exercised over companies accounted using the proportionate consolidation method.

The conclusion of this analysis resulted in the change in the accounting method for six companies (of which three wind farms).

Pursuant to the former standard on joint arrangements (IAS 31), the Maestrale Project Holding SA, Neoanemos Srl, Aerochetto Srl and THEOLIA Utilities Investment Company companies were considered as entities under joint control. Provisions of IFRS 11 indicate that these companies are joint ventures and not joint activities. Therefore, they have to be accounted using the equity method.

Analysis of the control of the Centrale Éolienne des Gargouilles and Centrale Éolienne de Magremont companies pursuant to the new standards led the Group to consider that it has broad power on the operational and administrative management of both abovementioned wind farms, including the capacity to have an effect on the yield through the maintenance of the wind turbines, flow management, etc. Consequently, the Group considers that it holds exclusive control over these wind farms and accounts them using the global integration method.

In accordance with standards, the Group implemented this change in consolidation method retrospectively by considering that the companies concerned had been consolidated from the beginning according to these methods. In particular, it led to eliminate all internal margins included in non-current assets (fully consolidated companies) and not to eliminate the portion of depreciation on intercompany receivables (companies accounted using the equity method).

The impact on the comparative information is presented below:

Income statement as at December 31, 2013

(in thousand euros)	THEOLIA Group published 2013/12/31	IFRS 10 and 11 impacts	THEOLIA Group restated 2013/12/31
Revenue	**95,447**	**419**	**95,867**
Changes in inventories of finished goods and work in progress	(5,941)	87	(5,854)
External expenses	(30,891)	1,006	(29,885)
Staff costs	(9,607)	83	(9,523)
Tax	(1,863)	(76)	(1,940)
Other operating income and expenses	1,040	(181)	859
Operating provisions	2,390	(420)	1,969
EBITDA	**50,575**	**918**	**51,494**
Net amortization and current provisions	(34,959)	(818)	(35,777)
Current operating income	**15,616**	**101**	**15,717**
Impairment	(16,004)	26	(15,979)
Non-current provisions	(2,084)	335	(1,750)
Other non-current income and expenses	(1,982)	32	(1,950)
Share in income of joint ventures and associates	(3)	(2,061)	(2,064)
Operating income	**(4,457)**	**(1,569)**	**(6,026)**
Cost of net financial debt	(39,311)	323	(38,989)
Other financial income and expenses	(110)	(579)	(689)
Financial income	**(39,421)**	**(257)**	**(39,678)**
Corporate tax expenses	(2,519)	528	(1,991)
Net income from continuing operations	**(46,397)**	**(1,298)**	**(47,695)**
Net income for the year from discontinued activities	1,111	-	1,111
NET INCOME OF THE CONSOLIDATED GROUP	**(45,286)**	**(1,298)**	**(46,583)**
of which Group share	(41,210)	(803)	(42,013)
of which non-controlling interests	(4,076)	(495)	(4,571)

Balance sheet as at December 31, 2013

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

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

3.2.4 Consolidation of structured entities

Since 2013, the Group has consolidated Breeze Two Energy using the global integration method. The information indicated below describes the analysis carried out, which enables the Group to be considered as controlling this company.

Breeze Two Energy GmbH & Co KG ("Breeze Two Energy") owns a number of wind farms, in Germany through direct ownership and, in the case of farms located in France, through a subsidiary (Eoliennes de Suroit SNC). Wind farms in operation total 337 MW. The acquisition and/or construction of these farms was financed by a bond issuance with three categories, A, B and C, carried out in 2006. Debt A is the senior debt, collateralized by the operating assets.

5. FINANCIAL STATEMENTS

Breeze Two Energy is a German limited partnership managed by its managing partner, Breeze Two GmbH ("Breeze Two "), a company constituted under the laws of Germany.

On January 31, 2013, THEOLIA SA acquired, through its wholly-owned subsidiary BGE Investment S.à.r.l., 70% of Class C bonds in Breeze Two Energy, along with various rights conferred by them.

According to IFRS 10, an investor controls an entity if the following three conditions are met:

- it has power over the entity;
- it is exposed to variable yields due to its links with the entity; and
- it has the ability to exercise its power over the entity by influencing the level of yield it obtains.

The CEO of the managing partner Breeze Two has extensive powers in making management decisions regarding the operational, technical, financial and administrative activities of Breeze Two Energy, including those carried out by third parties. He is able to make decisions on the operational focus of the company, select service providers, and take action on financing structures. No third party can oppose his management decisions, or remove him from his position.

Through its wholly-owned subsidiary BGE Investment S.à.r.l, THEOLIA has the power to appoint the CEO of Breeze Two. On this basis, Fady Khallouf, CEO of THEOLIA, was also appointed as CEO of Breeze Two.

In relation to IFRS 10.B12, it appears from this evidence that THEOLIA has powers of oversight of the relevant activities undertaken by Breeze Two Energy.

Historically, the administrative management of Breeze Two Energy and the operational management of its wind farms were sub-contracted to third parties. THEOLIA's objective is ultimately to have these services carried out by its own existing teams.

THEOLIA intends to take over these contracts gradually, in order to avoid upheaval in its current operations. Administrative management of Breeze Two Energy has already been taken over by THEOLIA SA's teams. Operational management of Breeze Two Energy's wind farms located in France has also been taken over by the operational teams of THEOLIA France. Operational management of Breeze Two Energy's wind farms located in Germany will be gradually taken over by the operational teams of THEOLIA Naturenergien in Germany.

For every operational management contract of the wind farms owned by Breeze Two Energy, the Group receives remuneration based on a percentage of the turnover generated by the wind farm(s). This remuneration (i) is variable, since it is based on electricity production, which is, in turn, dependent on wind conditions, the availability rate of the turbines, and the quality of maintenance, and (ii) is set to increase as and when more management contracts are taken up by THEOLIA.

Furthermore, THEOLIA's actions are aimed at optimizing the availability of the farms and reducing Breeze Two Energy's operating costs, with a view to improving the entity's profitability in the long term and so increase the free cash flows it generates.

However, since the bond issuance carried out in 2006, Breeze Two Energy has not been in a position to honor all of the repayments on its Class B and C bonds.

Any increase in cash flow generated by Breeze Two Energy's wind farms will increase the amount of free cash flow available for repayment of bond debt and, in particular, repayment of junior C bond debt which is 70% held by THEOLIA, and the associated interest. It should be noted that no dividend distributions are possible until the maturity date for repayment of the bonds.

The quality of day-to-day initiatives undertaken by THEOLIA, either directly through the CEO of Breeze Two, or through the control of its sub-contractors, is intended to increase the operating cash flow generated by Breeze Two Energy, and ultimately to ensure repayments of its C bond.

Consequently the yields to which THEOLIA is exposed, including in particular the repayment of the C bond, are variable, since they depend on the performance of Breeze Two Energy, which is in turn dependent on the management decisions made by the general partner. This exposure to the variable yields of Breeze Two Energy is immediate and will continue for several years.

On the basis of the foregoing evidence, Breeze Two Energy is considered to be a controlled structured entity, without THEOLIA holding any equity instruments.

3.3 Business combination (reminder of operations during fiscal year 2013)

On January 31, 2013, the Group took control over Breeze Two Energy. Assets and liabilities included in the scope of consolidation of fiscal year 2013 are shown, as a reminder, in the table below:

(in thousand euros)	Breeze Two Energy (local GAAP)	Asset fair value adjustment	Financial debt revaluation	Fair value of consolidated assets and liabilities
Intangible assets	7,997	7,663		15,660
Tangible assets	194,410	41,345		235,755
Financial assets	2,861			2,861
Trade and other receivables	7,023			7,023
Other current assets	5,606			5,606
Cash and cash equivalents	25,227			25,227
Provisions	(1,924)	(6,481)		(8,405)
Deferred tax liabilities		21,193	(60,717)	(39,524)
Financial liabilities	(472,019)		223,593	(248,426)
Other non-current liabilities	(2,022)			(2,022)
Trade and other payables	(6,375)			(6,375)
Tax and social security liabilities	(409)			(409)
TOTAL NET CONSOLIDATED ASSETS	**(239,626)**	**63,720**	**162,877**	**(13,029)**
Non-controlling interests				**(13,029)**

Final determination of entry fair values of Breeze Two Energy's assets and liabilities was performed in compliance with the provisions of IFRS 3R. The works involved:

- non-current assets (tangible and intangible assets);
- provisions for dismantling;
- financial liabilities; and
- deferred taxes.

Non-current assets were valued through assessment techniques based on revenue. Indeed, based on the future cash flows of each of the consolidated wind farms, the Group calculated an enterprise value which was used as a basis for reassessment of tangible and intangible assets. Pursuant to IFRS 13, these data are level 3 data.

Provisions for dismantling were recalculated and updated as at the acquisition date, with the parameters used by the Group.

Financial debt relating to Class A and B bonds is subject to a valuation based on future discounted cash flows (use of level 3 observable data). The Class C bond financial debt is valued on the basis of the transaction performed by the Group.

3.4 Assets and liabilities held for sale

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

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

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

Asset values were depreciated based on the probable sale prices. A depreciation of (2,927) thousand euros appeared in this respect as at the closing of fiscal year 2013. As at December 31, 2014, this provision was readjusted to take into account changes in net assets: a depreciation of 1,453 thousand euros was recorded.

Information on the income statement

As at December 31, 2014

(in thousand euros)	THEOLIA Group pre-IFRS 5 2014/12/31	IFRS 5 restatments	THEOLIA Group restated for IFRS 5 2014/12/31
Revenue	105,707	(4,580)	101,127
EBITDA	54,108	(600)	53,509
Current operating income	17,180	(757)	16,423
Impairment	(6,463)		(6,463)
Operating income	8,086	(537)	7,550
Financial income	(29,667)	146	(29,521)
Net income from continuing operations	(26,529)	(388)	(26,916)
Net income for the year from discontinued activities		(133)	(133)
NET INCOME OF THE CONSOLIDATED GROUP	(26,529)	(521)	(27,050)
of which Group share	(24,700)	(521)	(25,221)
of which non-controlling interests	(1,829)		(1,829)

As at December 31, 2013

(in thousand euros)	THEOLIA Group (restated) pre-IFRS 5 2013/12/31	IFRS 5 restatments	THEOLIA Group restated for IFRS 5 2013/12/31
Revenue	105,006	(9,140)	95,867
EBITDA	52,128	(635)	51,494
Current operating income	16,234	(517)	15,717
Impairment	(15,979)		(15,979)
Operating income	(5,524)	(502)	(6,026)
Financial income	(39,850)	172	(39,678)
Net income from continuing operations	(47,259)	(436)	(47,695)
Net income for the year from discontinued activities		1,111	1,111
NET INCOME OF THE CONSOLIDATED GROUP	(47,259)	675	(46,583)
of which Group share	(42,688)	675	(42,013)
of which non-controlling interests	(4,571)		(4,571)

Information on the balance sheet

As at December 31, 2014

(in thousand euros)	THEOLIA Group pre-IFRS 5 2014/12/31	IFRS 5 restatments	THEOLIA Group restated for IFRS 5 2014/12/31
Non-current assets	570,358	(7,527)	562,829
Current assets	122,174	(1,649)	120,527
Assets classified as held for sale		9,158	9,158
TOTAL ASSETS	692,532	(18)	692,514
Shareholders' equity	128,149		128,149
Non-current liabilities	485,548	4,240	489,789
Current liabilities	74,454	(4,656)	69,798
Liabilities directly associated with assets classified as held for sale		4,778	4,778
TOTAL EQUITY AND LIABILITIES	692,532	(18)	692,514

As at December 31, 2013

(in thousand euros)	THEOLIA Group (restated) pre-IFRS 5 2013/12/31	IFRS 5 restatments	THEOLIA Group restated for IFRS 5 2013/12/31
Non-current assets	609,860	(7,196)	602,662
Actifs courants	134,338	(4,450)	129,890
Assets classified as held for sale		11,630	11,630
TOTAL ASSETS	**744,198**	**(16)**	**744,182**
Capitaux propres	101,303		101,303
Passifs non-courants	559,170	(815)	558,357
Passifs courants	80,797	(4,029)	76,769
Passifs liés aux activités en cours de cession		7,754	7,754
TOTAL EQUITY AND LIABILITIES	**744,199**	**(16)**	**744,182**

NOTE 4 SECTOR INFORMATION AND GROUP DATA

4.1 Recognizing revenue

Proceeds are recorded when the Group has transferred significant risks and benefits inherent to ownership to a purchaser, when it is neither participating in management nor in active control of the assigned assets, when it is likely that the economic benefits resulting from the sale will benefit the Group, and when the cost of the transaction can be evaluated reliably.

Electricity production

Sales recorded at wind farms correspond to sales of the electricity produced and sold to the operator pursuant to the various contracts, guaranteeing in particular the sales price according to volumes produced and sold.

Sales of the electricity produced from wind farms held and controlled by the Group are recognized on the basis of quantities produced and delivered during the period.

Sales of electricity for third parties are not recorded as revenue, except for a few cases in which, given contractual terms, the Group holds most of the transaction risk.

Purchase of wind farms for resale

The margin is generated upon disposal of the farm, in proportion to the number of MW sold.

Development, construction, sale of wind farms

Development and construction of wind farms to be operated by the Group for the purpose of selling them lead to the recording of revenue only on the date of the effective sale of wind farms previously classified as non-current assets. They are classified as inventories when the client is identified (signature of a sale contract) to dispose of the farm. The sale date corresponds then to the date of transfer of risks and benefits related to ownership.

4.2 Determination of the current operating income

The income statement is presented by type of expense.

Current operating income corresponds to the operating income before other income and expenses resulting from any isolated, clearly identified, non-recurring and significant events, namely:

- income of associates;
- impairment on goodwill and fixed assets recorded following impairment tests;
- substantial restructuring costs or expenses related to downsizing plans in light of major events or decisions; and
- expenses, income and provisions resulting from a litigation in a substantial or unusual amount, from major deployment or capital operations (costs for integrating a new business segment, etc.).

4.3 EBITDA (*Earnings Before Interest, Taxes, Depreciation and Amortization*)

EBITDA corresponds to the current operating income before amortization and non-operational risk provisions.

4.4 Sector information

Sector information shown is based on the internal reporting to the main operational decision-maker.

The Group defines its business segments as follows:

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

The “Sector information” note presents information by business segment on income and earnings.

As at December 31, 2014

Income statement *(in thousand euros)*	Wind activities Sales of electricity for own account	 Development, construction, sale	 Operation	Non-wind activity	Corporate	TOTAL
Revenue						
France	23,233	19	348	-	-	23,600
Germany	54,921	7,665	5,222	498	-	68,307
Italy	2,498	-	263	-	-	2,761
Morocco	6,119	-	-	-	-	6,119
Other countries	-	333	-	-	8	341
TOTAL	**86,770**	**8,017**	**5,833**	**498**	**8**	**101,127**
EBITDA	**57,761**	**(6,429)**	**2,044**	**413**	**(281)**	**53,509**
Current operating income	**21,467**	**(6,839)**	**1,891**	**175**	**(271)**	**16,423**
Impairment	(1,621)	(2,841)	-	-	(2,000)	(6,463)
Non-current provisions	6	(459)	(176)	-	-	(629)
Other non-current income and expenses	(11)	553	(1,225)	-	(1,025)	(1,709)
OPERATING INCOME	**20,290**	**(9,805)**	**489**	**175**	**(3,600)**	**7,550**

As at December 31, 2013

Income statement *(in thousand euros)*	Wind activities Sales of electricity for own account	 Development, construction, sale	 Operation	Non-wind activity	Corporate	TOTAL
Revenue						
France	22,819	655	483	-		23,957
Germany	54,055	1,079	5,495	1,110	-	61,739
Italy	2,326	-	265	-	-	2,591
Morocco	6,964	-	-	-	0	6,964
Other countries	-	619	-	-	(4)	616
TOTAL	**86,163**	**2,353**	**6,244**	**1,110**	**(4)**	**95,867**
EBITDA	**59,239**	**(9,204)**	**1,957**	**1,377**	**(1,873)**	**51,495**
Current operating income	**24,893**	**(9,464)**	**1,671**	**614**	**(1,997)**	**15,718**
Impairment	(1,384)	(14,059)	-	(536)	-	(15,979)
Non-current provisions	84	(2,338)	585	-	(81)	(1,750)
Other non-current income and expenses	282	37	(1,276)	-	(993)	(1,950)
OPERATING INCOME	**23,173**	**(27,133)**	**980**	**79**	**(3,123)**	**(6,024)**

4.5 Group data

Other operating income and expenses

(in thousand euros)	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Other income	11,163	1,447	2,513
Other expenses	(9,426)	(588)	(1,472)
TOTAL	1,737	859	1,041

Other income includes, in the amount of 1,569 thousand euros, compensation to be received in order to offset the loss related to hazards occurred during wind farm operation.

During the course of the fiscal year, the Group sold its photovoltaic power plant located in the Merzig-Wadern district in Saarland, Germany, with a power capacity of 2.9 MWp. The income from this disposal and the book value of the asset sold were booked respectively to “Other Income” and “Other expenses”.

After taking into account these items, other operating income and expenses do not include any significant items.

Other non-current income and expenses

(in thousand euros)	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Other non-current income and expenses	(1,709)	(1,950)	(1,982)
TOTAL OTHER NON-CURRENT INCOME AND EXPENSES	(1,709)	(1,950)	(1,982)

NOTE 5 GOODWILL AND FIXED ASSETS

5.1 Goodwill

5.1.1 Change in the item

(in thousand euros)	Gross amount	Impairment	Net amount
Amounts as at 2014/01/01	193,505	(155,178)	38,327
Impairment	-	(1,191)	(1,191)
Disposals	(1)	-	(1)
Other changes	(282)	-	(282)
AMOUNTS AS AT 2014/12/31	193,222	(156,369)	36,853

(in thousand euros)	Gross amount	Impairment	Net amount (restated)
Amounts as at 2013/01/01	199,095	(159,607)	39,489
Impact related to IFRSs 10 and 11 enforcement	(5,485)	4,410	(1,075)
Impairment	-	(93)	(93)
Disposals	(1)	2	1
Other changes	6		6
AMOUNTS AS AT 2013/12/31 RESTATED	193,506	(155,179)	38,327

Impairment recognized mainly concerned a wind farm located in Germany.

5.1.2 Allocation of goodwill by IGU

	2014/12/31			2013/12/31 Restated	2013/12/31 Published
(in thousand euros)	Gross amount	Impairment	Net amount	Net amount	Net amount
DCS* of wind projects/farms in France	11,309	(93)	11,217	11,217	11,217
DCS* of wind projects/farms in Germany	132,489	(112,144)	20,345	20,348	20,348
DCS* of wind projects/farms in Italy	9,722	(9,723)	-	-	-
DCS* of wind projects/farms in Spain	1,645	(1,645)	-	-	-
Sales of electricity for own account activity	36,346	(31,056)	5,292	6,762	7,838
Corporate activity	1,709	(1,709)	-	-	-
TOTAL	**193,221**	**(156,369)**	**36,853**	**38,327**	**39,402**

** Development, construction, sale.*

The Sales of electricity for own account activity is made up of as many IGUs as the number of wind farms in operation.

5.2 Intangible assets

Intangible assets are recorded at their purchase cost minus total amortization and potential impairment.

Costs related to projects can be generated internally or acquired through business combinations.

Projects are valuated at their production or purchase cost. An identifiable intangible asset generated internally resulting from the development of a project is recorded on the balance sheet if, and only if, the following conditions are met:

- technical feasibility of the project;
- intention to complete the intangible asset and to commission it or sell it;
- capacity to commission or sell the intangible asset;
- probability of generating future economic benefits;
- availability of technical and financial resources to complete project development; and
- capacity to evaluate in a reliable manner the expenses attributable to the fixed asset during its development.

When the conditions for recording a fixed asset generated internally are not met, development expenses are recorded under expenses or inventories for the fiscal year during which they are incurred.

When the Group acquires wind projects developed by companies which were taken over, those wind projects are valuated at their fair value. The value of the intangible asset thus determined therefore takes into account the fair value of all of the contracts acquired.

Costs related to these projects stop being capitalized as of the date projects are commissioned. They are then amortized according to the following provisions: the amortizable basis corresponds to the difference between the cost price and the estimated resale value, with the duration of amortization depending on the disposal agenda. The residual operating period projected by the Group before disposal to a third party is currently of approximately 5 years. Intangible assets related to wind farms which will not be sold before the end of the electricity buy-back contract are amortized over the duration of said contract (15 to 20 years).

The cost of loans used to finance the assets over a long startup or manufacturing period is incorporated into the entry cost of the fixed assets.

The amortization, calculated as of the date the fixed asset is commissioned, is recorded under expenses to reduce the book value of the assets over their estimated useful lifetime, according to the straight-line method and considering the residual value of the assets.

For contracts and licenses, amortization periods used are 2 to 4 years.

The amortization expense for fixed assets is recorded under “Amortization” in the income statement.

Intangible assets mainly consist of wind projects under development. They appear in “Assets under development” and thus are not amortized, however their value is tested at least once a year.

(in thousand euros)	Projects under development	Development costs	Software and similar rights	Other intangible assets	TOTAL
Gross amounts as at 2013/12/31 (published)	**42,734**	**36,157**	**896**	**72,059**	**151,846**
Impact related to IFRSs 10 and 11 enforcement	(24)	(1,476)	(1)	(502)	(2,003)
Gross amounts as at 2014/01/01 (restated)	**42,710**	**34,681**	**895**	**71,557**	**149,843**
Acquisitions and internally generated fixed assets	1,401	-	139	-	1,540
Decrease	(57)	-	-	(3,921)	(3,978)
Disposals	-	(1,798)	-	-	(1,798)
Currency translation adjustments	13	-	-	1,150	1,163
Other changes	1,140	(642)	-	(90)	408
GROSS AMOUNTS AS AT 2014/12/31	**45,207**	**32,241**	**1,034**	**68,696**	**147,178**
Total depreciation and amortization as at 2013/12/31 (published)	**(34,478)**	**(7,328)**	**(826)**	**(43,205)**	**(85,837)**
Impact related to IFRSs 10 and 11 enforcement	219	164	1	501	885
Total depreciation and amortization as at 2014/01/01 (restated)	**(34,259)**	**(7,164)**	**(825)**	**(42,704)**	**(84,952)**
Amortization	-	(1,729)	(43)	(3,701)	(5,473)
Depreciations/Reversals on impairment	(3,105)	-	-	(74)	(3,179)
Reversals on disposals	57	755	-	3,921	4,733
Currency translation adjustments		-	1	(822)	(821)
Other changes	(76)	-	-	-	(76)
TOTAL DEPRECIATION AND AMORTIZATION AS AT 2014/12/31	**(37,383)**	**(8,138)**	**(867)**	**(43,380)**	**(89,768)**
NET AMOUNTS AS AT 2013/12/31 (PUBLISHED)	**8,256**	**28,829**	**70**	**28,854**	**66,009**
Impact related to IFRSs 10 and 11 enforcement	195	(1,312)	-	(1)	(1,118)
NET AMOUNTS AS AT 2014/01/01 (RESTATED)	**8,451**	**27,517**	**70**	**28,853**	**64,891**
NET AMOUNTS AS AT 2014/12/31	**7,824**	**24,103**	**167**	**25,316**	**57,410**

Intangible assets mainly include:

- development costs incurred to obtain all authorizations necessary for the construction and operation of wind projects currently under development (“Projects under development” item);
- development costs incurred to obtain all authorizations necessary for the construction and operation of wind farms currently in operation (“Development costs” item); and
- the rights to operate the wind farm located in Morocco through a concession granted by the Moroccan administration (“Other intangible assets” item).

The impact related to application of IFRSs 10 and 11, amounting to (1,118) thousand euros, results from a change in the method of consolidation of three wind farms (cf. note 3.2.3).

The gross value of projects under development increased by 2,497 thousand euros. It consists primarily of the further development of the 300 MW wind farm project in Morocco.

The reversal of 755 thousand euros relates to the sale of a 6 MW wind farm under operation in Germany.

5.3 Tangible assets

Tangible assets are recorded at their purchase cost after deduction of amortization and potential impairment.

Fixed assets acquired within the framework of a business combination are evaluated at fair value on the purchase date. At each closing, the purchase cost is decreased by the cumulative amortization and potential impairment.

The amortization, calculated as of the date the fixed asset is commissioned, is recorded under expenses to reduce the book value of the assets over their estimated useful lifetime, according to the straight-line method and on the following basis:

• construction	20 years
• wind farms	5-20 years
• equipment and tools	4-10 years
• fittings and facilities	5-10 years
• office equipment and computer hardware	3-5 years
• office furniture	5-10 years

Wind farm amortization depends on the disposal agenda. The residual operating period projected by the Group before disposal to a third party is currently of approximately 5 years. The amortizable basis corresponds to the difference between the cost price and the residual resale value as at the end of the period. Wind farms which will not be sold before the end of the electricity buy-back contract are amortized over the duration of said contracts (15 to 20 years).

The amortization expense for fixed assets is recorded under "Amortization" in the income statement.

Lease agreements

The Group has no significant assets being subject to lease-financing agreements.

(in thousand euros)	Land	Fittings & fixtures	Projects under construction	Technical facilities (1)	Other tangible assets	TOTAL
Gross amounts as at 2013/12/31 (published)	6,328	4,150	24,934	799,493	3,375	838,280
Impact related to IFRSs 10 and 11 enforcement	(20)	(61)	(3,534)	(2,874)	(4)	(6,493)
Gross amounts as at 2014/01/01 (restated)	6,308	4,089	21,400	796,619	3,371	831,787
Acquisitions and internally generated fixed assets	3	-	9,960	81	145	10,189
Disposals	(39)	-	-	(21,837)	(381)	(22,257)
Currency translation adjustments	-	3	-	5	3	11
Other changes	-	-	226	1,479	(304)	1,401
GROSS AMOUNTS AS AT 2014/12/31	6,272	4,092	31,586	776,347	2,834	821,131
Total depreciation and amortization as at 2013/12/31 (published)	(1,177)	(2,378)	(16,540)	(333,485)	(2,642)	(356,222)
Impact related to IFRSs 10 and 11 enforcement	-	-	3,656	809	3	4,468
Total depreciation and amortization as at 2014/01/01 (restated)	(1,177)	(2,378)	(12,884)	(332,676)	(2,639)	(351,754)
Amortization	-	(310)	-	(31,393)	(103)	(31,806)
Depreciations for impairment	-	-	(2,005)	(88)	-	(2,093)
Reversals on disposals	-	-	-	7,063	-	7,063
Currency translation adjustments	-	(1)	-	(4)	1	(4)
Other changes	-	-	-	25	(5)	20
TOTAL DEPRECIATION AND AMORTIZATION AS AT 2014/12/31	(1,177)	(2,689)	(14,889)	(357,073)	(2,746)	(378,574)
NET AMOUNTS AS AT 2013/12/31 (PUBLISHED)	5,151	1,772	8,394	466,008	733	482,059
Impact related to IFRSs 10 and 11 enforcement	(20)	(61)	122	(2,065)	(1)	(2,025)
NET AMOUNTS AS AT 2014/01/01 (RESTATED)	5,131	1,711	8,516	463,943	732	480,033
NET AMOUNTS AS AT 2014/12/31	5,095	1,403	16,697	419,274	88	442,557

(1) Mainly relating to wind farms under operation.

The impact related to application of IFRSs 10 and 11 in the amount of (2,025) thousand euros results from a change in the method of consolidation of three wind farms (cf. note 3.2.3).

The Group holds investments in projects under construction, notably in a 21 MW wind farm in France. These investments are included under "Projects under construction" in the acquisition stream.

The decrease of (21,837) thousand euros under the "Technical facilities" item and the reversal of 7,063 thousand euros result from the sale of the photovoltaic power plant located in Germany in the second quarter, and from the sale, in the third quarter, of a 6 MW wind farm under operation in Germany.

The (31,393) thousand euro amortization of technical facilities mainly involves the following:

• wind farms in France (including Breeze Two Energy)	€(8,075) K
• wind farms in Germany (including Breeze Two Energy)	€(22,598) K
• wind farm in Italy	€(712) K

5.4 Amortization of tangible and intangible assets for the fiscal year

(in thousand euros)	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Germany	(24,298)	(23,721)	(23,721)
France	(8,972)	(8,781)	(7,073)
Italy	(862)	(457)	(1,347)
Morocco	(2,754)	(2,755)	(2,755)
Rest of the world	(317)	(294)	(294)
Holding company	(76)	(111)	(111)
TOTAL	(37,278)	(36,118)	(35,300)

Amortization recognized as at the end of the period is, for the most part, associated with the Group's operating wind farms.

5.5 Impairment on goodwill, tangible and intangible assets

The Group uses estimates and must use certain assumptions in order to (i) evaluate the expected asset life to determine their amortization period and (ii) record, where applicable, a depreciation on the balance sheet value of any fixed asset.

In order to ensure the correct valuation of its assets on the balance sheet, the Group regularly reviews certain indicators that, where applicable, would require a depreciation test.

Group Management believes that estimates and judgment are necessary for the annual depreciation tests because the determination of recoverable values presumes the use of assumptions concerning:

- determination of discounted rate of future cash flow generated by the assets or by the income generating units;
- determination of future operating cash flow, and its end value;
- estimate of the increase in sales generated by the tested assets; and
- estimate of the operating margin related to these assets for the future periods in question.

Assumptions used by the Group to calculate the recoverable value of its assets are based on past experience and outside data.

An impairment test is conducted:

- at least once a year, for assets with an indefinite lifetime, mainly goodwill, non-amortizable intangible assets and work in progress;
- each year, for assets with a definite lifetime;
- in the presence of indications of impairment at another time.

Except with the impairment indication, the annual test is done during the process of the annual budget forecast and the medium-term plan.

For the needs of the impairment test, goodwill is allocated to each of the income generating units ("IGU") that could benefit from business combination synergies. The IGUs correspond to homogeneous sets of assets whose continuous use generates an identifiable cash flow independent from the cash flow generated by other assets or groups of assets.

The Group's business segments are classified in the following categories:

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

The **Development, construction, sale** activity is subdivided into as many IGUs as countries involved, mainly France, Germany and Italy.

The **Sales of electricity for own account** and **Operation** activities are subdivided into as many IGUs as farms in operation.

The **Non-wind activity** is itself subdivided into as many IGUs as legal entities.

Depreciation is recorded in the amount of the surplus of the book value over the recoverable value of the asset.

The recoverable value is the higher amount between the fair value of the asset (or group of assets) net of the disposal costs and its value in use. The value in use is thus determined exclusively from the discounted future cash flows expected from the use of the asset (or group of assets).

To determine future growth rates, operating margin rates and operating cash flows generated by a specific asset, the Group uses the budgets from each entity for assets belonging to the Development, construction, sale IGU. For assets belonging to the Sales of electricity for own account IGU, the value in use for THEOLIA is representative of the future cash flows from each farm over its operating life. These cash flows are determined on the basis of electricity sales contracts.

The rate used to discount the associated cash flows is based on the activities that can be attached to the assets or groups of assets and takes into account the risks and the activities, as well as their geographical location. The rate is determined, according to the assets withheld, from the weighted average cost of capital (WACC) for the Sales of electricity for own account activity, and from the cost of capital for the Development, construction, sale activity.

All non-amortizable and amortizable assets of each IGU were tested on December 31, 2014.

Discount rates used by the Group are between 4.30% and 8.49% and break down as follows:

- Sales of electricity for own account IGU: 4.30% to 8.49%;
- Development, construction, sale IGU: 4.33% to 7.5%.

For the Development, construction, sale IGU, the recoverable values mainly correspond to the business plans of the relevant entities by country:

- Germany: the business plan concerns the operating wind farm sale and management activity;
- France: the business plans reflect the capacity to develop and then build wind farms for operation over an average duration of 5 years, before transferring them to third parties.

For the Sales of electricity for own account IGU, the main assumptions used are the following:

- probability rate of effective wind hours: this rate is mainly based on production track record of operating farms;
- duration of forecasts: projected duration of operation of the asset, i.e. 20 years as of the date of farm commissioning;
- end value: this value corresponds to the residual value (20% of the original investment net of taxes) after deduction of dismantling expenses. This leads on average to an end value representing 10% to 12% of the valuation of the asset.

This method of valuating farms intended for sale corresponds to that used by the market. In fact, the recoverable value of a farm intended to be assigned corresponds to the sum of its future discounted cash flows.

Any impairment is allocated to goodwill on a priority basis then, where applicable, to the other IGU assets, on a pro rata basis with their book value. Impairment allocated on goodwill is irreversible. It is recorded directly as expenses in the operating income in the “Impairment” item.

5.5.1 Impairment for the fiscal year

Details

Impairment recognized as at the end of the period is presented in the table below:

(in thousand euros)	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Impairment on intangible assets	(3,178)	(11,375)	(11,375)
Impairment on tangible assets	(2,093)	(4,511)	(4,537)
Impairment on goodwill	(1,191)	(93)	(93)
TOTAL	**(6,463)**	**(15,979)**	**(16,004)**

Breakdown by geographical zone and IGU

(in thousand euros)	Asset depreciation	Goodwill depreciation	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Development, construction, sale activity	47	-	47	(50)	(75)
Sales of electricity for own account activity	-	-	-	(859)	(859)
Corporate	(2,000)	-	(2,000)	-	
Impairment – France	**(1,953)**	**-**	**(1,953)**	**(909)**	**(934)**
Sales of electricity for own account activity	(150)	(1,471)	(1,621)	(525)	(525)
Non-wind activity	-	-	-	(536)	(536)
Impairment – Germany	**(150)**	**(1,471)**	**(1,621)**	**(1,061)**	**(1,061)**
Development, construction, sale activity	(3,169)	280	(2,889)	(14,009)	(14,009)
Impairment – Italy	**(3,169)**	**280**	**(2,889)**	**(14,009)**	**(14,009)**
TOTAL	**(5,271)**	**(1,191)**	**(6,463)**	**(15,979)**	**(16,004)**

Every year, the Group carries out impairment tests, primarily to ensure that the value of the non-amortizable assets is correctly recognized.

Impairment on the “Sales of electricity for own account activity” and “Non-wind activity” IGUs results from changes in some operational assumptions.

In Italy, two main factors forced the Group to recognize new impairment. Indeed, during the first half of 2014, the Group reviewed the value of turbines purchased in 2008 and depreciated a project currently under litigation with the initial developer.

5.5.2 Analysis of impairment sensitivity

Sensitivity analysis

The sensitivity analysis was done by intersecting two axes:

- one for the Group’s activity: change in wind hours (+/- 10%) used for each farm in operation;
- one outside the Group: change by +/- 1 point in the discount rates used.

The amount highlighted below represents the depreciation recorded as at December 31, 2014 following the impairment tests.

The other amounts indicate the net depreciations that the Group would have recorded if the discount rate and/or wind hour assumptions had varied.

Sales of electricity for own account IGU – France

	Change in wind hours		
Change in discount rate	-10%	0%	10%
1%	(105)	-	-
0%	-	-	-
-1%	-	-	-

The threshold for triggering an impairment would be reached:

- by increasing the discount rate by 850 basis points and reducing the wind hours by 10%; or
- by increasing the discount rate by 172 basis points with constant wind hours.

Sales of electricity for own account IGU – Germany

	Change in wind hours		
Change in discount rate	-10%	0%	10%
1%	(9,636)	(3,341)	-
0%	(5,645)	(1,621)	-
-1%	(2,967)	(1,124)	-

The threshold for switching from an impairment to a reversal would be reached:

- by reducing the discount rate by 388 basis points with constant wind hours; or
- by increasing wind hours of 1 to 10%.

Sales of electricity for own account IGU – Italy

	Change in wind hours		
Change in discount rate	-10%	0%	10%
1%	(1,972)	(1,069)	(19)
0%	(777)	-	-
-1%	-	-	-

The threshold for triggering an impairment would be reached:

- by increasing the discount rate by 14 basis points; or
- by reducing wind hours by 10% with a constant discount rate.

Sales of electricity for own account IGU – Morocco

	Change in wind hours		
Change in discount rate	-10%	0%	10%
1%	(372)	-	-
0%	(76)	-	-
-1%	-	-	-

The threshold for triggering an impairment would be reached:

- by increasing the discount rate by 393 basis points; or
- by reducing wind hours by 10% with a constant discount rate.

Development, construction, sale IGU - France

For this IGU, the threshold for triggering an impairment is an increase of more than 236 basis points in the discount rate used for the sensitivity test.

Development, construction, sale IGU – Germany

For this IGU, the threshold for triggering an impairment is an increase of more than 40 basis points in the discount rate used for the sensitivity test. A variation of 100 basis points would lead to recognition of goodwill impairment in the amount of (6,206) thousand euros.

NOTE 6 FINANCIAL LIABILITIES, DERIVATIVE INSTRUMENTS AND CASH

6.1 Financial assets and liabilities

Financial assets include long-term financial investments (non-consolidated equity investments and other securities), loans and financial receivables, as well as derivative financial instrument assets.

Financial liabilities include loans and financial debt, bank overdrafts and derivative instrument liabilities.

Financial assets and liabilities are shown on the balance sheet under current/non-current assets and liabilities according to whether or not their maturity is greater than one year. Derivative instruments are classified as non-current items as long as the underlying asset has a maturity higher than 12 months.

Current financial liabilities may include, where applicable, non-current financial debt, but:

- with early repayment at the lender's option;
- made payable due to non-compliance with covenants.

Fair value is determined using the following hierarchy:

- prices (not adjusted) quoted on "liquid" markets for identical assets or liabilities (level 1);
- directly or indirectly observable data other than the quoted prices indicated in level 1 (level 2); and
- data related to the asset or liability not based on observable market data (non-observable data) (level 3).

Financial assets and liabilities at fair value with variation through the income statement

Financial assets and liabilities evaluated at fair value with variation through the income statement are designated as such when the operation is initiated.

These assets are recorded at their fair value, and are evaluated as at the closing of each accounting period. The variation in this fair value is recorded in the income statement as "Other financial income" or "Other financial expenses".

Financial assets held until maturity

This item records fixed maturity assets and interest payments that are fixed or determinable when the Group has the intention and capacity to hold them until maturity. These assets are recorded at their amortized cost, and interest accounted at the effective interest rate is recorded in the income statement as "Other financial expenses."

Financial loans and receivables

Financial loans and receivables are evaluated at amortized cost minus depreciation, where applicable. The interest, evaluated at the effective interest rate, is recorded in the income statement as "Other financial income."

Financial assets available for sale

Financial assets available for sale include all other financial assets not classified in the other categories, including the securities of non-consolidated entities. They are evaluated at each closing of the fiscal year, at fair value. Potential capital gains or losses are recorded under shareholders' equity. Impairment leads to a depreciation recorded in the income statement.

6.1.1 Financial assets

Schedule of financial assets as at December 31, 2014

(in thousand euros)	Less than 1 year	1 to 5 years	More than 5 years	TOTAL
Securities available for sale	-	2,481	675	3,156
Other financial assets				
Receivables from investments in associates and joint ventures	-	-	7,736	7,736
Loans	-	-	8,400	8,400
Other non-current receivables	437	-	-	437
Deposits and guarantees	9	121	800	930
Various long-term investments	-	-	-	-
FINANCIAL ASSETS	446	2,602	17,611	20,660

Schedule of financial assets as at December 31, 2013 - restated

(in thousand euros)	Less than 1 year	1 to 5 years	More than 5 years	TOTAL
Securities available for sale	-	2,868	318	3,186
Other financial assets				
Receivables from investments in associates and joint ventures	-	-	7,030	7,030
Loans	-	90	4,933	5,023
Other non-current receivables	309	1,000	-	1,309
Deposits and guarantees	19	120	800	939
FINANCIAL ASSETS (RESTATED)	328	4,078	13,081	17,487

Schedule of financial assets as at December 31, 2013 - published

(in thousand euros)	Less than 1 year	1 to 5 years	More than 5 years	TOTAL
Securities available for sale	-	2,868	318	3,186
Other financial assets				
Receivables from investments in associates and joint ventures	-	-	4,411	4,411
Loans	-	90	3,183	3,273
Other non-current receivables	186	1,000	-	1,186
Deposits and guarantees	18	120	807	945
FINANCIAL ASSETS (PUBLISHED)	204	4,078	8,719	13,002

Securities available for sale came to 3,156 thousand euros as at December 31, 2014, compared to 3,186 thousand euros as at December 31, 2013. As at the closing of the fiscal year, the Group adjusted the amount of these equity investments in compliance with their fair value.

Receivables from equity investments and loans mainly concern advances made to the joint ventures accounted using the equity consolidation method:

• wind farm in Italy	€7,735 K
• investment vehicle (TUIC – excluding accrued interest)	€7,884 K

The "Loans" item includes in particular loans granted to clients of THEOLIA Naturenergien in the context of wind farm sales. As at the closing of the fiscal year, the net value of these loans came to 386 thousand euros compared to 429 thousand euros at the previous closing.

6.1.2 Financial liabilities

Loans

Loans are recorded at the original fair value, minus associated transaction costs. These costs (issue expenses and premiums for loans) are taken into account when calculating amortized cost using the effective interest rate method.

At each closing, financial liabilities are then evaluated at their amortized cost using the effective interest rate method.

Loans are broken down into:

- current liabilities for the part to be repaid within twelve months after closing; and
- non-current liabilities for maturities greater than twelve months.

Convertible bonds are analyzed as hybrid instruments, with a debt component and an equity component, taking into account issue costs:

- the debt component is determined from discounted contractual payment cash flows, using the rate for a comparable instrument without the conversion option (pure debt instrument), on the basis of market conditions on the issue date;
- the equity component is evaluated by the difference between the issue value and the value of the debt component, including the effect of deferred tax.

Loans subject to a listing on the stock exchange are recognized at their initial fair value. At each closing, value changes are recognized in the income statement.

6.1.2.1 Change in financial liabilities

(in thousand euros)	Convertible bond	Bank loans	Breeze Two Energy's bonds	Bank overdrafts and equivalents	Other financial liabilities	TOTAL
Amounts as at 2013/12/31 (published)	**119,010**	**152,695**	**223,519**	**23**	**13,612**	**508,859**
Impact related to IFRSs 10 and 11 enforcement	-	(5,546)	-	-	2,581	(2,965)
Amounts as at 2014/01/01 (restated)	**119,010**	**147,149**	**223,519**	**23**	**16,193**	**505,894**
Increase	78,195	6,382	1,773	-	11,966	**98,316**
Repayments	(129,414)	(25,405)	(23,136)	(19)	(1,332)	**(179,306)**
Change in consolidated scope - Disposals	-	(4,709)	-	-	(295)	**(5,004)**
Other changes	-	-	-	-	47	**47**
AMOUNTS AS AT 2014/12/31	**67,791**	**123,417**	**202,156**	**4**	**26,579**	**419,947**

The application of IFRSs 10 and 11 has resulted in a decrease in financial debt of (2,965) thousand euros.

As at December 31, 2014, financial debt represented 419,947 thousand euros, a decrease of (85,947) thousand euros compared to December 31, 2013 restated.

This variation is related to the following events:

Bank loans decreased by a net amount of (23,732) thousand euros, mainly due to:

- drawdown against a new project financing loan in France €6,382 K
- normal scheduled repayments of project financing loans and early repayment of the loan on the solar farm sold in Germany €(25,405) K
- deconsolidation of a wind farm in Germany after being sold €(4,709) K

The convertible bond (OCEANEs) decreased by (51,219) thousand euros, mainly due to:

- partial early repayment and de-recognition following financial restructuring €(125,150) K
- payment, in January 2014, of interest accrued as at December 31, 2013 €(4,227) K
- re-recognition of the bond following restructuring €64,984 K
- accrued interests on the convertible bond as at December 31, 2014 €2,679 K
- recognition of additional interests related to the convertible nature of the bond (IFRSs) €10,534 K

Breeze Two Energy's bonds decreased by (21,363) thousand euros, mainly due to:

- repayment of a part of the nominal €(15,200) K
- recognition of accrued interests as at December 31, 2014 €1,773 K
- payment of interest accrued as at December 31, 2013 €(1,890) K
- value adjustment at closing €(6,045) K

Other financial liabilities include interest rate hedging instruments, as well as financing granted by the investment vehicle THEOLIA Utilities Investment Company to the wind farms it held and consolidated using the global integration method.

The change in other financial liabilities is mainly due to:

- change in valuation of interest rate hedging instruments €1,734 K
- establishment of an interest rate hedging instrument for a new loan in France €1 978 K
- shareholder financing of a wind farm under construction in France €7 469 K
- changes in shareholder loans and current accounts €(503) K
- effects of the disposal of a wind farm in Germany €(294) K

Convertible bond

During the course of the fiscal year, THEOLIA restructured its OCEANE convertible bond debt, which resulted in:

- a change in the terms of the issuance contract of the OCEANE convertible bonds;
- a capital increase of 59,774 thousand euros reserved to existing shareholders through the issuance of 119,547,052 new shares, each with a par value of 0.10 euro; and
- partial early repayment of the nominal of the loan in the amount of 59,768 thousand euros.

The accounting method used for the restructuring relates to the residual amount of the bond debt after a partial early payment of 7.266 euros planned within ten working days following the capital increase.

With regard to the effects of the restructuring on the financial statements of the Group, international accounting standards used in the normal course of the Group's consolidated accounting do not contain any rules for the specific circumstances that apply to THEOLIA, namely the renegotiation of a convertible instrument. The Company therefore refers to the principles relating to de-recognition of financial assets as defined in the provisions on exchanges of non-convertible debt (IAS 39).

According to IAS 39.40, renegotiation of a debt that results in substantial changes to the contract is equivalent to extinguishing the debt. The Company believes that this rule may be applied to the financial restructuring, in light of the material nature of the changes made to the bond issuance contract within the framework of the restructuring. In particular, changes to the arrangements for amortization of the instrument, change of the date and price in the event of an early repayment request from the holders, as well as a change to the ratio of share attribution, significantly modify the terms of the bonds. Furthermore, the Company carried out a 10% test on cash flow movements before and after renegotiation, as stipulated by IAS 39 AG62, "under paragraph 40". This test confirmed a substantial change had in fact occurred following completion of the restructuring plan. The Company therefore proceeded to derecognize the convertible bond, simultaneously addressing the early partial repayment and the changes to the terms of the bond issuance contract.

Consequently, the effect of the restructuring plan on net profit, the level of debt, and the Group's shareholders' equity can be broken down into three stages from an accounting perspective, all of which having occurred simultaneously on the date settlement of the partial early repayment is made to the bondholders:

- partial early repayment of 7.266 euros per bond;
- de-recognition of the debt in respect of bonds with current terms; and
- re-recognition of the debt in respect of bonds with modified terms.

Costs in relation to the bond restructuring will be booked as expenses as the existing convertible debt is de-recognized in its entirety (through partial early repayment and restructuring of the remaining part). The cost of the guarantee for completion of the capital increase, as well as any other costs associated with the capital increase have been booked as shareholders' equity.

Partial early repayment of the nominal amount of the OCEANE bonds

Partial early repayment of 7.266 euros per bond results in de-recognition of the corresponding debt, in addition to the booking of de-recognition income, to the extent that there is a difference between the amount repaid and the book value of the repaid debt as at the date of the capital increase.

Furthermore, partial early repayment entails a corresponding decrease in cash equal to the repaid amount, and a decrease in the debt on the balance sheet in proportion to the repaid amount.

De-recognition of the OCEANE convertible bond debt with current terms

The amount of debt relating to convertible bonds still recognized on the balance sheet after the partial early repayment of 7.266 euros per bond is de-recognized on the basis of the changes made to the bond issuance contract. This de-recognition is carried out based on the market value of the bond as at the date of the capital increase. An allocation of the market value of the bond was made after the partial early repayment of 7.266 euros per bond (by reasonable comparison with a market purchase) to both the "debt" component and the "shareholders' equity" component, on the basis of existing market criteria as at the date of de-recognition (credit margin of THEOLIA and current market rates). By comparing the value of the "debt" component as booked with the repurchase value of the "debt" component (income effect), and the value of the "shareholders' equity" component as booked with the repurchase value of the shareholders' equity component (shareholders' equity effect), the impact on the income statement and on shareholder's equity could then be seen.

Re-recognition of the OCEANE convertible bond debt with modified terms

In accordance with IAS 39.40, a new convertible instrument was registered, resulting in a new effective interest rate. Bonds with their new conditions were recognized based on prevailing market data as at the date of de-recognition (THEOLIA's debt rate with a maturity identical to that of the new instrument and of a non-convertible instrument).

The allocation between the "debt" and "shareholders' equity" components of the bonds after changes to their terms and conditions was carried out based on the market value of de-recognized bonds (cf. section above), in the absence of any paid/received monetary consideration between the counterparties. The "debt" component is the current value of new future contractual cash flows (after restructuring), discounted by THEOLIA's current debt rate as at the date of de-recognition. The "shareholders' equity" component is determined by deduction (the difference between the fair value of the new instrument based on the market price of the bond after the changes in the terms of the issuance contract, and the value allocated to the "debt" component).

The table below summarizes the effects of the restructuring on the financial statements:

(in thousand euros)	Convertible bond	Deferred tax liabilities	Impact on net income	Cash	Shareholders' equity
Convertible bond as at 2014/12/11	**125,150**	**10,461**	-	-	-
Capital increase	-	-	-	59,774	59,774
Partial early repayment	(47,785)	-	-	-	-
Full de-recognition	(77,366)	-	398	-	398
Restructuring costs (excl. capital increase)	-	-	(589)	(706)	(589)
Deferred tax liability reversal	-	(10,461)	10,461	-	10,461
Convertible bond re-recognition (new terms and conditions)	64,984	10,594	(10,594)	-	(10,594)
Balance after operation	**64,984**	**10,594**	**(323)**	**59,067**	**59,451**

The effective interest rate ("EIR") is 5.43%. On this basis, the shareholders' equity component of the debt is zero. The entire convertible debt is therefore allocated to financial debt.

The definitive assumptions used in the "*split accounting*" calculations are the following:

• rate spread	617 bps
• bond rate	€7.90

Changes to the terms and conditions of the OCEANEs took effect on December 11, 2014.

As at the closing date, the main characteristics of the bond are:

• type of financial instrument	OCEANEs
• number of outstanding bonds	8,221,890
• original par value	€240,000 K
• new par value since December 11	€96,768 K
• partial repayments scheduled on January 1, 2017, 2018 and 2019	€49,973 K
• maximum amount to repay if early repayment is requested on January 1, 2020	€15,992 K
• loan maturity	January 1, 2041
• annual interest up to December 31, 2016	3.922%
• annual interest from January 1, 2017 to December 31, 2017	3.613%
• annual interest from January 1, 2018 to December 31, 2018	2.932%
• annual interest from January 1, 2019 to December 31, 2019	1.967%
• annual interest as from January 1, 2020	0.10%
• conversion ratio up to the 10th business day prior to January 1, 2017	9.222 shares per OCEANE
• conversion ratio up to the 10th business day prior to January 1, 2018	7.266 shares per OCEANE
• conversion ratio up to the 10th business day prior to January 1, 2019	4.472 shares per OCEANE
• conversion ratio up to the 10th business day prior to January 1, 2020	2.236 shares per OCEANE
• purchase price for OCEANEs as at January 1, 2020	€1.946 per OCEANE
• purchase price for OCEANEs as at January 1, 2041	€5.686 per OCEANE

6.1.2.2 Covenants

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

As at December 31, 2014, the Group complies with its financial commitments required in the context of project financing of wind farms under exclusive control.

6.1.2.3 Analysis of loans by maturity date

The following table presents financial debt according to forecasts of par value repayment in the short, medium and long term.

(in thousand euros)	< 1 year	> 1 year < 5 years	> 5 years	TOTAL 2014/12/31	TOTAL 2013/12/31 Restated	TOTAL 2013/12/31 Published
Convertible bond (OCEANEs)	2,679	49,120	15,992	67,791	119,010	119,010
Project financing - bonds	16,539	81,774	103,843	202,156	223,519	223,519
France	1,411	6,978	8,864	17,253	19,076	19,076
Germany	15,128	74,796	94,979	184,903	204,443	204,443
Project financing - banks	17,031	59,370	47,017	123,417	147,150	152,695
France	7,255	32,435	38,053	77,743	78,696	58,363
Germany	9,776	26,934	8,964	45,675	68,454	68,454
Italy	-	-	-	-	-	25,878
Derivative financial instruments (interest rate swap)	-	-	10,858	10,858	7,145	7,924
France	-	-	10,858	10,858	7,145	6,139
Italy	-	-	-	-	-	1,785
Bank overdrafts	4	-	-	4	23	23
France	4	-	-	4	23	23
Other financial debt	33	-	15,686	15,720	9,048	5,688
France	-	-	15,679	15,679	8,909	2,950
Germany	33	-	-	33	-	-
Italy	-	-	8	8	139	2,738
TOTAL FINANCIAL DEBT	36,286	190,264	193,397	419,947	505,895	508,859

The total Group debt as at December 31, 2014 amounted to 419,947 thousand euros, down by 85,945 thousand euros compared to December 31, 2013 restated. This decrease is mainly due to the financial restructuring of the convertible bond (OCEANEs).

The current part of the debt amounted to 36,286 thousand euros as at December 31, 2014 and broke down as follows:

- 17,022 thousand euros corresponding to the current part of long-term project financing;
- 2,679 thousand euros of interests on the convertible bond payable in January 2015;
- 16,539 thousand euros corresponding to the current part of the bond financing wind farms held by Breeze Two Energy; and
- 37 thousand euros of other financial debt.

6.1.2.4 Analysis of loan disbursements by maturity date (capital + interests)

The table below shows financial debt according to projected disbursements (capital and interests) in the short and medium/long term. The convertible bond is shown here according to the projected disbursements under the OCEANE terms, assuming no conversion occurred.

Future interests were projected using the interest rate curve as at December 31, 2014.

(in thousand euros)	< 1 year	> 1 year < 5 years	> 5 years	Total payment 2014/12/31	Total payment 2013/12/31 Restated	Total payment 2013/12/31 Published
Convertible bond (OCEANEs)	4,561	60,963	16,455	81,979	134,235	134,235
Project financing - bonds	21,699	92,937	122,193	236,829	366,155	366,155
France	1,852	7,931	10,427	20,210	31,245	31,245
Germany	19,847	85,006	111,766	216,619	334,910	334,910
Project financing - banks	20,288	68,733	53,051	142,072	168,978	186,477
France	8,827	38,255	43,175	90,257	89,295	68,963
Germany	11,461	30,478	9,876	51,815	79,683	79,683
Italy	-	-	-	-	-	37,831
Derivative financial instruments (interest rate swap)	2,039	6,691	2,274	11,004	6,301	8,137
France	2,039	6,691	2,274	11,004	6,301	6,301
Italy				-	-	1,836
Bank overdrafts	4	-	-	4	23	23
Other financial debt	33	-	15,686	15,720	11,106	5,688
Holding company	-	-	15,679	15,679	11,106	2,950
Germany	33	-	-	33	-	-
Italy	-	-	8	8	-	2,738
TOTAL FINANCIAL DEBT	48,624	229,325	209,660	487,608	686,798	700,714

6.1.2.5 Analysis by type of rate

	Excluding the effect of financial instruments		Including the effect of financial instruments		
(in thousand euros)	Fixed rate	Variable rate	Fixed rate	Variable rate	Remaining capital
Convertible bond (OCEANEs)	67,791	-	67,791	-	67,791
Project financing - banks	50,404	73,013	109,051	14,366	123,417
Project financing - bonds	202,156	-	202,156	-	202,156
Bank overdrafts	-	4	-	4	4
Other financial debt, of which:	15,720	10,858	15,720	10,858	26,579
Derivative financial instruments (interest rate swap)	*-*	*10,858*	*-*	*10,858*	*10,858*
Other (current accounts)	*15,720*	*-*	*15,720*	*-*	*15,720*
FINANCIAL DEBT BY TYPE OF RATE	**336,071**	**83,875**	**394,719**	**25,228**	**419,947**
PERCENTAGE OF FINANCIAL DEBT	**80.03%**	**19.97%**	**93.99%**	**6.01%**	

Analysis by type of rate excluding the effect of hedging instruments:

As at December 31, 2014, the fixed rate part of the debt was 336,071 thousand euros, or 80.03% of total debt. The "Bank project financing" item, i.e. 50,404 thousand euros, broke down as follows:

- project financing in France €4,730 K
- project financing in Germany €45,675 K

Variable rate debt (including the associated swaps) amounted to 83,873 thousand euros, or 19.97% of total debt and concerned project financing in France.

Analysis by type of rate including the effect of hedging instruments:

Including the effect of derivative hedging instruments, debt as at December 31, 2014 broke down as follows:

- fixed rate debt of 394,719 thousand euros, or 93.99% of total debt;
- variable rate debt of 25,228 thousand euros, or 6.01% of total debt.

6.1.3 Derivative financial instruments

Nature

The Group may use derivative financial instruments (swaps) to hedge against interest rate risk resulting from its variable rate financing policy.

Evaluation and recording

Derivative financial instruments are initially recorded at fair value. They are subsequently evaluated at their fair value. The variation in fair value of derivative instruments is recorded in the income statement, except when these instruments are designated as cash flow hedging instruments. In this case, variations in fair value are recorded directly in shareholders' equity for the part of the hedge considered effective. The non-effective part remains under financial income (loss).

The Group's derivative financial instruments presented in the financial liabilities only involve interest rate risk hedging instruments (swap); the underlying debt is made up of variable rate loans. These derivative instruments are recorded at their fair value as at December 31, 2014. The hedge ratio used is the cash flow hedge allowing the effective part to be recorded directly under shareholders' equity and the ineffective part on the income statement.

6.1.4 Information on the fair value of financial instruments

The following table shows the book value on the balance sheet of assets and liabilities by accounting category defined according to IAS 39, as well as their fair value:

As at December 31, 2014

(in thousand euros)	Accounting categories: Assets (liabilities) valued at fair value through profit and loss	Accounting categories: Assets held for sale	Accounting categories: Loans and receivables	Accounting categories: Liabilities at amortized cost	Total net book value on the balance sheet	Fair value: Listed price	Fair value: Internal model with measurable parameters	Fair value: Liabilities at amortized cost
Securities available for sale		3,156			3,156		7	
Other non-current financial assets			16,136		16,136			
Deposits and guarantees			921		921			
Non-current financial assets	-	3,156	17,057	-	20,213	-	7	-
Derivative instruments - positive								
Trade receivables			24,537		24,537			
Cash equivalents	24,831				24,831	24,831		
Cash			53,050		53,050			
Current portion of financial assets			446		446			
Current financial assets	24,831	-	78,033	-	102,864	24,831	-	-
TOTAL ASSETS	24,831	3,156	95,090	-	123,077	24,831	7	-
Bonds				250,729	250,729			
Other bank loans and financial debt				122,074	122,074			
Derivative financial instruments (interest rate swap)	10,858			-	10,858		10,858	
Non-current financial debt	10,858	-	-	372,803	383,660	-	10,858	-
Derivative instruments - negative	(0)				(0)		(0)	
Bonds				19,218	19,218			
Other bank loans and financial debt				17,031	17,031			
Bank overdrafts and equivalents				(4)				
Trade payables				16,650	16,650			
Other current financial liabilities				12,369	12,369			
Current accounts - liabilities				33	33			
Bank overdrafts				4	4			
Current financial liabilities	(0)	-	-	65,301	65,305	-	(0)	-
TOTAL LIABILITIES	10,858	-	-	438,104	448,966	-	10,858	-

As at December 31, 2013 - restated

(in thousand euros)	Accounting categories: Assets (liabilities) valued at fair value through profit and loss	Accounting categories: Assets held for sale	Accounting categories: Loans and receivables	Accounting categories: Liabilities at amortized cost	Total net book value on the balance sheet	Fair value: Listed price	Fair value: Internal model with measurable parameters	Fair value: Liabilities at amortized cost
Securities available for sale		3,186			3,186			
Other non-current financial assets			13,053		13,053			
Deposits and guarantees			920		920			
Non-current financial assets	-	3,186	13,973	-	17,159	-	-	-
Derivative instruments - positive								
Trade receivables			25,010		25,010			
Financial current accounts - assets					-			
Cash equivalents	22,615				22,615	17,498		
Cash			62,207		62,207			
Current portion of financial assets			328		328			
Current financial assets	22,615	-	87,545	-	110,160	17,498		-
TOTAL ASSETS	22,615	3,186	101,518	-	127,319	17,498		
Bonds				318,320	318,320			
Other bank loans and financial debt				137,252	137,252			
Loans related to restatements of financial leases	7,145			-	-		-	
Non-current financial debt	7,145	-	-	455,572	455,572	-	-	-
Derivative instruments - negative	0				0		0	
Bonds				24,209	24,209			
Other bank loans and financial debt				18,814	18,814			
Bank overdrafts and equivalents				(23)				
Trade payables				18,838	18,838			
Other current financial liabilities				10,293	10,293			
Current accounts - liabilities				131	131			
Bank overdrafts				23	23			
Current financial liabilities	0	-	-	72,286	72,309	-	0	-
TOTAL LIABILITIES	7,145	-	-	527,858	535,026	-	7,145	-

6.2 Cash and cash equivalents

The "Cash and cash equivalents" item includes liquid assets and immediately available monetary investments subject to a negligible risk of change in value, used to meet cash flow needs.

The Group's cash position comprises a free portion, a reserved portion and a pledged portion.

- Free cash may be used at any time by the Group.

- Reserved cash corresponds to cash that the special purpose vehicles (SPVs) cannot freely use in compliance with the financing conditions but which remains available to finance their current operations.
- Pledged cash cannot be used freely for current operations. It corresponds mainly to commitments granted to financial institutions to guarantee obligations or constitute a reserve for project funding.

Position

(in thousand euros)	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Marketable securities	24,831	22,615	20,167
Cash	53,050	62,207	64,555
Total cash and cash equivalents	**77,881**	**84,822**	**84,722**
Bank overdrafts	(4)	(23)	(23)
NET CASH	**77,877**	**84,799**	**84,699**

Details of free/restricted cash

(in thousand euros)	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Free cash	20,795	26,765	26,961
Cash reserved for SPVs *	20,733	26,574	25,736
Pledged cash	36,353	31,483	32,025
Bank overdrafts	(4)	(23)	(23)
NET CASH	**77,877**	**84,799**	**84,699**

* Special purpose vehicle.

The Group's cash position comprises a free portion (27%), a reserved portion (27%) and a pledged portion (46%).

As at December 31, 2014, the total cash of the Group amounted to 77,877 thousand euros. Cash is subject to a day-to-day investment policy in secured SICAV mutual funds (euro). All investments have immediate availability.

Monetary investments are evaluated at their market value on the closing date. Changes in values are recorded as cash and cash equivalent income.

6.3 Financial income and expenses

Financial proceeds

Proceeds from interest are recorded *prorata temporis* according to the effective interest rate method.

Dividends

Dividends are recorded as financial income when the right to receive the dividend is acquired.

6.3.1 Cost of net financial debt

(in thousand euros)	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Interest income generated by cash and cash equivalents	35	41	41
Change in fair value of cash equivalents	202	195	190
Other income	18	168	168
INCOME FROM CASH AND CASH EQUIVALENTS	**255**	**405**	**400**
Interest cost on financing operations	(29,025)	(39,393)	(39,711)
COST OF GROSS FINANCIAL DEBT	**(29,025)**	**(39,393)**	**(39,711)**
COST OF NET FINANCIAL DEBT	**(28,770)**	**(38,989)**	**(39,311)**

The cost of net financial debt breaks down as follows:

(in thousand euros)	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Convertible bond (OCEANEs)	(14,725)	(13,903)	(13,903)
Wind farms in operation in Germany	(8,497)	(17,898)	(17,898)
Wind farms in operation in France	(5,373)	(6,558)	(4,707)
Wind farm in operation in Italy	-	-	(1,384)
Wind farm in operation in Morocco	128	125	125
Solar park in operation	(338)	(370)	(370)
Other	35	(385)	(1,175)
TOTAL	**(28,770)**	**(38,988)**	**(39,313)**

The interest cost related to the convertible bond in the amount of (14,725) thousand euros includes accrued interests for 2014, paid in January 2015 in the amount of (2,679) thousand euros. The remaining balance is related to the recognition of additional interest due to the convertible nature of the bond.

The significant change in financial expenses on wind farms in Germany and France includes income related to an adjustment made in 2014 to the value of Breeze Two Energy bonds in the amount of 9,106 thousand euros and 850 thousand euros respectively. As at December 31, 2013, this adjustment had been recognized under “Other financial income”.

Disregarding this item, net financial debt decreased by (1,085) thousand euros following the effects of staggered repayments of bank loans.

6.3.2 Details of other financial income

(in thousand euros)	2014/12/31	2014/06/30 Restated	2014/06/30 Published
Change in the fair value of debt and hedging derivatives (ineffective portion)	289	88	99
Restatement of interests of Breeze Two Energy's bond debt	-	5,232	5,232
Reversals of provisions	1,546	953	953
Foreign exchange gains	43	73	73
Interest on loan granted to joint ventures	1,380	1,841	1,370
Other financial income	609	123	124
TOTAL OTHER FINANCIAL INCOME	**3,866**	**8,310**	**7,851**

Reversals of financial provisions relate in part to loans granted to (former) THEOLIA Naturenergien customers in the context of wind farm sales.

Other financial income includes the impact of the restructuring (deconsolidation) of the convertible bond in the amount of 398 thousand euros.

Breeze Two Energy’s bond debt is recognized at amortized cost. As at the closing of the fiscal year, the restatement of interests resulted in a decrease in the amount of this debt with, as a counterpart, a positive impact on the financial income recognized in the “Restatement of interests of Breeze Two Energy’s bond debt” item. As at December 31, 2014, this adjustment was booked as a reduction in interests under “Cost of net financial debt”.

6.3.3 Details of other financial expenses

(in thousand euros)	2014/12/31	2014/06/30 Restated	2014/06/30 Published
Change in the fair value of debt and hedging derivatives (ineffective portion)	(864)	(466)	(187)
Negative change in the fair value of short-term securities and other speculative instruments	-	(0)	-
Foreign exchange losses	(92)	(642)	(642)
Financial asset depreciations	(2,016)	(7,181)	(6,411)
Desactualisation expenses	(392)	(267)	(255)
Other financial expenses	(1,253)	(442)	(466)
TOTAL OTHER FINANCIAL EXPENSES	**(4,617)**	**(8,999)**	**(7,961)**

6.4 Risk management policy

Producing wind energy is a highly capital-intensive activity. In order to guarantee its expansion, the Group therefore significantly uses debt financing.

In order to limit the risks related to its debt, the Group mainly uses financing without recourse or with limited recourse on the parent company, structures its project financing for each project's cash flows to be enough to service its debt, implements an interest rate hedging policy through swap contracts and pursues an active management policy for its existing debt.

Pursuant to IFRS 7, market risks are presented below.

6.4.1 Credit risk

Credit risk corresponds to the risk of default on a financial asset.

Within the framework of its wind-generated electricity production business, the Group sells its electricity produced to distributors (such as EDF in France), generally through long-term contracts (around 15 years or more). Although the Group believes that the risk of loss or of insolvency of one of these distributor clients is limited to the extent that most of the historical distributors have been solidly established, if such an event occurred, it could have a significant negative impact on the Group's business, financial position or income, or even its ability to achieve its objectives.

Within the framework of its activity of sale of operating wind farms, the Group has a broad client base, consisting of private or public buyers, who are individuals, industrial or financial players. The Group ensures that it is not creating or maintaining a dependency on any one of them. This allows it to best identify and manage the exposure inherent to this activity. The sale of a farm could also be subject to a condition precedent of the buyer obtaining financing or keeping financing in place.

Within the framework of its activity of wind farm operation on behalf of third parties, the Group is exposed to credit risk, particularly the risk of its customers defaulting. The Group carries out regular monitoring of its receivables in order to detect late payments swiftly and take the necessary steps, with a view to reducing its credit risk exposure. Enhanced monitoring of this activity is carried out in Germany, taking into consideration the difficulties encountered in the past.

The Group's major clients are buyers of electricity produced by the Group in France, Germany, Italy and Morocco, as well as buyers of wind farms.

6.4.2 Liquidity risk

The liquidity risk is the risk for the Group to be unable to face its financial obligations in due time or under normal conditions, using its financial resources.

The Group's financial debt mainly includes a convertible bond, project financing related to THEOLIA's operating wind farms and bonds related to Breeze Two Energy's operating wind farms. It is specified that Breeze Two Energy's Class A and B bonds have been subject to rating by rating agencies since 2006. Breeze Two Energy's Class A and B bonds are rated respectively B and CCC by the Fitch Rating agency, and B- and D by the Standard & Poor's agency.

Whereas the convertible bond is a corporate loan, the repayment of which being directly under the responsibility of THEOLIA SA, project financing is without recourse or with limited recourse on THEOLIA SA and Breeze Two Energy's bonds are without recourse on THEOLIA SA. Indeed:

- every project financing is directly taken out by the Special Purpose Vehicle ("SPV"), which holds the assets of the wind farm subject to financing; the SPV is the debtor of financing and ensures repayment of the installments through cash flows resulting from the wind farm's operation;
- financing is designed so as not to exceed the guarantee period of the electricity feed-in tariffs or the issuance of green certificates from which the wind farms benefit under national regulatory frameworks; and
- repayment of the bonds issued by Breeze Two Energy and their interests depends exclusively on the cash flows generated by the operation of Breeze Two Energy's wind farms.

Therefore, the Group's liquidity risk corresponds, for the most part, to commitments to repay its convertible bond, which is not backed by any assets, and to financing its future needs, including the development of wind projects and the Group's general needs.

In order to face its general needs, the Group implemented a flexible business model, which enables it to balance its cash position through occasional disposals of wind projects and farms, notably by selling them to its investment vehicle created in 2011.

Since December 9, 2014, further to the restructuring plan implemented by the Company, the new terms and conditions of the bond came into force. In particular, the early redemption right at the option of the bondholders as at January 1, 2015 was cancelled and the redemption of the remaining amount of the bond debt was split over four installments, distributed over five years, including an early redemption right at the option of the bondholders as at January 1, 2020, at a price of 1.946 euro.

6.4.3 Foreign exchange risk

The Group is currently very slightly exposed to foreign exchange risk to the extent the majority of its operations are carried out in the Eurozone (namely France, Germany and Italy). Nonetheless, the Group is developing and making investments in certain countries where it is thus exposed to foreign exchange risk (Morocco, Brazil).

As at December 31, 2014, this risk remains very low. It is partly handled by management of expenses and receipts in the currency of the entity in question.

To date, the Group's sensitivity to the exchange risk is insignificant and does not require hedging instruments for this risk.

As at December 31, 2014:

- 3.76% of the assets were denominated in a currency other than the euro;
- all financial debt was in euros;
- 6% of revenue were denominated in a currency other than the euro.

6.4.4 Interest rate and margin risk

Financing for wind projects implemented by the Group involves a significant use of debt (between 70% and 90%) at fixed or variable interest rate. A significant increase in interest rates and/or bank margins could have an impact on the profitability of the Group's future projects and/or the development of its wind portfolio.

In order to limit the interest rate risk on existing loan agreements, the Group implements an interest rate risk hedging policy with contracts designed to swap interest terms (interest rate swaps). From an economic point of view, the implementation of these interest rate swaps allows conversion of variable rate loans into fixed rate loans and hedging against fluctuation in the amount of interest due. In general, banking institutions are asking for a hedge of 70% to 100% of financing amount throughout its duration.

In the event of a positive 1% change in interest rates, the financial expense for loans not covered would increase by 784 thousand euros, concerning loans in France only.

It should be noted that a positive 1% change in interest rates would also reduce the hedging cost by 4,258 thousand euros.

In order to limit the risk linked to bank margins, the Group has an active policy of managing its existing debt and, to secure new financing, it organizes competition between different banking institutions.

NOTE 7 STAFF

7.1 Workforce

Workforce as at the end of the period was as follows:

Workforce as at the end of the period (continuing activities)	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Managers, employees, contributors and corporate officers	120	128	128
TOTAL	120	128	128

7.2 Staff costs

(in thousand euros)	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Employee compensation	(5,575)	(6,377)	(6,431)
Social security and insurance expenses	(2,021)	(2,409)	(2,439)
Other staff costs	(38)	(86)	(87)
Other employee benefits and share-based payments (IFRS 2)	(678)	(650)	(650)
TOTAL STAFF COSTS	(8,312)	(9,522)	(9,607)

The decrease in staff costs in the amount of 1,210 thousand euros is due to several reasons:

• the change in workforce	€1,058 K
• the increase in expenses capitalized on projects under development	€152 K

7.3 Personnel benefits

Types of system

In keeping with legal obligations and custom, the Group participates in supplementary retirement or other long-term benefits for employees. The Group offers these benefits through defined contribution plans.

Under defined contribution plans, the Group has no obligation other than to pay contributions. Contributions paid are recorded under expenses for the period.

Nature of commitments

Severance pay

Severance pay is based on the applicable Group collective bargaining agreement and concerns retirement severance pay or length-of-service awards, paid in the event of an employee's voluntary departure or forced retirement. Severance pay falls under the defined benefits system.

Supplementary pension plans

The Group contributes to no supplementary pension plans above the minimum legal pension for its employees or executive officers.

Evaluation of commitments

Contributions to defined contribution plans are entered as expenses as they become due based on services rendered by the employees.

The commitments resulting from defined benefit plans, as well as their cost, are determined according to the projected unit credit method. Evaluations are performed each year with actuarial calculations provided by outside consultants.

These plans are not funded and their commitment is listed as a liability on the balance sheet. The main plan concerns length-of-service awards (retirement severance pay). The actuarial variances result mainly from changes in assumptions and from the difference between the results according to the actuarial assumptions and the actual results of the defined benefit plans. These actuarial variances are recorded directly in the income statement for the period. For defined benefit plans, the expense recorded in the income statement, under operating income, includes the cost of services rendered during the fiscal year, the cost of past services, the actuarial variances and the effects of any reduction or liquidation of the plan, where applicable.

Since the Group was created, the Group defined benefit plans have not had any modifications generating any cost of past services.

7.3.1 Provisions for employee benefits

Main actuarial assumptions

	2014/12/31	2013/12/31
Discount rate	1.49%	3.17%
Change in executive salaries	1.00%	1.00%
Change in non-executive salaries	1.00%	1.00%
Mortality table	INSEE 2014	INSEE 2013
Age of departure	65 years	65 years

It should be noted that actuarial variances are not significant.

Components of expenses for the fiscal year

(in thousand euros)	2014/12/31	2013/12/31
RETIREMENT EXPENSES	30	42

Change in provision

(in thousand euros)	2014/12/31	2013/12/31
Provision as at beginning of period	205	186
Annual expenses	30	42
Reversals for the year	(56)	(23)
Actuarial gains and losses recognized in other comprehensive income	48	-
PROVISION AS AT END OF PERIOD	227	205

The implementation of IFRSs 10 and 11 did not impact the provision total in the financial statements for fiscal year 2013.

7.4 Share-based payments

Stock warrants and stock options

Prior to 2010, the Group had allocated stock warrants to members of the Board of Directors. During the Board of Directors' meetings of December 1, 2010 and July 29, 2011, the Group respectively allocated stock options to the General Management (1,500,000 options) and to some employees (810,000 options).

These transactions, whose payment is share-based and which are settled using equity instruments, are evaluated at their fair value (excluding the effects of purchasing conditions other than market conditions) on the date of allocation. The fair value determined on the purchase date is recorded as an expense using the straight-line method over the right acquisition period, based on the number of shares that the Group expects to have to issue, adjusted with the effects of right acquisition conditions other than market conditions (presence, performance).

Fair value is evaluated using the most appropriate model (Black-Scholes-Merton, recombinant trees or binomial trees). The expected life used in the model was adjusted based on Management estimates, effects of non-transferability, restrictions on exercise conditions and information on employees' exercise behavior.

Free shares

At the Board Meeting of December 10, 2012, the Group allocated performance shares to the General Management (1,076,400 shares maximum) and to some employees (1,196,000 shares maximum).

These transactions, whose payment is share-based and which are settled using equity instruments, are evaluated at their fair value on the date of allocation (stock price on the date of allocation). The fair value determined on the purchase date is recorded as an expense using the straight-line method over the right acquisition period, based on the number of shares that the Group expects to have to issue, adjusted with the effects of the right acquisition conditions other than market conditions (presence, performance).

Recognition

The benefit corresponding to the rights allocated in the form of stock warrants, stock options or free shares is recognized depending on the beneficiary:

- under “Staff costs”; or
- under “Other operating income and expenses” for non-employees.

7.4.1 Summary of stock warrant activity

Stock warrants exercisable as at December 31, 2013	**100,000**
Stock warrants cancelled during the year	(50,000)
STOCK WARRANTS EXERCISABLE AS AT DECEMBER 31, 2014	**50,000**

During the fiscal year, 50,000 stock warrants matured before being exercised. They were therefore cancelled. Besides, the Group did not grant stock warrants in favor of employees or directors in 2014.

The remaining stock warrants still outstanding, i.e. 50,000 stock warrants entitling to 40,200 shares, will mature on December 31, 2014, with an exercise price of 4.85 euros.

Stock warrant beneficiaries are former directors of the Company.

7.4.2 Free shares

On December 10, 2012, the Board of Directors decided to allocate 1,076,400 performance shares to the CEO and 1,196,000 performance shares to Group employees. These shares are subject to an attendance condition.

On December 10, 2014, the Board of Directors definitively allocated 799,337 bonus shares. These bonus shares, subject to performance and attendance conditions, have been in circulation since December 10, 2012.

As at the closing of the fiscal year, 134,574 performance shares in favor of Group employees not resident in France remained outstanding. The expense recognized for fiscal year 2014 was (520) thousand euros.

7.4.3 Stock options

On December 1, 2014, 1,500,000 stock options issued in favor of Fady Khallouf in his capacity as CEO matured without fulfillment of the performance criteria defined by the plan.

On July 29, 2011, the Board of Directors, on the basis of the new delegation approved by the General Meeting of Shareholders of June 17, 2011 in its fifteenth resolution, allocated 810,000 stock options to certain employees of the Group, subject to attendance and stock performance conditions. As at the closing of the fiscal year, the maximum number of attributable stock options is 675,000.

These options may be exercised at the lower of the following two amounts: 1.40 euro or the arithmetic average of the volume-weighted average market price calculated over the 20 trading days preceding the Board of Directors’ meeting having allocated these options. One stock option entitles to 0.50 share.

The performance conditions depend on changes in the THEOLIA share stock price, namely:

- 6% may be exercised if the arithmetic average of the volume-weighted average market price calculated over 20 consecutive trading days is greater than or equal to 3.60 euro;
- 20% may be exercised if the arithmetic average of the volume-weighted average market price calculated over 20 consecutive trading days is greater than or equal to 5.00 euros;
- 12% may be exercised if the arithmetic average of the volume-weighted average market price calculated over 20 consecutive trading days is greater than or equal to 6.00 euros;
- 25% may be exercised if the arithmetic average of the volume-weighted average market price calculated over 20 consecutive trading days is greater than or equal to 7.00 euros; and
- 37% may be exercised if the arithmetic average of the volume-weighted average market price calculated over 20 consecutive trading days is greater than or equal to 10.00 euros.

The expense corresponding to the plan's fair value is distributed *prorata temporis*. The expense recorded for fiscal year 2014 for all of the plans in effect is (137) thousand euros.

7.5 Transactions between the Group and directors

Apart from directors' fees, there were no transactions between the Group and its directors in 2014 and 2013.

7.6 Corporate officers' compensation

Compensation for corporate officers having an executive position is shown below.

(in thousand euros)	2014/12/31	2013/12/31
Salaries and bonuses	(450)	(450)
Share-based payments	(259)	(90)
Directors' fees	(140)	(181)
TOTAL	**(849)**	**(721)**

The implementation of IFRSs 10 and 11 did not impact the Directors' compensation in the financial statements for fiscal year 2013.

NOTE 8 WORKING CAPITAL REQUIREMENTS

8.1 Detail of the item

(in thousand euros)	Balance sheet as at 2013/12/31	Balance sheet as at 2014/12/31	Change in working capital requirements (Balance sheet)	Presentation reclassifications	Change in consolidated scope	Currency translation adjustments	Other reclassifications	Change in working capital requirements (Cash flow statement)
Net Inventories, goods and work in progress	5,078	4,933	145	(301)		51	2,504	2,399
Trade receivables (net)	25,010	24,537	473	13	(42)	41		485
Trade payables and other operating payables	(18,838)	(20,614)	1,775	(3,262)	117	(11)	1	(1,379)
Other receivables	10,258	8,433	1,825	14	(69)	18	(4,034)	(2,246)
Other liabilities	(5,284)	(7,299)	2,015		3	(25)		1,993
Assets - adjustment accounts	3,683	3,290	393	(5)	0	3		391
Liabilities - adjustment accounts	(32)	(19)	(13)			()		(13)
TOTAL	**19,873**	**13,261**	**6,614**	**(3,543)**	**9**	**78**	**(1,529)**	**1,629**

8.2 Inventories and work in progress

Inventories are evaluated at the lowest amount between the cost and the net realizable value.

The cost for inventories of raw materials, merchandise and other supplies consists of the purchase price excluding taxes for raw materials, direct labor, other direct costs and general production expenses after deduction of discounts, remittances and any rebates obtained, plus accessory expenses for purchases (transport, expenses for unloading, customs charges, commissions on purchases, etc.). Inventories are evaluated according to the "first in/first out" method.

Inventories recorded by the Group represent wind projects under development:

- intended for resale;
- intended for integration in the "development, construction, operation, sale" process.

Their net realizable value is determined by their level of progress and the latest transactions made in the business sector. The Group analyzes, at least annually and more frequently in the presence of indications of impairment, this net realizable value. Depreciations may be recorded on projects with uncertain development and with insufficient probability of operation by the Group as well as by a third party.

Development costs for wind farms having obtained a building permit are considered as intangible assets. Projects involved are therefore subject to reclassification from the "Inventories and work in progress" item to the "Intangible assets" item.

Wind farms (previously recorded as intangible and tangible assets) intended to be sold are reclassified as inventory when these assets are going to be transferred and the customer is identified (signed sales contract).

(in thousand euros)	2014/12/31	2013/12/31
Wind projects and farms	13,283	15,674
Turbine components and other parts	594	602
Depreciation	(8,944)	(11,199)
NET AMOUNT	**4,933**	**5,078**

The implementation of IFRSs 10 and 11 did not impact the inventories total in the financial statements for fiscal year 2013.

Inventories mainly include:

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

Inventories are listed below by geographical zone:

(in thousand euros)	2014/12/31			2013/12/31
	Gross amount	Depreciation	Net amount	Net amount
Germany	358	(98)	261	269
France	9,969	(5,889)	4,080	3,680
Italy	1,565	(1,567)	(1)	250
Morocco	594	-	594	594
Rest of the world	(1)	-	-	285
Corporate	1,391	(1,391)	-	-
TOTAL	**13,877**	**(8,944)**	**4,934**	**5,078**

In France, the increase in the net value of inventories is due to the dynamism of the development activity for fiscal year 2014.

In Italy, the decrease in the value of inventories is mainly due to the recognition of a depreciation on inventories of projects considered as not feasible.

Net inventories for the rest of the world involve primarily projects developed in Brazil, fully depreciated at closing.

8.3 Trade receivables and other receivables

Trade receivables come from sales of goods, wind farms and services performed by the Group within the framework of its activity of management of wind farms on behalf of third parties. The other receivables basically include fiscal (VAT) and corporate receivables.

Trade receivables are recorded at amortized cost.

Impairment is recorded when objective indicators imply that the amounts owed cannot be partially or fully recovered. Particularly when assessing the recoverable value of trade receivables, any balances owed at closing are examined individually and the necessary provisions are made if there seems to be a risk of non-recovery.

8.3.1 Trade receivables

	2014/12/31			2013/12/31 Restated	2013/12/31 Published
(in thousand euros)	Gross amount	Depreciation	Net amount	Net amount	Net amount
France	3,038	(77)	2,962	3,209	2,850
Germany	20,087	(2,146)	17,941	18,799	18,799
Italy	1,359	(24)	1,335	678	2,362
Morocco	1,777	-	1,777	1,724	1,724
Other countries	1,717	(1,195)	522	599	434
TOTAL TRADE RECEIVABLES	**27,978**	**(3,442)**	**24,537**	**25,010**	**26,170**

Receivables for the Sales of electricity for own account activity amounted to 16,728 thousand euros, i.e. 65% of the entire item. They are distributed as follows: 10,883 thousand euros in Germany, 2,943 thousand euros in France, 1,777 thousand euros in Morocco and 1,125 thousand euros in Italy.

Receivables for the Development, construction, sale activity amounted to 6,851 thousand euros, i.e. 31% of the entire item. They are distributed as follows: 6,622 thousand euros in Germany, 19 thousand euros in France and 210 thousand euros in Italy.

The recorded depreciation primarily concerns:

- receivables related to the Operation activity in Germany. Depreciation is calculated receivable by receivable according to seniority and the level of risk estimated by the Group's Management; and
- receivables held by the Group over certain Italian subsidiaries consolidated using the equity method.

Schedule as at December 31, 2014

(in thousand euros)	Not accrued outstanding receivables	Accrued outstanding receivables 0 to 6 months	6 to 12 months	> 12 months	TOTAL
Trade and other receivables	21,979	1,446	826	3,727	27,978
Provisions on trade and other receivables	(11)	-	(104)	(3,326)	(3,442)
TOTAL TRADE AND OTHER RECEIVABLES	21,968	1,446	722	401	24,537

Receivables considered as not accrued mainly comprise amounts not yet billed as at the closing of the fiscal year. They break down as follows:

• Sales of electricity for own account activity	€14,425 K
• Development, construction, sale activity in Germany	€6,656 K
• Development, construction, sale activity in France	€729 K
• Operation activity in Germany	€255 K

8.3.2 *Other current assets*

	2014/12/31			2013/12/31 Restated	2013/12/31 Published
(in thousand euros)	Gross amount	Depreciation	Net amount	Net amount	Net amount
Supplier advances and installments	540		540	4,320	4,363
Receivables on asset disposals	-	-	-	-	-
Tax receivables (excluding corporate tax)	6,246		6,246	4,667	4,912
Corporate tax receivables	1,001		1,001	710	872
Social security receivables	48		48	21	21
Current accounts	-	-	-	14	14
Miscellaneous receivables	2,463	(863)	1,600	1,236	1,253
Prepaid expenses	3,262		3,262	3,676	3,745
Unrealized foreign exchange gains/losses	28		28	7	7
TOTAL	13,588	(863)	12,725	14,651	15,187

Advances and installments recorded as at December 31, 2013 relate mainly to payments made by THEOLIA SA for reservation of turbines for a wind project. During the course of fiscal year 2014, these installments were utilized within the framework of starting the construction of a 21 MW project in France.

Tax receivables of 6,246 thousand euros are mainly the deductible VAT not yet settled, related to purchases and/or progress on wind projects or wind equipment, in particular:

• operating wind farms	€2,039 K
• development/construction services	€1,408 K
• other perimeter entities	€2,799 K

The 1,579 thousand euro change in these receivables between 2013 and 2014 is chiefly due to a VAT receivable in an amount of almost 2 million euros in Germany related to operations during the year.

Prepaid expenses are mostly related to the Sales of electricity for own account activity in the amount of 2,735 thousand euros (maintenance, rent, etc.) and 406 thousand euros for the Development, construction, sale activity.

8.4 Suppliers and other creditors

8.4.1 Suppliers

(in thousand euros)	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Advances and installments received	2,427	470	485
Suppliers	16,650	18,838	19,153
Non-current asset suppliers	9,276	9,107	8,995
Other	666	715	755
TOTAL	29,019	29,130	29,389

Non-current asset suppliers mainly concern services not yet paid related to the Development, construction, sale activity in France and Italy.

(in thousand euros)	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Social security liabilities	1,443	1,497	1,497
Tax liabilities	2,787	2,640	2,618
TOTAL	4,230	4,137	4,115

8.4.2 Other creditors

Tax liabilities are mostly for collected VAT not yet forwarded.

	2014/12/31						
(in thousand euros)	Invoices not received	From 0 to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to 12 months	TOTAL	2013/12/31 Restated
Trade and related payables	8,444	4,911	496	455	2,344	16,650	18,838
Social security and employee-related debt	66	1,114	262	-	3	1,444	1,497
Tax payables excluding corporate tax	148	2,572	36	-	32	2,788	2,640
TOTAL TRADE AND OTHER PAYABLES	8,658	8,597	794	455	2,379	20,883	22,975

Invoices not received mainly involve Germany.

Suppliers with deadlines of less than 3 months are directly related to the Group's operational activity.

Old supplier payables (9-12 months) are basically in Germany. This debt will be settled when the Group considers these suppliers have met all of their obligations.

Other non-current liabilities include in particular:

• supplier payables linked to operating wind farms	€3,964 K
• debt relating to business combinations	€2,500 K

NOTE 9 PROVISIONS AND POSSIBLE LIABILITIES

9.1 Provisions

A provision is recorded when, at the closing of the period, the Group has an actual obligation (legal or implicit) resulting from any past events and it is likely that an outflow representing future economic benefits will be necessary to extinguish this obligation.

Provisions are made for disputes when a Group obligation to a third party exists as at the closing. The provision is evaluated according to the best estimate of expenses that can be projected.

According to the type of risk provisioned, provisions recognized are classified in the income statement in the following items:

- “Operating provisions”;
- “Current provisions”; or
- “Non-current provisions”.

A provision for an onerous contract is made when the economic benefits the Group anticipates from the contract are lower than the costs incurred in fulfilling the contractual obligations.

Any potential dismantling costs are not subject to a provision for wind farms which are part of the disposal strategy. When wind farms should not be sold prior to the end of the electricity buy-back contract (15 to 20 years), a provision for dismantling is recognized, with an amortizable dismantling asset as counterpart.

(in thousand euros)	Provisions for litigation	Provisions for subsidiary risks	Other provisions	TOTAL
Amounts as at 2013/12/31 (published)	**3,326**	**3,878**	**14,701**	**21,905**
Impact related to IFRSs 10 and 11 enforcement	(155)	12,536	345	12,726
Amounts as at 2014/01/01 (restated)	**3,171**	**16,414**	**15,046**	**34,631**
Increases/reversals operating provisions	32	-	-	32
Increases/reversals current provisions	(183)	-	16	(167)
Increases/reversals non-current provisions	(156)	-	785	629
Increases/reversals assets and liabilities held for sale	-	1,453	-	1,453
Change in scope of consolidation	-	-	(16)	(16)
Currency translation adjustments	3	-	-	3
Other changes	-	1,135	1,812	2,947
AMOUNTS AS AT 2014/12/31	**2,867**	**19,002**	**17,643**	**39,512**
of which current part	-	-	-	-
of which non-current part	2,867	19,002	17,643	39,512

Litigations in which the Group is involved, i.e. 2,867 thousand euros, come in great part from operations concluded in the past years, half due to the development activity and half due to the purchase-sale activity in Germany.

During fiscal year 2014, the Group reduced its overall level of current provisions by 183 thousand euros, mainly after the settlement of litigations from the prior year. These provision reversals were not utilized.

During fiscal year 2014, the Group reduced its overall level of non-current provisions on litigations from the prior year. These changes are detailed as follows:

• settlement of litigations and risk reduction in Germany	€(627) K
• increase in risk on old litigations in France and Spain	+€471 K

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

- the 1,453 thousand euro adjustment for risks on current assets related to discontinued activities. This 4,380 thousand euro provision was established in 2009 (and adjusted at each year-end) to maintain the net assets of the companies classified according to IFRS 5 at the same level as the probable resale value.

The other provisions of 17,643 thousand euros break down as follows:

- in Germany, a provision was made in 2010 for future losses on some third-party wind farm management contracts. This provision, with a balance of 2,617 thousand euros as at the end of 2014, will be partially reversed every year until the end of the contracts in question, in order to compensate for the negative margin. A non-current reversal of 449 thousand euros corresponding to the use of this provision was carried out for the fiscal year;
- non-current provisions were made for significant repairs and for certain risks associated with third-party activity;
- the “Other changes” line relates mainly to the effect of the unwinding of the discount on provisions for dismantling. These provisions totaled 11,090 thousand euros at the end of the fiscal year.

9.2 Possible liabilities

Possible liabilities correspond to potential obligations resulting from past events whose existence will only be confirmed by the occurrence of uncertain future events that are not under the control of the entity or to current obligations for which an outflow is not likely. Outside of those resulting from a business combination, they are not recorded but are addressed in appended information.

NOTE 10 STAKES IN JOINT VENTURES AND ASSOCIATES

Operations between the Group and its subsidiaries accounted using the global integration method, which are related parties, were fully cancelled and are not shown in this note.

10.1 Financial data

(in thousand euros)	% held	Share in net assets of joint ventures and associates	Share in income of joint ventures and associates at 2014/12/31	Share in income of joint ventures and associates at 2013/12/31
THEOLIA UTILITIES INVESTMENT COMPANY	40.00%	-	(14)	(52)
MAESTRALE PROJECT HOLDING SA	50.32%	-	(286)	(659)
NEOANEMOS Srl	47.88%	-	(219)	(650)
AEROCHETTO Srl	51.00%	-	454	(700)
ERNEUERBARE ENERGIE ERNTE VIER GmbH & Co. KG	48.00%	-	(6)	(3)
TOTAL		-	(71)	(2,064)

Where the share in net assets of joint ventures and associates is negative, a provision for risk is made to bring its value in the balance sheet to nil.

100% financial data

(in thousand euros)	THEOLIA UTILITIES INVESTMENT COMPANY	MAESTRALE PROJECT HOLDING SA	NEOANEMOS Srl	AEROCHETTO Srl	TOTAL
Revenue	-	-	-	7,161	7,161
Operating expenses and income	(198)	(23)	(280)	(2,193)	(2,694)
EBITDA	(198)	(23)	(280)	4,968	4,467
Net income	(35)	(569)	(457)	(101)	(1,162)
- of which Group share in the consolidated income	(14)	(286)	(219)	(52)	(571)
Non-current assets	18,682	298	(160)	31,776	50,597
Current assets	2,768	-	111	4,125	7,004
Cash and cash equivalents	1,716	7	774	4,883	7,380
Current financial liabilities	-	-	-	40,446	40,446
Non-current financial liabilities	20,807	15,709	8,920	16,065	61,502
Contributive shareholders' equity as at 2014/12/31	(216)	(5,296)	(7,069)	(14,622)	(27,202)
- of which Group share in sharholders' equity	(87)	(2,665)	(3,384)	(7,457)	(13,593)

As at December 31, 2014, Aerochetto, the company which owns the Giunchetto wind farm, had failed to fulfill certain of its financial obligations under the terms of its financing, regarding an overall bank debt of 40,446 thousand euros.

The minimum ratio for the hedging of debt servicing was not adhered to, owing in particular to the partial lifting of the escrow on certain turbines, in addition to the acoustics management plan implemented in 2013. The non-current part of this farm's debt and the associated swap were reclassified under current financial debt.

As at the date of closing, the lender had not issued an early repayment demand.

10.2 Transactions with joint ventures

Transactions with joint ventures concern operations with companies over which the Group exercises joint control and which are accounted using the equity method.

Transactions with these companies are based on the market price. Transactions with no corresponding balance sheet effect are not eliminated at the end of the consolidation process.

Joint ventures mainly comprise the investment vehicle THEOLIA Utilities Investment Company, in addition to a wind farm under operation situated in Italy. The (gross) balances and transactions during the fiscal year are summarized below:

(in thousand euros)	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Operating income	271	284	493
Income from loans granted to joint ventures and associates	1,332	1,140	600
Trade receivables	234	273	528
Trade payables	(124)	(122)	(117)
Loans	17,561	13,675	9,682

The investment vehicle, THEOLIA Utilities Investment Company, created in August 2011, is accounted using the equity consolidation method. THEOLIA, which holds 40% of its capital, is the operating shareholder in this partnership: it sells wind projects that it has previously developed to THEOLIA Utilities Investment Company, then builds and operates these farms on behalf of the vehicle.

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

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

For the completion of this project, THEOLIA selected 3 MW wind turbines, for a total installed capacity of the future farm of 21 MW.

Due to the existence of a confidentiality clause with its partners, the amount of the transaction may not be disclosed.

10.3 Transactions with associates

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

Transactions with these companies are based on the market price. These operations are not eliminated at the end of the consolidation process.

During fiscal year 2014, no operation occurred between the Group and its associates.

NOTE 11 INCOME TAX

11.1 Income tax

(in thousand euros)	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Corporate tax owed	(1,114)	(963)	(1,129)
Deferred tax	(3,831)	(1,028)	(1,390)
TOTAL	**(4,945)**	**(1,991)**	**(2,519)**

11.2 Deferred tax

The recoverable value of deferred tax assets is reviewed as at each closing date. This value is reduced to the extent that it is no longer likely that a sufficient taxable profit will be available to allow for use of the benefit related to all or part of these deferred tax assets.

Group Management should therefore identify the deferred tax assets and liabilities and determine the amount of the deferred tax assets recorded as at the closing of the fiscal year.

The “Corporate tax” item includes tax payable for the fiscal year and deferred tax included in the income for the period.

Deferred tax is posted, using the variable carry-forward method, for temporary differences existing as at closing between the taxable value of assets and liabilities and their book value, as well as on tax losses. No deferred tax liability is posted at the original entry for goodwill.

A deferred tax asset is recorded for tax losses and unused tax credits to the extent it is likely that the Group will have future taxable profits (using budgets over 3 years) against which these unused tax credits and losses may be allocated.

Deferred tax assets and liabilities are evaluated at the tax rates expected to apply during the fiscal year in which the asset will be realized or the liability settled, on the basis of tax rates (and tax regulations) that have been adopted or practically adopted on the closing date.

Deferred tax is calculated by tax entity. It is offset when tax is taken by the same tax authority and it concerns one single tax entity (tax consolidation group) and when their payment deadlines are fast-approaching.

Deferred and payable tax is recorded as income or expense in the income statement unless it pertains to a transaction or an event that is recorded directly in shareholders' equity.

Deferred tax is presented in specific items on the balance sheet and included in non-current assets and liabilities.

11.2.1 Variation in deferred taxes by type

(In thousand euros)	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Deferred tax assets	5,801	2,239	1,343
Deferred tax liabilities	(59,922)	(54,154)	(54,245)
TOTAL NET DEFERRED TAX	(54,121)	(51,915)	(52,902)

(In thousand euros)	2013/12/31 Published	2013/12/31 Restated	Profit & loss	Acquisitions / Disposals	DT recognized in reserves	2014/12/31
Deferred tax assets / liabilities						
DT on temporary differences on non-current assets	(46,038)	(45,690)	(2,602)			(48,292)
DT on temporary differences on non-current liabilities	(60,290)	(60,297)	(2,939)		16	(63,220)
DT on temporary differences on derivative instruments	(11,225)	(11,178)	3,660	573	1,040	(5,905)
DT on tax losses and temporary differences	132,060	127,313	3,633			130,946
DT on other temporary differences	737	740	(269)			472
Deferred tax depreciation	(68,145)	(62,803)	(5,315)			(68,122)
TOTAL NET DEFERRED TAX	(52,901)	(51,915)	(3,831)	573	1,056	(54,121)

11.2.2 Proof of tax

(in thousand euros)	2014/12/31	2013/12/31 Restated	2013/12/31 Published
Net income of the consolidated Group	(27,050)	(46,583)	(45,286)
Tax expense recognized	4,945	1,991	2,519
Share in income of associates	72	2,064	4
Taxes related to discontinued activities	3	(120)	(120)
Net income of the consolidated Group before tax	(22,030)	(42,648)	(42,884)
Applicable theoretical tax rate	33.33%	33.33%	33.33%
Theoretical tax income (expense)	7,343	14,215	14,293
Tax expense recognized (including discontinued activities)	(4,948)	(1,871)	(2,399)
Tax difference	(12,291)	(16,086)	(16,692)
Reconciling items			
Permanent differences	(284)	(1,282)	(697)
Adjustements of deferred tax on non-current assets	-	1,473	1,315
Others tax without basis			-
Rate difference France/foreign	135	(1,452)	(1,543)
Impairment	-	(1,680)	(1,680)
Deferred tax asset impairment and non-activated tax losses	(11,613)	(12,918)	(13,861)
Other	(529)	(227)	(226)
TOTAL	(12,291)	(16,086)	(16,692)

The Group tax expense for the fiscal year was 4,945 thousand euros as at December 31, 2014 compared with 1,991 thousand euros as at December 31, 2013, and the pre-tax loss for the consolidated Group was 22,030 thousand euros, compared with 42,648 thousand euros as at December 31, 2013.

The theoretical tax rate for the Group is 33.33% because, given the losses, the Company is not subject to the additional contribution of 3.3%. In addition, the 5% levy on companies generating pre-tax sales of more than 250 million euros is not applicable to the THEOLIA Group.

The calculation of the effective tax rate for the Group would not be relevant. The difference with the tax rate of 33.33% applicable to the Group can be explained by the following elements:

- permanent differences, chiefly comprising provisions on non-deductible securities available for sale;
- other tax without basis, including withholding taxes and tax credits;
- the differences between the 33.33% tax rate applicable to the Group and the rate applicable to each foreign entity (primarily in Italy and Germany);
- impairment on non-current assets ; and
- deferred tax assets not recognized on tax loss carry-forwards.

NOTE 12 SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS

12.1 Share capital

Ordinary shares are classified as shareholders' equity instruments.

Costs directly attributable to the issuance of new options or shares are deducted from the proceeds from the issue, net of tax, in shareholders' equity.

THEOLIA shares held by the Group are deducted from shareholders' equity, until cancellation or disposal of the shares. If these shares are sold, the net income from costs directly attributable to the transaction and the tax impact are included in the Group share of shareholders' equity.

THEOLIA is not required to meet asset-to-capital ratios, except for the obligation to maintain shareholders' equity above half of the share capital.

Number of outstanding shares

	2013/12/31	Share capital reduction	Issue of shares through a public offering	Free shares	Creation of shares by conversion of OCEANEs	2014/12/31
Number of shares	64,894,862	-	119,547,052	799,337	37,892	185,279,143
Number of securities	64,894,862	-	119,547,052	799,337	37,892	185,279,143
SHARE CAPITAL (IN EUROS)	90,852,807	(84,366,064)	11,954,705	79,934	6,531	18,527,914

As at December 31, 2014, the share capital comprised 185,279,143 shares with a par value of 0.10 euro. As at that date, the Company held 295,959 treasury shares.

No dividend was paid before or after year-end.

12.2 Stock warrants (equity instruments)

An equity instrument is defined as any contract that provides evidence of a residual interest in the assets of an entity after deduction of the liabilities.

Instruments settled in treasury stocks of the issuer must conform to the "fixed in exchange for fixed" rule, meaning that in the case of stock warrants, these are settled by the exchanging of a fixed number of shares for a fixed amount of cash.

IAS 32.16 stipulates that financial instruments may only be classified as equity instruments if:

- there is no contractual obligation on the part of the issuer to pay out cash (or any financial asset, or to exchange assets or liabilities in potentially unfavorable conditions); and
- the instrument must be settled by exchanging a fixed number of shares for a fixed amount of cash.

When stock warrants are issued they must be registered at the transaction price (IAS 32.22 and 33) after deducting transaction costs. Their value is fixed and cannot be revalued at a later date.

Within the framework of the capital increase carried out on December 9, 2014 through the issue of shares with stock warrant attached, the Company listed 119,547,052 stock warrants on the Euronext Paris Stock Exchange. These stock warrants are traded under the ISIN code FR0012285922 and are able to be exercised as from Tuesday, December 9, 2014.

These stock warrants were not issued as consideration for any service performed and therefore fall outside the scope of IFRS 2 "Share-based Payment". The analysis carried out by the Group identified these stock warrants as a qualified derivative equity instrument for which the consideration is payment of cash to the issuer.

The value of these stock warrants is included in the net proceeds from the capital increase carried out at the end of 2014 (cf. note 12.1 "Share capital").

12.3 Non-controlling interests

Non-controlling interests amount to (19,391) thousand euros.

As THEOLIA holds no share in Breeze Two Energy's share capital, the entire shareholders' equity from this entity, i.e. (18,869) thousand euros, was registered in the "Non-controlling interests" item and broke down as follows:

• reserves	€(16,954) K
• income	€(1,915) K

The tables below set out the main totals in respect of Breeze Two Energy, after applying the necessary adjustments to their consolidation in the financial statements of the THEOLIA Group.

(in thousand euros)	2014/12/31	2013/12/31
Intangible assets	13,576	14,663
Tangible assets	205,903	221,923
TOTAL fixed assets	**219,479**	**236,586**
Net debt	**(183,869)**	**(201,692)**

	2014/12/31	31/12/2013 (1)
Revenue	40,824	38,507
Net income	(1,915)	(3,959)

(1) Data over 11 months as from the date of control.

	2014/12/31
Change in cash and cash equivalents	**(3,539)**

NOTE 13 COMMITMENTS

Within the scope of its wind farm development/construction activities, the Group generally creates a subsidiary in each country where it is present. When the Group develops a wind project in a country, the corresponding subsidiary creates a special purpose vehicle (SPV) holding the assets and liabilities specific to this project. This subsidiary is the debtor for project financing purposes. These special purpose entities can be direct subsidiaries of the Company in some jurisdictions, or indirect through holding companies.

The Group cannot consolidate assets and liabilities – or income and expenses – from these subsidiaries in its consolidated financial statements if it finds that it lacks control over them as understood through IFRSs.

However, as a Group holding company, the Company can be required by its lenders, suppliers and clients to contribute with credits, liquid assets or other types of support to its direct and indirect subsidiaries in the form of guarantees and other commitments. When a subsidiary is not consolidated in the IFRS consolidated financial statements of the Group, these credits, liquid assets or other types of support for the market risk do not appear on the Group's consolidated balance sheet. Likewise, when a subsidiary is consolidated, certain forms of support do not appear on the Group's consolidated balance sheet.

These off-balance-sheet commitments include:

- letters of credit to ensure working capital for subsidiaries;
- guarantees to wind turbine suppliers;
- guarantees related to financing of subsidiaries developing wind projects;
- comfort or support letters issued to subsidiaries; and
- other commitments (direct agreements, pledges on equipment/materials, etc.).

Also, in some cases, non-consolidated entities may also contribute to the Group with credits, liquid assets or other types of support for the market risk, that also are off-balance-sheet commitments.

The Group has changed the ways its off-balance-sheet commitments are presented to make them easier to read. Off-balance-sheet commitments are now presented over a five-year period.

These commitments are broken down by maturity and duration in order to present them by period. Financing commitments received include, for example, project financing that has been signed but still undrawn.

Finally, conditional guarantees and commitments present guarantees and commitments that the Group has made, which depend on the occurrence of uncertain future events.

The tables below show a breakdown of off-balance-sheet commitments related to the scope of the consolidated Group, financing and operational activities of the Company and its subsidiaries as at December 31, 2014.

13.1. Off-balance-sheet commitments distributed by country

(in thousand euros)	TOTAL	2013/12/31 Restated	2013/12/31 Published
France	102,377	115,036	103,077
Germany	99,294	124,115	124,115
Italy	45,169	23,842	45,731
THEOLIA SA	14,882	9,704	9,704
TOTAL	**261,722**	**272,697**	**282,627**

(in thousand euros)	Less than 1 year	From 1 to 5 years	More than 5 years	TOTAL	2013/12/31 Restated
France	13,195	34,937	54,245	102,377	115,036
Germany	11,511	35,725	52,058	99,294	124,115
Italy	3,688	12,649	28,832	45,169	23,842
THEOLIA SA	3,481	11,112	289	14,882	9,704
TOTAL	**31,876**	**94,423**	**135,424**	**261,722**	**272,697**

13.2 Off-balance-sheet commitments detailed by country

Off-balance-sheet commitments related to the French scope

(in thousand euros)	Less than 1 year	From 1 to 5 years	More than 5 years	TOTAL
Commitments related to the scope of consolidation				
Endorsements, pledges and guarantees given on disposals	2,400	-	-	2,400
Endorsements, pledges and guarantees received on acquisitions	-	-	(425)	(425)
Commitments related to fixed assets				
Turbine orders	6,248	13,537	-	19,785
Contractual commitments on wind farm maintenance	3,119	12,703	21,966	37,788
Simple leases	564	2,274	9,310	12,148
Commitments related to financing				
Endorsements, pledges and guarantees given on financing	1,033	6,505	14,271	21,809
Financial assets given as guarantee	-	-	9,123	9,123
Endorsements, pledges and guarantees received on financing	(170)	(81)	-	(251)
TOTAL	**13,195**	**34,937**	**54,245**	**102,377**

Off-balance-sheet commitments related to the German scope

(in thousand euros)	Less than 1 year	From 1 to 5 years	More than 5 years	TOTAL
Commitments related to fixed assets				
Contractual commitments on wind farm maintenance	8,327	23,460	13,470	45,256
Simple leases	3,184	12,266	31,951	47,401
Commitments related to financing				
Endorsements, pledges and guarantees given on financing	-	-	7,092	7,092
Endorsements, pledges and guarantees received on financing	-	-	(455)	(455)
TOTAL	**11,511**	**35,725**	**52,058**	**99,294**

Off-balance-sheet commitments related to the Italian scope

(in thousand euros)	Less than 1 year	From 1 to 5 years	More than 5 years	TOTAL
Commitments related to the scope of consolidation				
Share purchase options given	1,650	-	-	1,650
Contractual commitments on wind farm maintenance	174	1,409	16,593	18,176
Simple leases	240	1,100	5,320	6,660
Commitments related to financing				
Endorsements, pledges and guarantees given on financing	500	2,740	-	3,240
Financial assets given as guarantee	1,164	6,900	4,919	12,983
Other commitments				
Contractual commitments	(40)	500	2,000	2,460
TOTAL	**3,688**	**12,649**	**28,832**	**45,169**

NOTE 14 EVENTS AFTER YEAR-END

Stock warrants

Between December 9, 2014 and February 28, 2015, 217,563 stock warrants were exercised, which led to the creation of 72,521 new shares.

NOTE 15 LIST OF CONSOLIDATED COMPANIES

Entities	% interest	% control	Consolidation method	Country	Business segment
THEOLIA SA	100.00%	100.00%	Parent company	France	Corporate
SOLARKRAFTWERK MERZIG Gmbh & Co. KG	100.00%	100.00%	Global integration	Germany	Non-wind activity
THEOLIA WINDPARK VERWALTUNG GMBH	100.00%	100.00%	Global integration	Germany	Corporate
WP BETRIEBS GmbH	100.00%	100.00%	Global integration	Germany	Corporate
BREEZE TWO GmbH	0.00%	100.00%	Global integration	Germany	Corporate
THEOLIA HOLDING Gmbh	100.00%	100.00%	Global integration	Germany	Development, construction, sale
THEOLIA NATURENERGIEN Gmbh	100.00%	100.00%	Global integration	Germany	Development, construction, sale
WP GROSS WARNOW GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Development, construction, sale
ERNEUERBARE ENERGIE ERNTE VIER GmbH & Co. KG	48.00%	48.00%	Equity method	Germany	Development, construction, sale
WINDENERGIE COESFELD-LETTE GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Development, construction, sale
WF HOXBERG GmbH & Co.KG	100.00%	100.00%	Global integration	Germany	Development, construction, sale
WP TUCHEN RECKENTHIN INVESTITIONS GMBH & CO KG	100.00%	100.00%	Global integration	Germany	Operation
WP NOTTULN GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Operation
WP RUHLSDORF GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Operation
WP MUEHLANGER GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Operation
Windpark Weilerswirst Infra GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Operation
Marklohe Infra GmbH & Co.KG	100.00%	100.00%	Global integration	Germany	Operation
Boho Infra GmbH & Co.KG	100.00%	100.00%	Global integration	Germany	Operation
Windpark Ladbergen GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Sales of electricity for own account
WP SAERBECK GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Sales of electricity for own account
WP WOLGAST INVESTITIONS GmbH & Co. OHG	100.00%	100.00%	Global integration	Germany	Sales of electricity for own account
ERNEUERBARE ENERGIE ERNTE ZWEI GmbH & Co. KG	89.60%	80.00%	Global integration	Germany	Sales of electricity for own account
WP FALKENWALDE Gmbh & Co. KG	100.00%	100.00%	Global integration	Germany	Sales of electricity for own account
WP ZABELSDORF GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Sales of electricity for own account
WP KRIBBE-PREMSLIN GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Sales of electricity for own account
WP GROSSVARGULA GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Sales of electricity for own account
WP KLOCKOW & SWP GmbH & Co.KG	100.00%	100.00%	Global integration	Germany	Sales of electricity for own account
WINDHAGEN PROJEKT WALTROP Gmbh & Co.KG	100.00%	100.00%	Global integration	Germany	Sales of electricity for own account
WINDHAGEN PROJEKT KLEIN STEIMKE GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Sales of electricity for own account
CWP GmbH	52.00%	52.00%	Global integration	Germany	Sales of electricity for own account
WINDKRAFT KRUSEMARK GmbH & Co.KG	100.00%	100.00%	Global integration	Germany	Sales of electricity for own account
WINDPARK WOTAN VIERZEHNTE BETRIEBS GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Sales of electricity for own account
WINDKRAFT DIETLAS GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Sales of electricity for own account
WINDPARK RABENAU Gmbh	100.00%	100.00%	Global integration	Germany	Sales of electricity for own account
BREEZE TWO ENERGY GmbH & CoKG	0.00%	100.00%	Global integration	Germany	Sales of electricity for own account
THEOLIA CEE Gmbh	100.00%	100.00%	Global integration	Austria	Development, construction, sale
THEOLIA BRAZIL ENERGIAS ALTERNATIVAS	100.00%	100.00%	Global integration	Brazil	Development, construction, sale
SERES ENVIRONNEMENT TECHNOLOGY (beijing) Co Ltd	51.00%	51.00%	Equity method	China	Non-wind activity
THEOLIA IBERICA	100.00%	100.00%	Global integration	Spain	Corporate
PARQUES EOLICOS DE LA SIERRA PESSA	100.00%	100.00%	Global integration	Spain	Development, construction, sale
SERES ENVIRONNEMENT SAS	100.00%	100.00%	Global integration	France	Non-wind activity
THERBIO SA	100.00%	100.00%	Global integration	France	Non-wind activity
ECOVAL 30 SA	97.95%	97.95%	Global integration	France	Non-wind activity
ROYAL WIND	100.00%	100.00%	Global integration	France	Corporate
THEOWATT SAS	100.00%	100.00%	Global integration	France	Corporate
TEMPO HOLDING SAS	100.00%	100.00%	Global integration	France	Corporate
CENT EOL DE L'AQUEDUC (CEAQU)	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL DE LA SORBIERE (CESOR)	100.00%	100.00%	Global integration	France	Development, construction, sale
THEOLIA FRANCE SAS	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL DE CROIX BOUDETS (CECBO)	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL LES MONTS (CELMO) ex CETRI	100.00%	100.00%	Global integration	France	Development, construction, sale
LES 4E SARL	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL DE CANDADES (CECAN)	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL DES SOUTETS (CESOU)	100.00%	100.00%	Global integration	France	Development, construction, sale

Entities	% interest	% control	Consolidation method	Country	Business segment
CENT EOL CHEMIN DE FER (CECHE)	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL FORET BOULTACH (CEFOB)	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL DE COUME (CECOU)	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL DE MOTTENBERG	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL DE DAINVILLE	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL DE DEMANGE	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL. DE JONCELS (CEJON)	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL SAINT BLIN - CEBLI (ex SNC SAINT BLIN)	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL DU MAZURIER - CEMAZ	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL LA HAUTE BORNE (CEHAB)	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL DU GOULET (CEGOU)	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL DE COURANT NACHAMPS (CENAC)	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL DE CHAMPCATE (CECHC)	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL LES HAUTS VAUDOIS (CELHV)	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL DE CHEMIN PERRE (CECHP)	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL DE DOMMARTIN-VARIMONT (CEDOM)	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL VESAIGNES - CEVES (ex SNC VESAIGNES)	100.00%	100.00%	Global integration	France	Development, construction, sale
CENT EOL DE FONDS DE FRESNES (CEFF)	100.00%	100.00%	Global integration	France	Sales of electricity for own account
CENT EOL DE SEGLIEN AR TRI MILIN (CESAM)	100.00%	100.00%	Global integration	France	Sales of electricity for own account
CENT EOL DES PLOS (CEPLO)	100.00%	100.00%	Global integration	France	Sales of electricity for own account
CENT EOL DU MOULIN DE FROIDURE (CEMDF)	100.00%	100.00%	Global integration	France	Sales of electricity for own account
CENT EOL DES SABLONS (CESA)	100.00%	100.00%	Global integration	France	Sales of electricity for own account
CENT EOL DE SALLEN (CESAL)	100.00%	100.00%	Global integration	France	Sales of electricity for own account
CENT EOL DES GARGOUILLES (CEGAR) (IG)	40.00%	40.00%	Equity method	France	Sales of electricity for own account
CENT EOL DU MAGREMONT (CEMAG) (IG)	40.00%	40.00%	Proportionate consolidation	France	Sales of electricity for own account
CORSEOL SA	99.88%	99.88%	Global integration	France	Sales of electricity for own account
SAS LES EOLIENNES DU PLATEAU (LEPLA)	100.00%	100.00%	Global integration	France	Sales of electricity for own account
SNC EOLIENNES SUROIT	0.00%	100.00%	Global integration	France	Sales of electricity for own account
CENTRALE EOLIENNE DES MESNILS	100.00%	100.00%	Global integration	France	Development, construction, sale
THEOLIA AM	100.00%	100.00%	Global integration	France	Corporate
AIOLIKI ENERGEIA CHALKIDIKI AEBE	80.00%	80.00%	Global integration	Greece	Development, construction, sale
AIOLIKI ENERGEIA SITHONIA AEBE	80.00%	80.00%	Global integration	Greece	Development, construction, sale
THEOLIA GREECE	95.00%	95.00%	Global integration	Greece	Development, construction, sale
MGE Idea Srl	100.00%	100.00%	Global integration	Italy	Development, construction, sale
MAESTRALE GREEN ENERGY Srl	100.00%	100.00%	Global integration	Italy	Development, construction, sale
NEOANEMOS Srl (MEE)	47.88%	47.88%	Mise en équivalence	Italy	Development, construction, sale
BELMONTE GREEN ENERGY Srl	90.00%	90.00%	Global integration	Italy	Development, construction, sale
GARBINO EOLICA SRL	100.00%	100.00%	Global integration	Italy	Development, construction, sale
MENDICINO GREEN ENERGY Srl	90.00%	90.00%	Global integration	Italy	Development, construction, sale
COLONNE D ERCOLE Srl	100.00%	100.00%	Global integration	Italy	Development, construction, sale
VIBINUM Srl	100.00%	100.00%	Global integration	Italy	Development, construction, sale
TROIA	100.00%	100.00%	Global integration	Italy	Development, construction, sale
GIUGGIANELLO Srl	100.00%	100.00%	Global integration	Italy	Development, construction, sale
SIRIBETTA Srl	90.00%	90.00%	Global integration	Italy	Development, construction, sale
BOVINO EOLICO SRL	100.00%	100.00%	Global integration	Italy	Development, construction, sale
AEROCHETTO Srl (MEE)	51.00%	51.00%	Mise en équivalence	Italy	Sales of electricity for own account
THEOLIA UTILITIES INVESTMENT COMPANY (MEE)	40.00%	40.00%	Mise en équivalence	Luxembourg	Corporate
THEOLIA MANAGEMENT COMPANY	100.00%	100.00%	Global integration	Luxembourg	Corporate
BGE Investment Sàrl	100.00%	100.00%	Global integration	Luxembourg	Corporate
BGE Management Sàrl	100.00%	100.00%	Global integration	Luxembourg	Corporate
MAESTRALE PROJECT HOLDING SA (MEE)	50.32%	50.32%	Mise en équivalence	Luxembourg	Development, construction, sale
MGE GIUNCHETTO WIND PARK SA	100.00%	100.00%	Global integration	Luxembourg	Development, construction, sale
THEOLIA EMERGING MARKETS	100.00%	100.00%	Global integration	Morocco	Corporate
LA COMPAGNIE EOLIENNE DU DETROIT (CED)	100.00%	100.00%	Global integration	Morocco	Sales of electricity for own account
SERES ENVIRONNEMENT MAGHREB SA	99.87%	99.87%	Equity method	Morocco	Non-wind activity

5.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders,

In accordance with our appointment as Statutory Auditors at your Annual General Meeting, we hereby report to you for the year ended on December 31, 2014 on:

- the audit of the accompanying consolidated financial statements of THEOLIA;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements, based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2014 and of the results of its operations for the year then ended in accordance with IFRSs as adopted in the European Union.

Without qualifying the above opinion, we would draw your attention to Note 3.2.3 to the consolidated financial statements "Impact of the retrospective application of IFRS 10 "Consolidated Financial Statements" and 11 "Joint Arrangements"", which sets out the changes in accounting methods arising from the application, as from January 1, 2014, of IFRSs 10 and 11.

II. Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we inform you that our assessments focused on the appropriateness of the accounting policies used and, where applicable, the reasonableness of the accounting estimates made as well as the overall financial statement presentation, particularly concerning:

- As indicated in Note 5.2 to the consolidated financial statements, "Intangible assets", the Group recognizes as intangible assets the development costs of the various wind projects meeting the requirements of IFRSs as adopted in the European Union. We have examined the activity and profitability forecasts on which the appropriateness of this recognition method is based, the method used for determining their amortization and recoverable amount, and have verified that Note 5.2 provides appropriate disclosure.
- At each year-end, the Group systematically conducts tests on its goodwill and assets with an indefinite life for impairment and also determines whether there is an indication of long-term asset impairment loss, under the methods described in Note 5.5 to the consolidated financial statements, "Impairment on goodwill, tangible and intangible assets". We have examined the methods implemented in this impairment test, and the cash flow forecasts and assumptions used, and have verified that Note 5.5 provides appropriate disclosure.

These assessments were performed as part of our audit approach for the consolidated financial statements taken as a whole and contributed to the expression of our opinion in the first part of this report.

III. Specific verification

In accordance with professional standards applicable in France and as required by law, we also verified the information presented in the Group management report.

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

In Marseille and Paris, on April 7, 2015

The Statutory Auditors

Cabinet Didier Kling & Associés		Deloitte & Associés
Didier KLING	Christophe BONTE	Christophe PERRAU

5.3 PARENT COMPANY FINANCIAL STATEMENTS

5.3.1 Income statement

French GAAP *(in thousand euros)*	Notes	2014	2013
Sales of goods		-	(18,825)
Production sold		6,064	6,252
Net revenue	3.1	**6,064**	**(12,573)**
Reversals of provisions (and amortization), expense transfers	3.2	8,636	7,531
Other income		24	(9)
Total operating income (I)		**14,724**	**(5,051)**
Purchases and change in inventories		(30)	18,795
External expenses	3.3	(8,077)	(2,474)
Taxes and other similar contributions		(215)	(208)
Salaries and wages	3.4	(1,730)	(1,903)
Social security contributions and other staff costs	3.4	(820)	(1,023)
Amortization and provisions:			
for fixed assets : amortization		*(76)*	*(111)*
for inventories and current assets : provisions	3.6	*(2,140)*	*(11,868)*
for risks : provisions		-	-
Other expenses		(203)	(777)
Total operating expenses (II)		**(13,290)**	**432**
Operating income (I - II)		**1,434**	**(4,620)**
Financial income (III)	3.7	29,051	36,574
Financial expenses (IV)	3.7	(21,642)	(81,986)
Net financial income (III - IV)		**7,409**	**(45,412)**
Current income before tax (I - II + III - IV)		**8,843**	**(50,031)**
Extraordinary income (V)	3.8	1,138	4
Extraordinary expenses (VI)	3.8	(16,328)	(1,154)
Net extraordinary income (V - VI)		**(15,190)**	**(1,150)**
Corporate tax (VII)	3.9	**(423)**	**(267)**
TOTAL INCOME (I + III + V)		**44,913**	**31,527**
TOTAL EXPENSES (II + IV + VI + VII)		**(51,683)**	**(82,975)**
PROFIT (LOSS)		**(6,770)**	**(51,449)**

5.3.2 Balance sheet

ASSETS

French GAAP *(in thousand euros)*	Notes	Gross	Depreciation, amortization	Net as at 2014/12/31	Net as at 2013/12/31
Intangible assets					
Concessions, patents, licenses, trademarks, software, rights and equivalents	4.1	718	(198)	519	502
Other intangible assets	4.1	-	-	-	-
Tangible assets					
Buildings and fixtures	4.2	517	(374)	144	202
Other property, plant and equipment	4.2	601	(580)	21	22
Financial assets					
Equity investments	4.3	328,421	(176,532)	151,889	130,526
Receivables from equity investments	4.3	177,653	(66,422)	111,231	143,791
Other non-current investments	4.3	26,250	(23,712)	2,538	2,868
Loans	4.3	9,464	(1,142)	8,322	4,684
Other financial assets	4.3	48,875	(48,635)	240	1,446
Total fixed assets (I)		**592,498**	**(317,595)**	**274,903**	**284,040**
Inventories					
Turbines	4.4	18,825	(12,825)	6,000	8,000
Receivables					
Trade and other receivables	4.5	3,235	(1,195)	2,040	2,201
Other receivables	4.6	1,683	(466)	1,217	5,206
Marketable securities					
Cash instruments	4.8	15,048	-	15,048	12,813
Cash and cash equivalents					
In bank	4.8	3,086		3,086	390
At hand	4.8	1		1	1
Total current assets (II)		**41,878**	**(14,486)**	**27,392**	**28,609**
Prepaid expenses (III)	4.6	121		121	99
Currency translation adjustments - assets (IV)					6
GRAND TOTAL (I + II + III + IV)		**634,497**	**(332,080)**	**302,416**	**312,754**

LIABILITIES AND SHAREHOLDERS' EQUITY

French GAAP

(in thousand euros)	Notes	Net as at 2014/12/31	Net as at 2013/12/31
Share capital	4.9	18,528	90,853
Additional paid-in capital		387,846	344,708
Retained earnings		(205,357)	(238,274)
Profit (loss) for the period		(6,770)	(51,449)
Subtotal: net position		**194,247**	**145,838**
Statutory reserves		2,514	2,513
Total shareholders' equity (I)		**196,761**	**148,351**
Provisions for litigation	4.11	-	123
Provisions for risks	4.11	365	370
Total provisions (II)	4.11	**365**	**494**
Financial debt			
Convertible bond	4.12	99,402	160,775
Miscellaneous borrowings and financial debt		49	578
Operating liabilities			
Trade and related payables	4.13	3,896	1,108
Tax and social security liabilities	4.13	874	774
Other miscellaneous liabilities	4.13	1,067	674
Deferred income		-	-
Total (III)		**105,288**	**163,909**
Currency translation adjustments - liabilities (IV)		3	1
GRAND TOTAL (I + II + III + IV)		**302,416**	**312,754**

5.3.3 Cash flow statement

French GAAP (in thousand euros)	2014	2013
Net income	(6,770)	(51,449)
Elimination of amortization, depreciation and provisions	(6,502)	30,050
Elimination of change in taxes	423	267
Elimination of capital gains / losses from disposals	14,082	110
Other income and expenses (including dividends received)	(4,982)	15,414
Gross cash flow (A)	(3,749)	(5,608)
Effect of change in WCR related to operations (B)	9,529	5,287
Cash flow from operating activities (a) = (A+B)	5,780	(321)
Acquisitions of fixed assets	(34)	(62)
Disposals of fixed assets	1,021	-
Dividends received	3,084	1,116
Change in loans	5,469	522
Cash flow from investing activities (b)	9,540	1,576
Capital increase	55,122	-
Increase in loans	-	-
Repayments of loans	(59,768)	-
Interests paid	(5,742)	(4,237)
Cash flow from financing activities (c)	(10,389)	(4,237)
Change in cash and cash equivalents (d) = (a) + (b) + (c)	4,932	(2,982)
Net cash and cash equivalents as at beginning of period	13,203	16,185
Net cash and cash equivalents as at end of period	18,135	13,203
CHANGE IN CASH AND CASH EQUIVALENTS	4,932	(2,982)

5.3.4 Changes in shareholders' equity

French GAAP (in thousand euros)	Capital	Premiums	Profit/loss	Retained earnings	Provisions	Total shareholders' equity
As at 2012/12/31	90,840	344,681	(11,719)	(226,556)	2,489	199,736
Change in share capital, of which:	13	27	-	-	-	40
Free shares						-
Conversion of OCEANE bonds	*13*	*27*				*40*
Share cancellations						-
Due to losses						-
Convertible bond						-
Accelerated tax depreciation					24	24
Allocation of earnings			11,719	(11,719)		-
Profit / loss for the period			(51,449)			(51,449)
As at 2013/12/31	90,853	344,708	(51,449)	(238,275)	2,513	148,351
Change in share capital, of which:	(72,325)	43,138		84,366		55,179
Free shares	*80*	*(80)*				-
Conversion of OCEANE bonds	*7*	*51*				*57*
Share cancellations						-
Due to losses	*(84,366)*			*84,366*		-
Capital increase	*11,955*	*47,819*				*59,774*
Expenses paid on the capital increase		*(4,652)*				*(4,652)*
Accelerated tax depreciation					1	1
Allocation of earnings			51,449	(51,449)		-
Profit / loss for the period			(6,770)			(6,770)
AS AT 2014/12/31	18,528	387,846	(6,770)	(205,358)	2,514	196,761

5.3.5 Notes to the parent company financial statements

Notes to the balance sheet, before allocation of the income for the fiscal year closed on December 31, 2014, the total of which amounts to 302,416 thousand euros, and to the income statement for the year, presented in list form and showing a loss of (6,770) thousand euros.

The fiscal year closed had a 12-month duration, starting January 1, 2014 and ending December 31, 2014. The notes below are an integral part of the annual financial statements.

These financial statements were approved on March 31, 2015 by the Company's Board of Directors.

NOTE 1 ACCOUNTING RULES AND METHODS

The annual financial statements were prepared in accordance with French accounting principles (ANC Rule No. 2014-03). General accounting conventions were applied with regard to the principle of prudence, in accordance with the following basic principles:

- consistency of accounting methods from one fiscal year to the next;
- independence of fiscal years;
- historical cost; and
- going concern.

The main accounting principles used were the following:

1.1 Intangible assets

Intangible assets are valued at acquisition cost (purchase price and ancillary expenses). Software is depreciated over 12 months.

Trademarks are not subject to depreciation.

The Company engages in no research and development activity.

1.2 Tangible assets

Tangible assets are valued at acquisition cost (purchase price and ancillary expenses) or production cost. Depreciation is calculated using the straight-line method according to the expected use life:

- building furnishings and fixtures 10 years
- general facilities 5 years
- office equipment and computer hardware 3 and 4 years

1.3 Financial assets

Gross value of financial assets corresponds to the purchase price, increased by the acquisition expenses. These expenses are subject to accelerated tax depreciation over 5 years.

The current value of equity investments is determined as follows:

- listed securities: net asset value based on stock price as at December 31; and
- non-listed securities: valuation according to various approaches, including notably discounted cash flows (DCF).

If current value is less than net book value, depreciation is applied for the amount of the difference.

Equity investments, treasury shares and investment securities are valued according to the "first in, first out" (FIFO) method.

1.4 Inventories

Equipment inventories are valued at their purchase cost, increased by the acquisition cost. Depreciation is applied if the estimated sale value is lower than the book value.

1.5 Receivables

Receivables are recognized at their par value. Depreciation is applied if the recoverable value is lower than the net book value.

1.6 Marketable securities

Marketable securities, recognized at cost of purchase, are valued at year-end at probable trading value (stock price). If year-end book value is greater than market value, depreciation is recognized.

1.7 Regulated provisions

Acquisition expenses of equity investments included in the cost price of these equities are depreciated for tax purposes over five years, starting from the date of acquisition.

Accelerated tax depreciation is posted each year in the amount of 1/5th of total expenses. This method is applied to all off-book withdrawals.

The regulated provision will only be reversed upon disposal of the securities.

1.8 Recognition of revenue

Total revenue earned by the Company corresponds largely to services related to management of the Group for which it is the parent company.

1.9 Tax credit for competitiveness and employment (CICE)

The tax credit for competitiveness and employment (*crédit d'impôt compétitivité emploi – CICE*) corresponding to eligible compensation was, in compliance with the recommendations from the French national accounting standards authority (*Autorité des normes comptables*), credited to account 649 – Staff costs.

Proceeds from the CICE, which are specific to the company, decreases the operating expenses and is allocated to corporate tax constituting a tax receivable which may be carried forward.

As the Company did not make a request for mobilization of the receivable to a bank, this tax credit will only be available when the tax authority repays it.

NOTE 2 KEY HIGHLIGHTS OF THE YEAR

Financial restructuring

During the second half of 2014, THEOLIA successfully implemented a financial restructuring plan, including notably:

- the performance of a capital increase in the amount of 59.8 million euros, maintaining the preferential subscription right for the shareholders, which enabled to proceed to the early partial redemption of 7.266 euros per outstanding convertible bond; and
- the change in the terms and conditions of the convertible bonds, including mainly the rescheduling of the redemption of the remaining bond debt into 4 installments, distributed over the next 5 years.

For further information on the capital increase and the change in the terms and conditions of the convertible bonds, refer to the securities note number 14-591 dated November 7, 2014, available on the Company's website.

Disposals

During the first half of 2014, THEOLIA carried on its strategy to withdraw from its non-wind activities. Hence, on March 27, 2014, THEOLIA sold Seres Environnement, a company operating in the field of designing and manufacturing instruments to measure and analyze air and water quality.

Cooptation of Thibaut de Gaudemar as director

Further to the resignation of David Fitoussi as director and Chairman of the Audit Committee, THEOLIA's Board of Directors coopted Thibaut de Gaudemar as director as from December 9, 2014. Thibaut de Gaudemar was also appointed as Chairman of the Audit Committee.

NOTE 3 ANALYSIS OF THE MAIN INCOME STATEMENT ITEMS

3.1 Revenue

In 2014, the net income was 6,064 thousand euros, compared to (12,573) thousand euros for the previous fiscal year. This revenue exclusively corresponds to the billing of Group costs and guarantee services granted to subsidiaries.

In 2013, the Company's revenue included the negative impact of a 18,825 thousand euro credit, issued after 10 turbines held by the NeoAnemos subsidiary, being liquidated, were re-transferred.

3.2 Reversals of provisions (and amortization), expense transfers

This item mainly involves the transfer as issue premium of the costs relating to the capital increase in the amount of 4,652 thousand euros, as well as a reversal of impairment further to the scrapping of a non-wind construction project in the amount of 3,832 thousand euros (see section 4.1 hereafter).

3.3 External expenses

External expenses mainly include financial restructuring costs incurred for the year 2014, i.e. 5,335 thousand euros, as well as the Company's recurring operating expenses.

3.4 Staff costs

Staff costs recognized in 2014 break down as follows:

(in thousand euros)	2014	2013
Salaries and wages	1,730	1,903
Social security contributions	777	946
Other staff costs	42	77
STAFF COSTS	**2,550**	**2,926**

In 2014, the Salaries and wages item decreased, due to the reduction of the workforce.

Compensation paid to the Company's corporate officers during fiscal year 2014 amounted to 601 thousand euros and breaks down as follows:

(in thousand euros)	2014	2013
Gross salaries (including bonuses)	450	450
Benefits in kind	10	10
Directors' fees	140	140
TOTAL	**601**	**601**

3.5 Information on staff

The Company employed a total of 23 people as at the end of the period, including the executive corporate officer, the same figure as the one as at December 31, 2013.

Due to the non-material nature of retirement liabilities, the Company did not recognize any provision for retirement pension payments. These liabilities are valued at 97 thousand euros.

The workforce as a whole has a cumulative entitlement to training of 1,573 hours, which is valued at 14 thousand euros.

3.6 Depreciation on inventories and current assets

Depreciations on inventories and current assets mainly correspond to the depreciation of wind turbines held in inventory (see section 4.4 hereafter).

3.7 Financial income and expenses

For fiscal year 2014, a financial profit of 7,409 thousand euros was recognized, compared to a (45,412) thousand euro loss for the previous fiscal year.

French GAAP *(in thousand euros)*	2014	2013
Financial income		
Dividends	3,629	1,313
Interests on advances to subsidiaries *	5,548	6,324
Reversals of depreciations on financial assets	19,785	28,149
Other financial income	89	788
Financial expenses		
Convertible bond interests	(4,193)	(4,227)
Depreciations on financial assets	(17,162)	(58,189)
Merger loss		(4,484)
Receivable write-off for financial reasons		(15,000)
Other financial expenses	(287)	(86)
FINANCIAL INCOME	**7,409**	**(45,412)**

* This item also includes compensation for the loans granted.

In 2014, dividends increased further to exceptional installments from the Moroccan subsidiary.

Depreciations on financial assets recorded further to the performance of impairment tests (see section 4.3 hereafter) were entirely offset by the depreciation reversal on securities of the Seres Environnement company, sold in March 2014. Overall, over the fiscal year, the Company's net depreciations amounted to 2,623 thousand euros.

3.8 Extraordinary expenses and income

In 2014, the extraordinary net income mainly shows the impact of the sale and liquidation of the Seres Environnement and THEOLIA CEE companies, as well as the scrapping of a non-wind construction project, in the aggregated amount of 14,087 thousand euros.

Overall, over the fiscal year, this extraordinary net income was completely offset by depreciation reversals (see sections 4.1 and 4.3 hereafter) recognized during previous fiscal years and corresponding to impairment on outgoing assets.

3.9 Corporate tax

The details of this item in the amount of (423) thousand euros can be analyzed as follows:

- tax expense (withholding tax on operations in Morocco) €(512) K
- family tax credit €3 K
- impact from tax integration €86 K

NOTE 4 ANALYSIS OF MAIN BALANCE SHEET ITEMS

4.1 Intangible assets

French GAAP (in thousand euros)	Amounts as at beginning of period 2014/01/01	Increases	Decreases	Amounts as at end of period 2014/12/31
Gross intangible assets				
Software	696	21	-	718
Business assets	-	-	-	-
Other intangible assets	3,832	-	(3,832)	-
Advances related to intangible assets	-	-	-	-
Total gross amounts	4,528	21	(3,832)	718
Depreciation and amortization / impairment of intangible assets				
Software	195	4	-	198
Business assets	-	-	-	-
Other intangible assets	3,832	-	(3,832)	-
Total amortization	4,026	4	(3,832)	198
Net intangible assets				
Software	502	18	-	519
Business assets	-	-	-	-
Other intangible assets	-	-	-	-
Advances related to intangible assets	-	-	-	-
TOTAL NET AMOUNTS	502	18	-	519

In 2014, the Company scrapped a non-wind construction project, fully depreciated since 2007.

4.2 Tangible assets

French GAAP (in thousand euros)	Amounts as at beginning of period 2014/01/01	Increases	Decreases	Amounts as at end of period 2014/12/31
Gross tangible assets				
Buildings and fixtures	517	-	-	517
Other property, plant and equipment	588	13	-	601
Total gross amounts	1,105	13	-	1,118
Depreciation and amortization / impairment of tangible assets				
Buildings and fixtures	316	58	-	374
Other property, plant and equipment	566	14	-	580
Total amortization	882	72	-	954
Net tangible assets				
Buildings and fixtures	202	-	(58)	144
Other property, plant and equipment	22	-	(1)	21
TOTAL NET AMOUNTS	223	-	(59)	164

4.3 Financial assets

French GAAP (in thousand euros)	Amounts as at beginning of period 2014/01/01	Increases	Decreases	Amounts as at end of period 2014/12/31
Gross financial assets				
Equity investments	316,756	22,937	(11,272)	328,421
Receivables from equity investments	213,653	20,017	(56,017)	177,653
Other non-current investments	26,250	-	-	26,250
Loans	5,805	3,968	(309)	9,464
Treasury shares	371	-	(30)	341
Other financial assets	39,541	9,000	(8)	48,534
TOTAL GROSS AMOUNTS	602,376	55,922	(67,636)	590,662

French GAAP (in thousand euros)	Amounts as at beginning of period 2014/01/01	Increases	Decreases	Amounts as at end of period 2014/12/31
Depreciation and amortization / Impairment of financial assets				
Equity investments	186,230	580	(10,278)	176,532
Receivables from equity investments	69,862	6,047	(9,486)	66,422
Other non-current investments	23,383	330	-	23,712
Loans	1,121	21	-	1,142
Treasury shares	16	184	(16)	184
Other financial assets	38,450	10,000	-	48,450
TOTAL AMORTIZATION	**319,061**	**17,161**	**(19,780)**	**316,443**

French GAAP (in thousand euros)	Amounts as at beginning of period 2014/01/01	Increases	Decreases	Net impairment	Amounts as at end of period 2014/12/31
Net financial assets					
Equity investments	130,526	22,937	(11,272)	9,698	151,889
Receivables from equity investments	143,791	20,017	(56,017)	3,440	111,231
Other non-current investments	2,868	-	-	(330)	2,538
Loans	4,684	3,968	(309)	(21)	8,322
Treasury shares	355	-	(30)	(169)	157
Other financial assets	1,091	9,000	(8)	(10,000)	83
TOTAL NET AMOUNTS	**283,315**	**55,922**	**(67,636)**	**2,618**	**274,219**

In 2014, THEOLIA recapitalized three subsidiaries, THEOLIA France, THEOLIA Emerging Markets and Maestrale Green Energy by offsetting receivables. These transactions led to a decrease in Receivables from equity investments in the amount of 31,936 thousand euros, offset by an increase in Equity investments and Other financial assets. These movements have no impact on financial assets.

In 2014, THEOLIA also sold Seres Environnement’s securities and liquidated the THEOLIA CEE company. These outgoing assets represent an aggregated decrease of 995 thousand euros from the net value of Equity investments.

Every year, the Company carries out impairment tests, primarily to ensure that the value of the non-amortizable assets held are correctly recognized. Their value is determined by asset or asset group, using various approaches, including the discounted cash flows (DCF).

The main net depreciations impacting the financial income (see section 3.7 above) as at the closing of the fiscal year involve Italy in the amount of 5,399 thousand euros, as well as various securities and receivables in the aggregated amount of 2,259 thousand euros.

Shares held by the Company as part of a liquidity contract entered into with an investment service provider are considered as non-current investments and recognized at their acquisition cost, then valued at each closing according to the stock price. As at the closing of fiscal year 2014, the Company owned 295,959 treasury shares.

Finally, in the scope of the Group’s cash management agreement, cash flows are exchanged between THEOLIA and its subsidiaries. In 2014, repayments received from subsidiaries were higher than advances granted, which led to a net reduction of Receivables from equity investments in the amount of 443 thousand euros.

Overall, net financial assets decreased by 9,096 thousand euros during fiscal year 2014. The accounting impact of the change in the value of financial assets was described in the financial income.

Details of receivables related to financial assets by maturity

2014/12/31 (in thousand euros)	Less than 1 year	1 to 5 years	More than 5 years	TOTAL
Receivables from equity investments	-	-	111,231	111,231
Loans	437	-	7,884	8,322
Other financial assets and treasury shares	157	-	83	240
TOTAL RECEIVABLES FROM FINANCIAL ASSETS	**594**	**-**	**119,198**	**119,793**

2013/12/31 (in thousand euros)	Less than 1 year	1 to 5 years	More than 5 years	TOTAL
Receivables from equity investments	-	-	143,791	143,791
Loans	309	-	4,375	4,684
Other financial assets and treasury shares	361	1,000	85	1,446
TOTAL RECEIVABLES FROM FINANCIAL ASSETS	**671**	**1,000**	**148,251**	**149,921**

4.4 Inventories

(in thousand euros)	Amounts as at beginning of period 2014/01/01	Increases	Decreases	Amounts as at end of period 2014/12/31
Wind turbines	18,825	-		18,825
Depreciation	(10,825)	(2,000)		(12,825)
NET TOTAL	8,000	(2,000)	-	6,000

During fiscal year 2014, the Company depreciated the wind turbines acquired but not installed, in the additional amount of 2,000 thousand euros.

4.5 Trade and other receivables

French GAAP (in thousand euros)	Gross amount 2014/12/31	Depreciation 2014/12/31	Net amount 2014/12/31	Net amount 2013/12/31	Of which related to associates as at 2014/12/31	Of which related to associates as at 2013/12/31
Non-Group trade receivables	223	178	45	39	-	-
Total non-Group receivables	223	178	45	39	-	-
Group trade receivables	3,013	1,017	1,996	2,161	1,996	2,161
Total Group receivables	3,013	1,017	1,996	2,161	1,996	2,161
TOTAL TRADE AND OTHER RECEIVABLES	3,235	1,195	2,040	2,201	1,996	2,161

4.6 Other receivables and prepaid expenses

French GAAP (in thousand euros)	Gross amount 2014/12/31	Depreciation 2014/12/31	Net amount 2014/12/31	Net amount 2013/12/31	Of which related to associates as at 2014/12/31	Of which related to associates as at 2013/12/31
Supplier advances and installments and receivables from suppliers	4	-	4	4,007		-
Receivables on asset disposals	-	-	-	-		-
Tax receivables (excluding corporate tax)	687	-	687	624		-
Corporate tax receivables	467	-	467	565		-
Social security receivables	37	-	37	5		-
Current accounts	2	-	2	1	2	1
Other receivables	486	(466)	20	3	17	-
Prepaid expenses	121	-	121	99		-
Currency translation adjustments, assets	-	-	-	6		-
TOTAL	1,804	(466)	1,338	5,311	19	1

In 2014, THEOLIA ordered wind turbines for a project under construction with a turbine supplier. The advance of 4,000 thousand euros, paid to this supplier during a previous fiscal year by THEOLIA SA, was transferred to the French special purpose vehicle, which led to a net reduction of the Other receivables in the same amount.

4.7 Receivables by maturity

2014/12/31

French GAAP (in thousand euros)	Less than 1 year	1 to 5 years	TOTAL
Receivables in current assets (net)			
Trade and other receivables	2,040	-	2,040
Supplier advances and installments and receivables from suppliers	4	-	4
Tax receivables (excluding corporate tax)	687	-	687
Corporate tax receivables	467	-	467
Social security receivables	37	-	37
Current accounts	-	2	2
Other receivables	20	-	20
Prepaid expenses	121	-	121
TOTAL	3,376	2	3,378

The maturity schedule of receivables in current assets above includes net amounts as at the closing.

Trade and other receivables correspond to the share of Group costs billed to subsidiaries at the end of the year.

4.8 Cash and cash equivalents

French GAAP (in thousand euros)	2014/12/31	2013/12/31
Marketable securities (net)	15,048	12,813
Cash and cash equivalents	3,087	391
TOTAL	18,135	13,203

The value of marketable securities corresponds to money-market mutual fund (SICAV) investments. The value of money-market mutual funds invested at year-end resulted in a non-significant unrealized gain.

4.9 Share capital

	Number of shares as at 2014/01/01	Shares issued (cash)	Creation of shares by conversion of OCEANEs	Free shares created after the end of the allotment period	Number of shares as at 2014/12/31
Number of shares	64,894,862	119,547,052	37,892	799,337	185,279,143
NUMBER OF SECURITIES	64,894,862	119,547,052	37,892	799,337	185,279,143

During fiscal year 2014, the Company implemented a reduction of the par value of its shares from 1.40 euro to 0.10 euro, and performed a capital increase in the amount of 59,774 thousand euros. As at the date of closing of the fiscal year, the Company's share capital amounted to 18,528 thousand euros.

4.10 Stock warrants

	TOTAL STOCK WARRANTS
Balance as at December 31, 2013	100,000
Awarded during the year	119,547,052
Cancelled during the year	50,000
BALANCE AS AT DECEMBER 31, 2014	119,597,052

Each new share issued for the capital increase of December 2014 was associated with a stock warrant. It is reminded that three stock warrants entitle to subscribe one new share of the Company at a price of 0.60 euro per new share, until June 9, 2016.

4.11 Provisions

French GAAP (in thousand euros)	Provisions for risks	Provisions for litigation	TOTAL
Amounts as at beginning of period 2014/01/01	370	123	494
Increases	-	-	-
Reversals	6	123	129
AMOUNTS AS AT END OF PERIOD 2014/12/31	365	-	365

The provisions for risks and litigation, which were recognized in the preceding years due to ongoing litigation, were still on the Company's balance sheet as at the end of the fiscal year.

4.12 Borrowings and financial debt

French GAAP (in thousand euros)	Convertible bond	Interests on convertible bond
Amounts as at beginning of period 2014/01/01	156,548	4,227
Increase		4,193
Repayment		4,227
OCEANE early redemption	59,768	1,514
Conversion of OCEANEs	57	
Other changes		
AMOUNTS AS AT END OF PERIOD 2014/12/31	96,722	2,679

Further to the 59,774 thousand euro capital increase, performed on December 9, 2014, THEOLIA implemented, on December 11, 2014, the early partial redemption of 7.266 euros per convertible bond, i.e. a total amount of 59,768 thousand euros. Since then, the main terms of the convertible bonds in effect are as follows, in compliance with prospectus number 14-591 dated November 7, 2014:

- three partial redemptions will occur as follows: (i) 1.702 euro per convertible bond as at January 1, 2017, (ii) 2.431 euros per convertible bond as at January 1, 2018 and (iii) 1.945 euro per convertible bond as at January 1, 2019;
- as partial redemptions are performed, the par value, conversion ratio and the coupon will change as follows:

From	To	Par value (in euros)	Conversion ratio (subject to standard adjustments)	Coupon (in % of the par value)
December 11, 2014	December 31, 2016 (inclusive)	11.764	9.222	3.922%
January 1, 2017	December 31, 2017 (inclusive)	10.062	7.266	3.613%
January 1, 2018	December 31, 2018 (inclusive)	7.631	4.472	2.932%
January 1, 2019	December 31, 2019 (inclusive)	5.686	2.236	1.967%

- convertible bonds will no longer be able to be converted/exchanged after the 10th business day preceding December 31, 2019;
- the coupon is payable every semester on January 1 and July 1 of each year;
- a power is conferred on the bondholders to request the early buyback of all or part of their OCEANEs on January 1, 2020, at a price of 1.946 euro per OCEANE; and
- the OCEANEs which will not be converted, repurchased, exchanged or redeemed as at January 1, 2020 (i) will entitle to the payment of interest at an annual rate of 0.1% of their par value and (ii) will be fully redeemed on January 1, 2041 at a par value of 5.686 euros per OCEANE.

As at December 31, 2014, 8,221,890 OCEANEs were still outstanding.

For further information on the terms of the OCEANEs, refer to the securities note number 14-591 dated November 7, 2014, available on the Company's website.

Details by maturity

2014/12/31

French GAAP *(in thousand euros)*	Less than 1 year	1 to 5 years	More than 5 years	TOTAL
Convertible bond - par value		49,973	46,750	96,722
Accrued interests on convertible bond	2,679			2,679
TOTAL	**2,679**	**49,973**	**46,750**	**99,402**

4.13 Other payables

French GAAP *(in thousand euros)*	2014/12/31	2013/12/31
Trade and related payables	3,896	1,108
Other miscellaneous liabilities	1,067	674
TOTAL	**4,963**	**1,782**

French GAAP *(in thousand euros)*	2014/12/31	2013/12/31
Social security liabilities	725	688
Tax liabilities	150	86
TOTAL	**874**	**774**

Details by maturity

2014/12/31 French GAAP *(in thousand euros)*	Less than 1 year	TOTAL
Trade and related payables	3,896	3,896
Social security and tax liabilities		
Personnel	*407*	*407*
Social security bodies	*317*	*317*
Government, sales tax	*31*	*31*
Other tax and social security liabilities	*119*	*119*
Other miscellaneous liabilities	1,067	1,067
TOTAL	**5,837**	**5,837**

4.14 Tax consolidation

THEOLIA adopted tax consolidation since July 1, 2004. Thus, it alone is liable for the corporate tax for all the member companies of the tax group. The tax consolidation agreement provides that the Group's head company recognizes as income amounts paid by subsidiaries as their tax, as if they were liable separately.

As at the closing of the year, the scope of tax consolidation consisted of the following companies:

- THEOLIA France
- Therbio
- Ecoval 30
- Royal Wind
- Centrale Éolienne de Fonds de Fresnes
- Centrale Éolienne de Séglien Ar Tri Milin
- Centrale Éolienne des Sablons

The Group's tax loss carry forward totaled 122,706 thousand euros as at December 31, 2014.

NOTE 5 TRANSACTIONS BETWEEN THE COMPANY, ITS DIRECTORS AND ITS MANAGEMENT

In 2014, no agreement was signed between the Company and its directors.

NOTE 6 RELATED UNDERTAKINGS

	Equity interests (gross)	Receivables from equity investments (gross)	Loans	Accrued interests on financial receivables	Trade and other receivables (gross)	Trade and related payables	Management fees (income)	Other financial income	Other income	Management fees (expenses)	Other financial expenses
THEOLIA AM	1	13,170						127			
THERBIO	14,634	6,131			9		7	150			
ECOVAL 30		8,484				258	96	208			0
THEOLIA France	36,597	70,443			281	35	2,146	2,335	4		1
BGE MANAGEMENT SARL	13	21					110	1			
BGE INVESTMENT SARL	13	2,156						54			
VIBINIUM SRL		38					3	38			
BOVINO EOLICO SRL							3				
AEROCHETTO SRL					139		8				
THEOLIA IBERICA	3	22,383	836					580	20		
PARQUES EOLICOS DE LA SIERRA		26						1			
THEOLIA HOLDING GMBH	195,397	27,527				52	1,788	760			
THEOLIA NATURENERGIEN GMBH						210				210	
THEOLIA BRAZIL	4,000	4,149						103			
THEOLIA GREECE	57	507									
THEOLIA EMERGING MARKETS	3,060	445				-	14	28			
LA COMPANIE EOLIENNE DU DETROIT	45,385	528			1,332		697	3,656			
MAESTRALE GREEN ENERGY	28,231	6,883				697	367	332			
MAESTRALE GIUNCHETTO		14,635						365			
NEOANEMOS					878						
BREEZE TWO ENERGY GmbH & CoKG (EUR)							400				
THEOLIA MANAGEMENT COMPANY	13	97			360	2	425	2		124	
THEOLIA UTILITIES INVESTMENT COMPANY	1,018		7,884	437		124		437			
TOTAL	328,421	177,623	8,721	437	3,013	1,377	6,064	9,176	24	334	1

NOTE 7 OFF-BALANCE-SHEET COMMITMENTS

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

- pledges and guarantees related to financing of subsidiaries developing wind projects;
- comfort letters issued to subsidiaries;
- receivable write-offs with financial recovery clause granted to subsidiaries;
- lease commitments; and
- other contractual commitments.

The following table shows the significant commitments taken and received by the Company as at December 31, 2014.

(in thousand euros)	2014	2013
Endorsements, pledges and guarantees given	13,702	8,031
Comfort or support letters issued to subsidiaries	-	-
Contractual commitments	-	71
Simple leases	1,180	1,602
Financial assets	-	15,000
Endorsements, pledges and guarantees received	-	-
Other commitments received	(15,000)	(15,000)
TOTAL	**(118)**	**9,704**

These commitments are distributed as follows:

(in thousand euros)	Less than 1 year	1 to 5 years	More than 5 years	TOTAL
Endorsements, pledges and guarantees given	2,862	10,551	289	13,702
Contractual commitments	-	-	-	-
Simple leases	619	561	-	1,180
Financial assets	-	-	-	-
Endorsements, pledges and guarantees received	-	-	-	-
Other commitments received		(15,000)	-	(15,000)
TOTAL	**3,481**	**(3,888)**	**289**	**(118)**

Besides, considering the economic context of some of its subsidiaries, THEOLIA also committed, as a reference shareholder, to supporting their activity during fiscal year 2014.

NOTE 8 EVENT AFTER YEAR-END

Stock warrants

Between December 9, 2014 and February 28, 2015, 217,563 stock warrants were exercised, which led to the creation of 72,521 new shares.

NOTE 9 LIST OF SUBSIDIARIES AND AFFILIATES

Legal form	Legal name	Direct holding, %	Address	City and country	Registration number	Share capital (€K)	Reserves and retained earnings (€K)	Profit/(loss) for the period (€K)	Net revenue (€K)	Equity investments (gross) (€K)	Impairment of equity investments (€K)	Equity investments (net) (€K)	Amount of loans and advances granted (€K)	Amount of dividends received (€K)
GmbH & Co KGaA	ecolutions GmbH & Co. KG	38.82%	Grüneburgweg 18	60322 FRANKFURT GERMANY	HRB 79650	28,400	(17,456)	-	-	25,132	22,594	2,538	-	
SAS	THEOLIA France SAS	100.00%	4 Rue Jules Ferry	34000 MONTPELLIER FRANCE	480 039 825 00041	2,136	9,215	2,374	7,781	36,597	14,240	22,357	70,443	
GmbH	THEOLIA Holding GmbH	100.00%	Ulmer Strasse 5	70771 LEINFELDEN-ECHTERDINGEN GERMANY	HRB 722378	30	1,910	4,557	3,330	195,397	91,850	103,547	27,527	
SA	Therbio SA	99.99%	75 Rue Denis Papin BP80199	13795 AIX EN PROVENCE FRANCE	399 979 608 00060	4,800	(12,093)	(221)	13	14,634	14,634	-	6,131	
SA	THEOLIA Greece	95.00%	Kolokotroni, N° 15 - Ano Liissia	ATHENS GREECE	63611/01/B/07/415	60	(607)	-	-	57	57	-	507	
Srl	MAESTRALE Green Energy	100.00%	Corso Magenta N° 32	20123 MILAN ITALY	4 954 090 967	15	8,960	(17,190)	314	28,231	28,231	-	6,883	
EURL	THEOLIA AM	100.00%	75 Rue Denis Papin BP80199	13795 AIX EN PROVENCE FRANCE	804 081 784 00014	1	-	(122)	-	1		1	13,170	
SARL	THEOLIA Management Company Sàrl	100.00%	6, Rue Guillaume Schneider	L-2522 LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	RC B 163192	13	(28)	2	459	13	-	13	97	
SARL	THEOLIA Utilities Investment Company SA	40.00%	6, Rue Guillaume Schneider	L-2522 LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	RC B 163329	-	-	-	-	1,018	-	1,018	7,884	
SARL	THEOLIA Iberica	100.00%	Paseo de Gracia Num. 118, P. 5, Pta 1	08008 BARCELONA, SPAIN	CIF B64074867	3	(22,619)	(343)	-	3	3	-	23,219	
SARL	BGE Investment Sàrl	100.00%	6, Rue Guillaume Schneider	L-2522 LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	RC B 175071	13	(81)	(70)	-	13	-	13	21	
SARL	BGE Management Sàrl	100.00%	6, Rue Guillaume Schneider	L-2522 LUXEMBOURG, GRAND DUCHY OF LUXEMBOURG	RC B 175097	13	(20)	(6)	120	13	-	13	2,156	

Legal form	Legal name	Direct holding, %	Address	City and country	Registration number	Share capital (in local currency)	Reserves and retained earnings (in local currency)	Profit/(loss) for the period (in local currency)	Net revenue (in local currency)	Equity investments (gross) (€K)	Impairment of equity investments (€K)	Equity investments (net) (€K)	Amount of loans and advances granted (€K)	Amount of dividends received (€K)
SA	THEOLIA Emerging Markets SA (in MAD)	99.86%	52 Boulevard Zerktouni, Etage 5, appt 350	20000 CASABLANCA MOROCCO	RC Casablanca 170779	300	(677)	415	3,066	3,060	3,060	-	445	
SA	La Compagnie Eolienne Du Detroit SA (in MAD)	99.99%	Angle Boulevard Pasteur - rue Ahmed Chawki et rue du Mexique	90000 TANGIER MOROCCO	RC Tanger 13749	181,111	14,019	3,475	68,303	45,385	20,456	24,929	528	3,629
Ltda	THEOLIA Brasil Energias Alternativas (in REAL)	100.00%	Rua Furriel Luiz Antônio Vargas, n°250, cj 1.002	PORTO ALEGRE RS BRAZIL	NIRE 43205244306	2,687	(14,681)	(1,319)	-	4,000	4,000	-	4,149	

5.4 STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

To the Shareholders,

In accordance with our appointment as Statutory Auditors at your Annual General Meeting, we hereby report to you for the year ended on December 31, 2014 on:

- the audit of the accompanying financial statements of THEOLIA;
- the justification of our assessments,
- the specific verifications and disclosures required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of December 31, 2014 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

II. Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we inform you that our assessments focused on the appropriateness of the accounting policies used and, where applicable, the reasonableness of the accounting estimates made as well as the overall financial statement presentation, particularly concerning:

- Equity interests, the net amount of which shown in the balance sheet as of December 31, 2014 totaled 151,889 thousand euros, are stated at purchase cost and written down based on their value in use according to the methods described in note 1.3 to the financial statements "Financial assets." Based on the information made available to us, our work consisted in assessing the data used to determine these values in use, reviewing the updated profitability forecasts for the relevant businesses and the achievement of objectives, and verifying the consistency of the assumptions adopted with the projected data derived from the medium-term plans prepared under the supervision of executive management.

These assessments were performed as part of our audit approach for the financial statements taken as a whole and contributed to the expression of our opinion in the first part of this report.

III. Specific verifications and disclosures

We have also performed the specific verifications required by law in accordance with professional practice standards applicable in France.

We have no matters to report regarding the fair presentation and the consistency with the financial statements of the information provided in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L.225-102-1 of the French Commercial Code relating to compensations and benefits received by the corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on these procedures, we attest to the accuracy of this information.

Pursuant to the law, we have verified that the management report contains the appropriate disclosures as to the identity of and percentage interests and votes held by shareholders.

In Marseille and Paris, on April 7, 2015

The Statutory Auditors

Cabinet Didier Kling & Associés

Didier KLING   Christophe BONTE

Deloitte & Associés

Christophe PERRAU

6 Information about the Company and the share capital

6.1 INFORMATION ABOUT THE COMPANY

6.1.1 Corporate name

THEOLIA

6.1.2 Registered office

75, rue Denis Papin – BP 80199 – 13795 Aix-en-Provence Cedex 3 (France).

6.1.3 Legal form and applicable law

French *société anonyme* (limited liability company) with a Board of Directors, subject to French law, governed by the laws and regulations in force, and notably by Articles L.225-17 to L.225-56 of the French Commercial Code.

6.1.4 Trade and Companies Register

423 127 281 RCS Aix-en-Provence.

APE Code: 6420Z (business activities of holding companies).

SIRET: 423 127 281 00057.

6.1.5 Term

Date of registration: June 7, 1999.

Term: June 6, 2098, except in the event of an early dissolution or an extension.

6.1.6 Fiscal year

Starting January 1 and ending December 31.

6.1.7 Corporate purpose (Article 2 of the Articles of Incorporation)

The purpose of the Company is, directly or indirectly, in France and abroad, both for its own account and for the account of third parties:

1 - all operations relating to energy in the widest sense;

2 - the production of energy in all its forms;

3 - trading or any transactions of any kind involving energy in the widest sense of the term,

4 - all operations for the study, design, development, site supervision, implementation and execution, direct or indirect operation, maintenance, training of staff to support the Company's activities, for co-generation plants, wind farms or any renewable energy plants, or any sites of any kind, as well as any expert assessment for third parties,

5 - all operations relating to the direct or indirect acquisition of shareholding, in any form whatsoever, in all French or foreign companies as well as the administration, management, optimization of such interests and any interventions relating thereto;

6 - any use of funds for creating, managing and optimizing a portfolio,

7 - and, more generally, all operations of any nature whatsoever (economic, legal, financial, civil or commercial), that may be related to this corporate purpose.

6.1.8 Board of Directors (Articles 12 to 15 of the Articles of Incorporation and Internal Regulations)

Composition of the Board of Directors

As provided by law, the Company is managed by a Board of Directors consisting of three to eighteen members, unless otherwise permitted by law in the event of a merger; directors are appointed under the conditions set out by law. Directors may not be over 70 years of age. A director who has reached the age limit is deemed to have automatically resigned.

The term of office of directors appointed or re-elected is set at 3 years. The term of office of each director shall always be renewable. Directors may be dismissed at any time by the General Meeting of Shareholders.

Chairman of the Board of Directors

The Board shall appoint among its members a Chairman, a natural person, who shall be elected for the entire term of his office as director and who shall be eligible for reelection. The age limit of the Chairman is 70 years of age. When the Chairman reaches the age limit, he/she is deemed to have automatically resigned.

The acceptance and exercise of the office as Chairman shall entail the commitment by the interested party to declare that he/she satisfies the limitations provided for by law as regards the holding of multiple corporate offices as Chairman and director within limited liability companies. The Board may, if it deems it necessary, designate one or several Vice-chairmen among its members. The Board shall appoint a secretary, who may be chosen from outside the Company's shareholders.

The Chairman shall chair the sessions of the Board, organize and manage its work, which he/she shall report to the general meeting. He/she shall oversee the proper operation of the bodies of the Company and shall in particular ensure that directors are capable of fulfilling their duties. The Chairman shall chair the sessions of the general meetings and produce the reports required by law. He shall also take responsibility for the General Management of the Company in the capacity of CEO, if the Board of Directors chooses to combine both offices at the time of his appointment.

Deliberations of the Board of Directors

The Board of Directors shall meet as often as the interests of the Company so require and at least six times a year upon notice sent by its Chairman by any means including verbally. The meeting shall take place either at the registered office, or in any other location indicated in the notice made by the Chairman. Should the Chairman be unavailable, the meeting shall be called by a director temporarily delegated to the office of Chairman, or by a Vice-chairman. Should the Board of Directors fail to meet for more than two months, at least a third of its members may require the Chairman to call the Board with regard to a specific agenda. If need be, the CEO may require the Chairman to call the Board of Directors with regard to a specific agenda.

The Board of Directors is quorate if at least half its members are present. Except when provided otherwise by law, to calculate the quorum and the majority, directors who participate in the meeting of the Board by videoconference or by other means of telecommunication that enable their identification, in accordance with the regulations in force, shall be deemed as attending. A director may grant a written proxy to another director in order to be represented. No director may hold more than one proxy during the course of the same meeting.

An attendance register shall be signed by the directors attending the session, and mention, where applicable, the attendance through videoconference or other means of telecommunication enabling their identification of the concerned directors and guaranteeing their effective attendance. The contents of the minutes of each meeting shall be sufficient, with respect to third parties, to substantiate the number of serving directors, of their attendance, including through videoconference or other means of telecommunication enabling their identification and guaranteeing their effective attendance, or their representation.

The meetings shall be chaired by the Chairman of the Board of Directors or, in his absence, by the director who may have been temporarily delegated these duties, by a Vice-chairman or by any other director designated by his fellow members. Decisions shall be adopted by the majority of votes of the members present or possibly deemed as such or represented. In case of an evenly split vote, the Chairman shall have the deciding vote. The Board may decide to create committees or commissions responsible for studying any matters that itself or its Chairman submit to their examination for opinion; such committees or commissions shall exercise their prerogatives under its responsibility.

The minutes recording the deliberations of the Board shall be signed by the Chairman of the session and by a director, or if the Chairman of the session is prevented from doing so, by at least two directors. The directors, as any person called upon to attend the Board meetings, shall have an obligation of discretion with respect to the information of a confidential nature and indicated as such by the Chairman of the session.

Duties and powers of the Board of Directors

The Board of Directors determines the Company's activity guidelines and oversees their implementation. With the exception of the powers expressly assigned to general meetings of shareholders and within the scope of the corporate purpose, the Board shall undertake any matter that may affect the proper operation of the Company and shall, through its deliberations, guide the matters concerning the Company. The Board of Directors shall conduct the checks and audits that it considers appropriate.

The Chairman or CEO of the Company is required to forward to each director all the documents and information necessary for the fulfillment of his/her duties. In exercising its powers, the Board shall grant, if necessary, any delegations to its Chairman, or to any other authorized agents that it designates, subject to the restrictions set out by law concerning endorsements, pledges and guarantees; the Board may grant a power of substitution.

As at the publication date of this Registration Document, Michel Meeus serves as Chairman of the Company's Board of Directors.

Internal Regulations of the Board of Directors

The Board of Directors of the Company adopted, on April 18, 2011, new Internal Regulations, in line with the relevant recommendations aiming to ensure compliance with the fundamental principles of corporate governance. These Internal Regulations, last updated on June 1, 2012, specify, on one hand, the method of organization and operation, the abilities and powers of the Board of Directors and of the committees within it, and, on the other hand, the methods for controlling and assessing their performance.

The full Internal Regulations of the Board of Directors and Appendices in effect are available on the Company's website (www.theolia.com, under Finance/Corporate governance/Documents).

6.1.9 General Management (Articles 16 and 17 of the Articles of Incorporation)

Methods of exercise of the General Management

As set out by law, the General Management shall be held, under its responsibility, either by the Chairman of the Board of Directors, or by another natural person appointed by the Board of Directors and bearing the title of CEO. The decision of the Board of Directors as to the choice among these two methods of exercising the General Management shall be adopted by a qualified majority of two-thirds of the votes of the members present or possibly deemed as such or represented. The option retained – and any subsequent option – shall be valid until ruled otherwise by the Board of Directors under the same majority terms. In any event, the Board shall decide on the methods for exercising the General Management when appointing or renewing the CEO, if this appointment is dissociated with that of the Chairman.

Appointment and dismissal of the CEO

Should the Board of Directors choose to disassociate both functions of Chairman and CEO, it shall then appoint the CEO among the directors or outside the members of the Board, fix the term of his/her office, determine his/her compensation and, where applicable, the limitations of his/her powers. He/she shall not be more than 65 years of age.

Regardless of the term for which these functions are conferred, the functions of the CEO shall lawfully terminate at the end of the fiscal year during which he/she reaches his/her 65th birthday. However, the Board may decide, in the interest of the Company, to exceptionally extend the office of the CEO beyond this age limit for successive one-year periods. In this case, the functions of the CEO shall definitively cease at the latest by the end of the fiscal year during which he/she reaches the age of 70.

The acceptance and the exercise of the functions of CEO require the interested party to declare that he/she conforms to the restrictions set out by law as regards the holding of multiple corporate offices as CEO and director within limited liability companies. The CEO may be dismissed at any time by the Board of Directors. When the CEO does not also act as Chairman of the Board of Directors, his/her dismissal may give rise to damages if the dismissal is decided without reasonable grounds.

Powers of the CEO

The CEO is vested with the most extensive powers for acting in all circumstances in the name and on behalf of the Company. He/she exercises such powers within the scope of the Company's corporate purpose, in accordance with the regulations stated by the Articles of Incorporation of the Company and with the exception of those that the law expressly assigns to general meetings of shareholders and to the Board of Directors, and the limitations provided for in the Internal Regulations of the Board of Directors.

He/she represents the Company in its relations with third parties. The Company shall be bound even by acts of the CEO that do not fall within the Company's corporate purpose, unless it's proved that the third party knew that the act exceeded such purpose or that it could not be ignorant of it given the circumstances, and publication of the Articles of Incorporation alone shall not constitute sufficient proof. When the General Management is held by a CEO, the latter may request that the Chairman of the Board of Directors call a Board meeting with regard to a specific agenda.

The CEO may be substituted by any person holding a special proxy.

As at the publication date of this Registration Document, Fady Khallouf is the Company's CEO.

6.1.10 General meetings of shareholders (Article 22 of the Articles of Incorporation)

Convening general meetings

General meetings of shareholders shall be convened in compliance with conditions and deadlines set by law. The meeting is convened at least fifteen days in advance for the first notice and at least ten days in advance for supplemental notices, by means of a notice inserted in a gazette authorized to publish legal notices in the department in which the registered office is located and in the BALO legal gazette (*Bulletin des Annonces Légales Obligatoires*). Shareholders who have owned registered shares for at least one month on the date of the first notice are convened by mail. The meeting notice is preceded by a prior notice containing all provisions required by law that shall be published in the BALO (*Bulletin des Annonces Légales Obligatoires*) at least 35 days prior to the meeting.

Admission to general meetings

Every shareholder has the right to participate in the general meetings and to attend in person, by returning the voting slip by mail or by giving a proxy.

6.1.11 Other provisions of the Articles of Incorporation

Crossing legal thresholds (Article 7 of the Articles of Incorporation)

In addition to the obligation provided for in Article L.233-7 of the French Commercial Code to notify the Company and the AMF of the crossing of the thresholds of 5%, 10%, 15%, 20%, 25%, one-third, 50%, two-thirds, 90% and 95% of the share capital and of the voting rights, Article 7.4 of the Company's Articles of Incorporation provides that any natural or legal person, who, acting alone or jointly, comes to hold, directly or indirectly, a percentage of the share capital, the voting rights or the shares giving term access to the Company's share capital, equal to or greater than 0.5% or a multiple of this percentage, shall be required to inform the Company by registered letter with acknowledgement of receipt, by indicating the number of voting rights and shares which such person owns, giving immediate or future access to the share capital, as well as the voting rights attached thereto, within a time limit of five business days from the day each of these legal threshold is crossed.

Failing to do so, the shares exceeding the fraction that ought to have been declared shall be deprived of voting rights in the general meetings of shareholders, as provided by law, if, at such a meeting, the failure to disclose has been recorded in the minutes and if one or more shareholders, holding together 5% or more of the capital or the voting rights of the Company so request at the time of such meeting.

Any natural or legal person shall likewise notify the Company, in the manner and within the time limits provided above, when its/his/her direct, indirect or combined shares become less than each of the aforementioned legal thresholds.

Changes in the share capital (Article 8 of the Articles of Incorporation)

Capital increase

The share capital may be increased either through the issuance of ordinary or preferred shares, or by increasing the amount of the par value of the existing equity securities. It may likewise be increased through the exercise of rights attached to the transferable securities providing access to the share capital, as set out by law.

New equity securities are issued either at the par value or at this amount increased by an issue premium. They are paid up either by a cash contribution, including by compensation with debt due and payable by the Company, or by a contribution in kind, or by incorporation of reserves, profits or issue premiums, or as the result of a merger or division. They may also be paid up following the exercise of a right attached to securities giving access to the share capital, including, where applicable, the payment of the corresponding sums.

The shares subscribed to in cash and issued for a capital increase must compulsorily be paid up for one quarter of their par value as at the time of the subscription and, if necessary, for the entire issue premium. The payment of the balance must be carried out in one or more installments as decided by the Board of Directors within a period of five years from the date when the capital increase becomes duly completed.

Calls for funds are notified to the subscribers or shareholders at least fifteen days prior to the date set for each payment by a notice inserted in a gazette authorized to publish legal notices in the department in which the registered office is located and by individual registered letter. Payments are made either to the registered office or to any other location indicated for such purpose.

Any delay in the payment of the amounts due on the unpaid amount of the shares shall, automatically and without the need for any formality, entail the payment of interest at the legal rate, from the payment due date, without prejudice to the personal action at law that the Company may bring against the defaulting shareholder and the specific performance measures provided by law.

Shareholders have, in proportion to the total value of their shares, a preferential subscription right on cash shares issued for implementing the capital increase. Shareholders can individually waive their preferential right. Moreover, they own a subscription right on excess shares, if the extraordinary general meeting so decides or expressly authorizes. The extraordinary general meeting that decided or authorized the capital increase may also cancel this preferential subscription right.

Redemption of the share capital

The share capital may be redeemed by a decision of the extraordinary general meeting, through sums distributable as provided by law. Redeemed shares are referred to as dividend shares; they shall, in the amount of the redemption made, lose the right to any distribution or any repayment on the par value of the securities, but shall retain their other rights.

Reduction of the share capital

The reduction of the share capital is decided or authorized by the extraordinary general meeting. In no case may this undermine the equality of the shareholders.

Modification of shareholder rights

The rights of the shareholders, as ascribed in the Company's Articles of Incorporation, can only be modified by the extraordinary general meeting of the Company’s shareholders.

Provisions permitting the delay, deferral or prevention of a change in control of the Company

The Company’s Articles of Incorporation do not contain any provisions permitting the delay, deferral or prevention of a change in control.

Allocation and distribution of profits (Articles 25 and 26 of the Articles of Incorporation)

The distributable profits are determined in accordance with the law. After the deduction of sums allocated to the reserves in application of the law, profit is distributed between the owners of shares and owners of investment certificates, if any, in proportion to the number of securities they hold. The general meeting may however deduct from the balance of the distributable profit any amounts it considers appropriate in order to allocate them to any optional reserve funds, whether ordinary or extraordinary, or may carry them forward. Dividends are deducted as a priority on the profits for the fiscal year. The general meeting may also decide to distribute amounts deducted from available reserves, by specifically indicating the reserve items from which these deductions have been made.

A general meeting ruling on the financial statements for the fiscal year has the option to grant each shareholder, for all or part of the dividend or of the advance on the dividend distributed, an option between the payment of this dividend or this advance, either in cash or in shares, under the conditions and according to procedures laid down by law. Dividends that are unclaimed at the end of a five-year period from their date of payment revert to the State.

The payment of dividends shall depend mainly on the income earned by the Company, its financial position, its investment policy and the reduction of its debt. The Company does not intend to distribute dividends in 2015 for the fiscal year ended December 31, 2014.

The full Articles of Incorporation are available on the Company’s website (www.theolia.com, under Finance/Corporate governance/Documents).

6.2 SHARE CAPITAL

6.2.1 Share capital

As at December 31, 2014, the Company's share capital recognized by the Board of Directors amounted to 18,524,336.10 euros, divided into 185,243,361 shares with a par value of 0.10 euro, fully paid-up and of the same class. Considering the 35,782 shares created further to the conversion of 3,880 OCEANEs in December 2014, but not yet recognized by the Board of Directors as at December 31, 2014, the share capital amounted to 18,527,914.30 euros, divided into 185,279,143 shares with a par value of 0.10 euro.

Shares are either in the form of registered shares or bearer shares, at the shareholder's discretion. Shares are freely tradable, except as otherwise provided for by law. There are no non-equity securities.

As at December 31, 2014, there were 17,500 pledged registered shares held by two individual shareholders of the Company.

6.2.2 Change in the share capital over the last three years

Approval by the Board of Directors	Nature of the transaction	Number of shares further to the transaction	Share capital further to the transaction (in euros)
	Capital recognized as at the closing of fiscal year 2011	127,418,347	127,418,347.00
2012/03/28	Acknowledgement of the conversion of 21,020 OCEANEs into 181,612 shares	127,599,959	127,599,959.00
2012/03/28	Definitive allocation of 441,638 free shares	128,041,597	128,041,597.00
2012/05/31	Acknowledgement of the conversion of 9,676 OCEANEs into 83,600 shares	128,125,197	128,125,197.00
2012/05/31 (1)	Cancellation of 83,600 shares	128,041,597	128,041,597.00
2012/06/25	Reduction of the share par value from 1 euro to 0.70 euro	128,041,597	89,629,117.90
2012/07/02 (2)	Consolidation of 2 old shares into 1 new share	64,020,798	89,629,117.20
2012/10/29	Acknowledgement of the conversion of 200,240 OCEANEs into 865,036 shares	64,885,834	90,840,167.60
	Capital recognized as at the closing of fiscal year 2012	64,885,834	90,840,167.60
2013/04/10	Acknowledgement of the conversion of 1,052 OCEANEs into 4,544 shares	64,890,378	90,846,529.20
2013/05/10	Acknowledgement of the conversion of 948 OCEANEs into 4,095 shares	64,894,473	90,852,262.20
	Capital recognized as at the closing of fiscal year 2013	64,894,473	90,852,262.20
2014/09/08	Acknowledgement of the conversion of 700 OCEANEs into 2,499 shares	64,896,972	90,855,760.80
2014/11/07	Reduction of the share par value from 1.40 euro to 0.10 euro	64,896,972	6,489,697.20
2014/12/09	Issue of 119,547,052 shares through a public offering	184,444,024	18,444,402.40
2014/12/09	Definitive allocation of 799,337 free shares	185,243,361	18,524,336,10
	Capital recognized as at the closing of fiscal year 2014	185,243,361	18,524,336.10

(1) Implementation on June 21, 2012.
(2) Implementation on July 20, 2012.

During fiscal year 2014, as authorized by the Extraordinary General Meeting of Shareholders dated November 3, 2014, THEOLIA's Board of Directors:

- reduced the share capital through a reduction of the par value of the shares from 1.40 euro to 0.10 euro; and

- performed a capital increase in the amount of 59,773,526 euros, through the issue of new shares associated with stock warrants, maintaining the preferential subscription right for the shareholders, it being specified that each new share was associated with one stock warrant and that three stock warrants entitle their holders to one new share of the Company at 0.60 euro per new share.

6.2.3 Authorized, unissued share capital

6.2.3.1 Delegations and authorizations granted to the Board of Directors by the General Meeting dated June 1, 2012, in effect as at December 31, 2014

Resolution	Purpose	Duration and expiry date	Individual upper limits	Common upper limits	Overall upper limits
23rd	Grant of share subscription and/or purchase options to the benefit of staff members and corporate officers	38 months August 1, 2015	• 5% of the share capital as at the date of the Board of Directors' decision • The number of options granted to executive corporate officers may not represent more than 10% of the total allocations	Upper limit common to the 23rd and 24th resolutions: 5% of the share capital as at the date of the Board of Directors' decision	Overall upper limit for capital increases: 210 million euros
24th	Grant of free shares to the benefit of staff members and corporate officers	38 months August 1, 2015	5% of the share capital as at the date of the Board of Directors' decision	Upper limit common to the 23rd and 24th resolutions: 5% of the share capital as at the date of the Board of Directors' decision	Overall upper limit for capital increases: 210 million euros

The full text of these delegations and authorizations is available at www.theolia.com/en/finance/general-meetings.

6.2.3.2 Delegations and authorizations granted to the Board of Directors by the General Meeting dated November 3, 2014, in effect as at December 31, 2014

Resolution	Purpose	Duration and expiry date	Upper limit
4th	Capital increase in order to allow the conversion of 8,225,770 outstanding convertible bonds as at November 3, 2014	December 31, 2019	Maximum nominal amount of 7,585,805 euros, to which shall be added, as applicable, the additional nominal amount of shares to be issued to preserve the rights of the bondholders, under the conditions required by law and the amended bond issuance contract
5th	Capital increase in order to allow the exercise of 119,547,052 outstanding stock warrants as at December 9, 2014	Maturity of the stock warrants, i.e. June 9, 2016	Maximum nominal amount of 3,984,901.70 euros, to which shall be added, as applicable, the additional nominal amount of the shares to be issued to preserve the rights of the holders of stock warrants, pursuant to legal and regulatory provisions and contractual provisions

The full text of these delegations and authorizations is available at www.theolia.com/en/finance/general-meetings.

6.2.4 Shares held by the Company or for its own account

On December 5, 2012, THEOLIA entrusted Kepler Capital Markets with the implementation of a liquidity contract compliant with the ethics charter of the *Association française des marchés financiers*, also approved by the AMF. In 2014, this contract has been inactive.

As at December 31, 2014, the liquidity account, as for this liquidity contract, included:

- 295,959 shares, corresponding to 0.16% of the share capital, or, at the closing price of December 31, 2014, i.e. 0.53 euro, to 156,858.27 euros; and
- 153,863.86 euros.

6.2.5 Financial instruments allowing access to the Company's share capital

As at December 31, 2014, the optional mechanisms likely to affect the Company's share capital are:

- 8,221,890 outstanding OCEANEs, which may enable the maximum issuance of 75,822,270 new shares if they were to be converted;
- 119,597,052 outstanding stock warrants, which may enable the maximum issuance of 39,889,217 new shares if they were to be exercised;
- 213,606 free shares under acquisition, which may enable the maximum issuance of 149,524 new shares; and
- 675,000 outstanding stock options, which may enable the maximum issuance of 403,650 new shares if they were to be exercised.

The maximum number of shares that may be created as at December 31, 2014 is 116,264,661 new shares.

6.2.5.1 OCEANEs

On October 23, 2007, THEOLIA floated an issue of convertible bonds (OCEANEs) which was the object of a prospectus approved by the AMF on October 23, 2007 under number 07-0368. The terms of this convertible bond were modified on July 20, 2010, in accordance with the prospectus number 10-198 dated June 23, 2010.

Further to the 59.8 million euro capital increase, performed on December 9, 2014, THEOLIA implemented, on December 11, 2014, the early partial redemption of 7.266 euros per convertible bond, i.e. a total amount of 59.8 million euros. Since then, the main terms of the convertible bonds in effect are as follows, in compliance with prospectus number 14-591 dated November 7, 2014:

- three partial redemptions will occur as follows: (i) 1.702 euro per convertible bond as at January 1, 2017, (ii) 2.431 euros per convertible bond as at January 1, 2018 and (iii) 1.945 euro per convertible bond as at January 1, 2019;
- as partial redemptions are performed, the par value, conversion ratio and the coupon will change as follows:

From	To	Par value (in euros)	Conversion ratio (subject to standard adjustments)	Coupon (in % of the par value)
December 11, 2014	December 31, 2016 (inclusive)	11.764	9.222	3.922%
January 1, 2017	December 31, 2017 (inclusive)	10.062	7.266	3.613%
January 1, 2018	December 31, 2018 (inclusive)	7.631	4.472	2.932%
January 1, 2019	December 31, 2019 (inclusive)	5.686	2.236	1.967%

- convertible bonds will no longer be able to be converted/exchanged after the 10th business day preceding December 31, 2019;
- the coupon is payable every semester on January 1 and July 1 of each year;
- a power is conferred on the bondholders to request the early buyback of all or part of their OCEANEs on January 1, 2020, with a price of 1.946 euro per OCEANE; and
- the OCEANEs which will not be converted, repurchased, exchanged or redeemed as at January 1, 2020 (i) will entitle to the payment of interest at an annual rate of 0.1% of their par value and (ii) will be fully redeemed on January 1, 2041 at a par value of 5.686 euros per OCEANE.

For further information on the terms of the OCEANEs, refer to the securities note number 14-591 dated November 7, 2014, available on the Company's website.

It is reminded that as at December 31, 2013, 8,226,380 OCEANEs were outstanding. During fiscal year 2014, 4,490 OCEANEs were converted, which gave rise to the creation of 37,892 new shares. As at December 31, 2014, 8,221,890 OCEANEs remained outstanding.

Considering (i) the aggregated value of early redemptions related to each OCEANE as at December 31, 2014, i.e. 8.024 euros and (ii) the conversion ratio in force, i.e. 9.222 shares per OCEANE, any increase in the stock price beyond 0.87 euro could give rise to the conversion of the outstanding OCEANEs.

In the event all outstanding OCEANEs as at December 31, 2014 were to be converted by the 10th business day preceding December 31, 2016 (inclusive), that would lead, based on the conversion ratio in force, i.e. 9.222 shares per OCEANE, to the creation of 75,822,270 new shares, i.e. a possible dilution of 40.92%. These conversions would cancel the corresponding bond debt.

6.2.5.2 Stock warrants

It is reminded that as at December 31, 2013, 100,000 stock warrants were outstanding. During fiscal year 2014:

- 50,000 stock warrants matured without being exercised and were therefore cancelled; and
- 119,547,052 stock warrants were created in the scope of the capital increase performed on December 9, 2014 (see section 6.2.2 hereof).

As at December 31, 2014, 119,597,052 stock warrants were outstanding, enabling the issue of 39,889,217 new shares if they were to be exercised. It is stated that 50,000 stock warrants matured on December 31, 2014 without being exercised and were therefore cancelled. As at January 1, 2015, 119,547,052 stock warrants were outstanding, which will mature on June 9, 2016.

Three stock warrants entitling to the subscription of one new share of the Company at a price of 0.60 euro per new share, any increase in the stock price above 0.60 euro may lead to the exercise of the outstanding stock warrants.

The exercise of all the outstanding stock warrants as at January 1, 2015 would lead to the creation of 39,849,017 new shares, i.e. a possible dilution of 21.51%. These share subscriptions would represent a cash inflow of 23.9 million euros for THEOLIA.

Between December 9, 2014 and February 28, 2015, 217,563 stock warrants were exercised, which led to the creation of 72,521 new shares.

6.2.5.3 Performance shares

It is reminded that the Board of Directors, during its meeting dated December 10, 2012, granted 1,196,000 (1) free performance shares to staff members of the Group and 1,076,400 (1) free performance shares to the CEO, under attendance and performance conditions.

On December 10, 2014, the Board of Directors definitively granted the performance shares to staff members residing in France and to the CEO, i.e. 548,177 (1) performance shares to staff members residing in France and 251,160 (1) performance shares to the CEO. Beneficiaries have to keep 30% of the shares definitively granted in the registered form until the termination of their functions. The 1,166,851 (1) performance shares that were not granted to staff members residing in France and to the CEO, due to the non-achievement of the performance and/or attendance criteria, were not created.

As at December 31, 2014, 213,606 (1) performance shares granted to staff members residing outside of France are under acquisition and could lead to the creation of a maximum of 149,524 (1) new shares, should all the involved staff members be present as at December 10, 2016, i.e. a possible dilution of 0.08%. Beneficiaries will have to keep 30% of the shares definitively granted in the registered form until the termination of their functions.

6.2.5.4 Stock options

The Board of Directors did not grant any stock options during fiscal year 2014.

It is reminded that on December 1, 2010, the Board of Directors allocated 1,500,000 stock options to the CEO, subject to stock performance conditions and that on July 29, 2011, the Board of Directors allocated 810,000 stock options to some employees of the Group, subject to attendance and stock performance conditions.

As at December 1, 2014, stock price limits to be reached in order for the stock options allocated to the CEO to be exercisable were not reached. The corresponding stock options were therefore cancelled.

As at December 31, 2014, 675,000 stock options granted to employees of the Group were outstanding and could lead to the creation of a maximum of 403,650 new shares if they were to be exercised. Beneficiaries would have to keep 20% of the shares resulting from the exercise of these stock options in the registered form until the termination of their functions.

The stock price limits to be reached in order for the outstanding stock options to be exercisable being between 3.60 euros and 10.00 euros and the closing price as at December 31, 2014 being 0.53 euro, it is unlikely that the outstanding stock options would lead to the creation of new shares. Apart from the aforementioned mechanisms, as far as the Company is aware, no other optional mechanisms exist that may affect the Company's share capital.

(1) Figure adjusted further to the completion of a capital increase on December 9, 2014.

6.3 OWNERSHIP STRUCTURE

6.3.1 Main shareholders

Shareholders' agreements relating to equities composing the share capital

A group of shareholders (the "Concert"), made up of Michel Meeus, Pierre Salik, Brigitte Salik and the CRC Active Value Fund Ltd company, stated before the Financial Markets Authority ("AMF") on March 11 and 12, 2010 (ref. 210C0244) that they entered into agreements that constitute an action in concert.

It is reminded that on March 19, 2010, upon proposal from the Concert, Fady Khallouf and Michel Meeus were appointed directors of the Company. On May 20, 2010, Fady Khallouf was appointed CEO of the Company and on July 26, 2010, Michel Meeus was appointed Chairman of the Company's Board of Directors.

In a statement to the AMF dated December 16, 2014 (ref. 214C2662), the CRC Active Value Fund Ltd company stated that on December 10, 2014, it stopped acting in concert with Michel Meeus, Pierre Salik and Brigitte Salik towards THEOLIA. Since that date, the Concert includes Michel Meeus, Pierre Salik and Brigitte Salik.

The Company is not aware of other shareholder agreements on the securities composing its share capital.

Distribution of the share capital and voting rights

As far as the Company is aware, during the last three fiscal years, the share capital's and voting rights' distribution changed as follows:

	As at 2014/12/31			As at 2013/12/31			As at 2012/12/31		
	Number of shares	% of the share capital	% of theoretical voting rights (1) (4)	Number of shares	% of the share capital	% of theoretical voting rights (2) (4)	Number of shares	% of the share capital	% of theoretical voting rights (3) (4)
Boussard & Gavaudan Investment Management LLP	46,111,030	24.9	24.0	-	-	-	-	-	-
Concert	36,275,192	19.6	22.4	10,339,213	15.9	23.8	8,580,261	13.2	15.5
Pierre Salik	20,036,495	10.8	11.7	4,956,730	7.6	10.4	3,197,778	4.9	5.8
Michel Meeus	10,294,335	5.6	6.7	3,622,081	5.6	8.5	3,622,081	5.6	6.4
Brigitte Salik	5,944,362	3.2	4.0	1,758,527	2.7	4.9	1,758,527	2.7	3.3
CRC Active Value Fund Ltd	-	-	-	1,875	ns	ns	1,875	ns	ns
Treasury shares (5)	295,959	0.2	0.2	295,959	0.5	0.4	210,509	0.3	0.3
Other	102,596,962	55.4	53.5	54,259,690	83.6	75.8	56,095,064	86.5	84.2
TOTAL	185,279,143	100.0	100.0	64,894,862	100.0	100.0	64,885,834	100.0	100.0

(1) As at December 31, 2014, the number of theoretical voting rights amounted to 192,345,360 (including shares without voting rights).

(2) As at December 31, 2013, the number of theoretical voting rights amounted to 144,002,395 (including shares without voting rights).

(3) As at December 31, 2012, the number of theoretical voting rights amounted to 134,607,447 (including shares without voting rights).

(4) The difference between the number of shares and the number of theoretical voting rights is due to the existence of double voting rights (see section 6.3.2.1 below).

(5) See section 6.2.4 hereof.

Boussard & Gavaudan Investment Management LLP took a stake in THEOLIA's share capital and the Concert's position increased as a result of their subscription to the capital increase performed on December 9, 2014, maintaining the preferential subscription right for shareholders.

The number of shares held by each member of the Board of Directors is specified in section 2.3.4 hereof.

As at December 31, 2014, as far as the Company is aware, the percentage of the share capital held by staff members of the Group is not significant.

The Company is not aware of other shareholders holding directly or indirectly, on their own or in concert, more than 5% of the share capital or the voting rights who would have provided it with a declaration of crossing legal thresholds.

Crossings of legal thresholds notified to the AMF are available on the AMF website www.amf-france.org.

As far as the Company is aware, there has been no significant change in the ownership structure since the closing of the fiscal year.

Restrictions on the exercise of voting rights

Further to a declaration of threshold crossing performed as a regularization on June 18, 2014 (ref. 214C1146), the Concert cannot exercise more than 15% of the theoretical voting rights attached to the shares which were subject to the regularization and Pierre Salik cannot exercise, individually, more than 5% of the theoretical voting rights attached to the shares which were subject to the regularization. This restriction is applicable for two years as from the regularization date.

Treasury shares do not bear voting rights during general meetings of shareholders.

Securities giving access to the share capital

In its statements to the AMF dated December 10 and 11, 2014 (ref. 214C2611), the Boussard & Gavaudan Investment Management LLP company stated that it held:

- 46,111,020 stock warrants exercisable at any time until June 9, 2016 (see section 6.2.5.2 hereof), which may lead to the subscription of 15,370,340 new shares if they were to be exercised; and
- 2,923,370 convertible bonds (see section 6.2.5.1 hereof), which may give access to 26,959,318 new shares if they were to be converted before the 10th business day before December 31, 2016 (inclusive).

In its statement to the AMF dated December 16, 2014 (ref. 214C2662), the Concert stated that it held 24,362,724 stock warrants exercisable at any time until June 9, 2016 (see section 6.2.5.2 hereof), which may lead to the subscription of 8,120,908 new shares if they were to be exercised.

6.3.2 Control of the Company

Two shareholders of the Company are holding individually more than 5% of the Company's share capital (see section 6.3.1 above). However, the following information are contributing to the absence of control by a shareholder of the Company:

- the functions of Chairman of the Board of Directors and CEO are separated;
- two directors over the four composing the Board of Directors are independent;
- the members of the Board of Directors are complying with the principles of the Internal Regulations, the Code of Good Conduct relating to the Prevention of Insider Trading and the Code on corporate governance for small and midcap listed companies published by MiddleNext in December 2009;
- Michel Meeus, Chairman of the Board of Directors and member of the Concert, only has one vote over four votes during deliberations of the Board of Directors;
- all the members of the Audit Committee are independent directors, it being specified that no executive corporate officer is a member of this Committee;
- the Concert stated to the AMF (ref. 214C2662) that it did not plan on taking control over THEOLIA and not acting in concert with a third party; and
- the Boussard & Gavaudan Investment Management LLP company is not represented on the Board of Directors and stated to the AMF (ref. 214C2611):
  - not acting in concert with a third party,
  - not planning on crossing the threshold triggering a mandatory tender offer,
  - not planning on taking control over THEOLIA, and
  - not planning on asking for the appointment of a member on the Board of Directors.

The Company is not aware of agreements which implementation may bring about a change in its control.

6.3.2.1 Elements which may affect the Company's control

Double voting rights

Pursuant to Article 23.3 of the Company's Articles of Incorporation, a double voting right, with respect to the one allocated to the other shares, in proportion to the quota of share capital they represent, is allocated to all fully paid-up shares for which there is proof of registration for at least two years in the name of the same shareholder, who shall be either a French citizen or a citizen of a member state of the European Union.

In the event of a capital increase through the capitalization of reserves, profits or issue premiums, this double voting right shall apply, as from their issue date, to any new free shares granted to a shareholder, in proportion to the previous shares for which he/she already benefits from this right.

Any share whose ownership is transferred loses the double voting right, subject to the exceptions provided by law.

Subject to the aforementioned double voting right, the number of votes attached to the shares is calculated in proportion to the quota of share capital they represent.

Statutory restrictions on the exercise of voting rights

Pursuant to Article 7.4 of the Company's Articles of Incorporation, any individual or legal entity, acting individually or in concert, who comes to hold, directly or indirectly, a percentage of the share capital, voting rights or securities giving future access to the Company's share capital, equal or superior to 0.5% or a multiple of this percentage, is required to notify the Company, by registered letter with acknowledgement of receipt, of the number of voting rights and securities giving access, now or in the future, to the share capital, that he/she is holding, as well as the attached voting rights, within five trading days as from the day those thresholds were crossed. In each aforementioned notification, the declarant shall certify that the notification actually includes all the securities that he/she holds. The acquisition date(s) shall also be specified.

In the event the aforementioned notification is not made, shares in excess of the threshold which should have been notified might be deprived of voting rights at the general meetings of shareholders, under the conditions provided by law if, during a general meeting, the failure to notify has been recorded in the minutes and if one or several shareholders, holding jointly at least 5% of the Company's share capital or voting rights, expressly request it during the general meeting.

6.3.2.2 Agreements entered into by the Company that would be amended or terminated in the event of a change in the Company's control

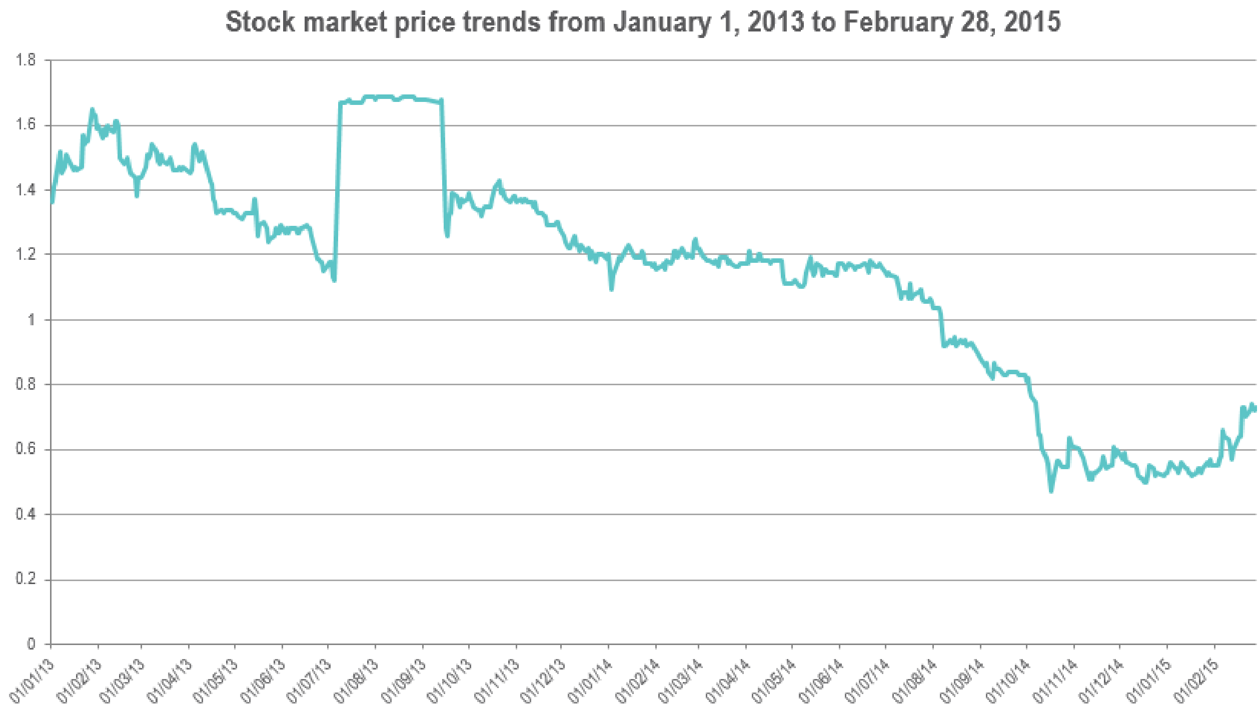
If an operation has the effect of giving control of the Company (as this concept is defined in Article L.233-3 of the French Commercial Code) to one or more individuals or legal entities, acting alone or in concert and who do not control the Company before this operation, including through merger, consolidation, combination or any other similar operation, the bondholders may request the early redemption of all or part of their OCEANEs.

For further information on the terms of the OCEANEs, refer to the securities note number 14-591 dated November 7, 2014, available on the Company's website.

6.4 STOCK MARKET INFORMATION

The THEOLIA share is listed on the C compartment of NYSE Euronext Paris (regulated market) under the TEO ticker.

Stock market price trends from January 1, 2013 to February 28, 2015 are shown below:



TEO LISTED NYSE EURONEXT

7 Additional information

7.1 DOCUMENTS AVAILABLE TO THE PUBLIC

The Company's Articles of Incorporation, as well as minutes of general meetings of shareholders, the parent company and consolidated financial statements, the Statutory Auditors' reports and any other corporate documents relating to the last three fiscal years prior to the publication of this Registration Document, may be consulted in paper form at the Company's registered office located 75, rue Denis Papin, PO Box 80199 – 13795 Aix-en-Provence Cedex 3, France.

All the information made public by the Group pursuant to Article 221-1 of the General Regulations of the AMF and Article R.225-73-1 of the French Commercial Code, are available on the Company's website www.theolia.com and a copy may be obtained from the Company.

7.2 INFORMATION INCORPORATED BY REFERENCE

7.2.1 Fiscal year ended on December 31, 2012

Pursuant to Article 28-1 paragraph 5 of (EC) Regulation No. 809/2004 of the European Commission of April 29, 2004, the Group's consolidated financial statements for the year ended on December 31, 2012 (prepared in accordance with IFRSs, including comparative data for fiscal year 2011 under the same standards), and the report of the Statutory Auditors relating thereto, are included by reference in this Registration Document. They appear in section 5.1 of the Company's Registration Document registered with the AMF on April 29, 2013.

7.2.2 Fiscal year ended on December 31, 2013

Pursuant to Article 28-1 paragraph 5 of (EC) Regulation No. 809/2004 of the European Commission of April 29, 2004, the Group's consolidated financial statements for the year ended on December 31, 2013 (prepared in accordance with IFRSs, including comparative data for fiscal year 2012 under the same standards), and the report of the Statutory Auditors relating thereto, are included by reference in this Registration Document. They appear in section 5.1 of the Company's Registration Document registered with the AMF on April 23, 2014.

7.3 CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Having adopted all reasonable measures for such purpose, I certify that the information contained in this Registration Document, to the best of my knowledge, faithfully reflects reality and does not contain any omission that could have a significant impact upon it.

I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and fairly present the assets and liabilities, financial position and income of the Company and of all consolidated entities, and that the Management Report, included in this Registration Document, the cross-reference table of which can be found in section 7.5.3 hereof, gives a true and fair view of the business performance, income and financial position of the Company and of all consolidated entities, together with a description of the main risks and uncertainties they are facing.

I have obtained the final report from the Statutory Auditors, indicating that they have verified the information on the financial conditions and financial statements provided in this Registration Document and that they read the entire Registration Document.

- The Statutory Auditors' report on the consolidated financial statements as at **December 31, 2014** and appearing in section 5.2 hereof contains the following observation:

  "Without qualifying the above opinion, we would draw your attention to Note 3.2.3 to the consolidated financial statements "Impact of the retrospective application of IFRS 10 "Consolidated Financial Statements" and 11 "Joint Arrangements"", which sets out the changes in accounting methods arising from the application, as from January 1, 2014, of IFRSs 10 and 11."

- The Statutory Auditors' report on the parent company financial statements as at **December 31, 2014** and appearing in section 5.4 hereof does not contain any specific observations.

- The Statutory Auditors' report on the consolidated financial statements as at **December 31, 2013** and appearing in section 5.2 of the 2013 Registration Document contains the following observation:

  "*Without qualifying the above opinion, we would draw your attention to the going concern uncertainty outlined in section 2.1 of Note 2 to the consolidated financial statements, "Accounting policies"."*

- The Statutory Auditors' report on the parent company financial statements as at **December 31, 2013** and appearing in section 5.4 of the 2013 Registration Document contains the following observation:

  "Without qualifying the above opinion, we would draw your attention to the going concern uncertainty outlined in the introductory paragraph of the notes to the financial statements".

- The Statutory Auditors' report on the consolidated financial statements as at **December 31, 2012** and appearing in section 5.2 of the 2012 Registration Document does not contain any specific observations.
- The Statutory Auditors' report on the parent company financial statements as at **December 31, 2012** and appearing in section 5.4 of the 2012 Registration Document does not contain any specific observations.

In Aix en Provence, on April 28, 2015

Fady Khallouf, CEO

7.4 PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND FEES

7.4.1 Principal Statutory Auditors

7.4.1.1 Deloitte & Associés

Les Docks – Atrium 10.4 – 10 place de la Joliette – 13002 Marseille, France

Represented by Christophe Perrau

Initial date of appointment:	General Meeting of Shareholders of November 28, 2005 for the remaining term of office of its predecessor, i.e. until the General Meeting of Shareholders called upon to rule on the financial statements of the fiscal year closed on December 31, 2007.
Last renewal:	General Meeting of Shareholders of June 27, 2014 for a term of six fiscal years, expiring at the end of the General Meeting of Shareholders to be held in 2020 to rule on the financial statements of the fiscal year closed on December 31, 2019.

Deloitte & Associés is a member of the Regional Society of Auditors of Versailles.

7.4.1.2 Cabinet Didier Kling & Associés

28, avenue Hoche – 75008 Paris, France

Represented by Didier Kling and Christophe Bonte

Initial date of appointment:	General Meeting of Shareholders of December 17, 2010 for the remaining term of office of its predecessor, i.e. until the General Meeting of Shareholders called in 2012 to rule on the financial statements of the fiscal year closed on December 31, 2011.
First renewal:	General Meeting of Shareholders of June 1, 2012 for a term of six fiscal years, expiring at the end of the General Meeting of Shareholders to be held in 2018 to rule on the financial statements of the fiscal year closed on December 31, 2017.

Cabinet Didier Kling & Associés is a member of the Regional Society of Auditors of Paris.

7.4.2 Alternate Statutory Auditors

7.4.2.1 BEAS

7/9, villa Houssay - 92200 Neuilly-sur-Seine, France

Initial date of appointment: General Meeting of Shareholders of November 28, 2005 for the remaining term of office of its predecessor, i.e. until the General Meeting of Shareholders called upon to rule on the financial statements of the fiscal year closed on December 31, 2007.

Last renewal: General Meeting of Shareholders of June 27, 2014 for a term of six fiscal years, expiring at the end of the General Meeting of Shareholders to be held in 2020 to rule on the financial statements of the fiscal year closed on December 31, 2019.

BEAS is a member of the Regional Society of Auditors of Versailles.

7.4.2.2 Ficorec Audit

327 boulevard Michelet - 13009 Marseille, France

Initial date of appointment: General Meeting of Shareholders of December 17, 2010 for the remaining term of office of its predecessor, i.e. until the Ordinary General Meeting of Shareholders called in 2012 to rule on the financial statements of the fiscal year closed on December 31, 2011.

First renewal: General Meeting of Shareholders of June 1, 2012 for a term of six fiscal years, expiring at the end of the General Meeting of Shareholders to be held in 2018 to rule on the financial statements of the fiscal year closed on December 31, 2017.

Ficorec Audit is a member of the Regional Society of Auditors of Marseille.

7.4.3 Fees paid to Statutory Auditors

	Deloitte & Associés				Didier Kling & Associés			
	Amount		%		Amount		%	
(in thousand euros)	2014	2013	2014	2013	2014	2013	2014	2013
Audit of the financial statements, certification, review of individual and consolidated financial statements								
Issuer	270	280	54%	51%	135	135	52%	49%
Wind activity subsidiaries	193	238	39%	43%	119	119	46%	43%
Non-wind activity subsidiaries	21	20	4%	4%	-	15		6%
Sub-total Statutory Auditors	**484**	**538**	**97%**	**97%**	**254**	**270**	**98%**	**98%**
Other work and services directly related to the Statutory Auditors' mission								
Issuer	10	12	2%	2%	-	-	-	-
Wind activity subsidiaries	3	3	1%	1%	6	6	2%	2%
Sub-total Other work	**13**	**15**	**3%**	**3%**	**6**	**6**	**2%**	**2%**
Other services (excl. audit)								
Issuer	-	-	-	-	-	-	-	-
Sub-total Other services (excl. audit)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**497**	**553**	**100%**	**100%**	**260**	**276**	**100%**	**100%**

7.5 CROSS-REFERENCE TABLES

7.5.1 Cross-reference table for the Registration Document

In order to facilitate comprehension hereof, the following thematic table will help the reader identify the minimum categories of information required according to Annex I of Regulation No. 809/2004 of the European Commission of April 29, 2004.

		§
1.	PERSONS RESPONSIBLE	
1.1	Name and function of the persons responsible for the document	7.3
1.2	Declaration of the responsible persons	7.3
2.	STATUTORY AUDITORS	
2.1	Names and addresses of the Statutory Auditors	7.4.1, 7.4.2
2.2	Statutory Auditors having resigned, having been dismissed or not having been renewed during the last three fiscal years	None
3.	SELECTED FINANCIAL INFORMATION	
3.1	Historical financial information	1.3
3.2	Intermediary financial information	None
4.	RISK FACTORS	4.4
5.	INFORMATION CONCERNING THE ISSUER	
5.1	History and evolution of the Company	1.4, 6.1.1 to 6.1.6
5.2	Investments	4.2
6.	SUMMARY OF ACTIVITIES	
6.1	Main activities	1.2.1
6.2	Main markets	1.6
6.3	Exceptional events	4.1.1
6.4	Company's reliance on patents, licenses, agreements or new manufacturing technologies	4.4
6.5	Competitive position	1.6.4
7.	ORGANIZATIONAL CHART	
7.1	Brief description of the Group	1.1, 1.2.3
7.2	List of important subsidiaries	1.2.3, 5.1.6
8.	REAL ESTATE, PLANTS AND EQUIPMENT	
8.1	Significant existing or planned tangible assets	1.2.1.4
8.2	Environmental constraints which could influence the use of tangible fixed assets	3.2
9.	FINANCIAL REVIEW	
9.1	Financial position	4.1, 4.6
9.2	Operating income	4.1, 4.6
10.	CASH AND CAPITAL	
10.1	Information on capital	4.1.3, 4.6.1.2
10.2	Source and amount of cash flows	4.1.4, 4.6.1.3
10.3	Borrowing conditions and funding structure	4.1.3
10.4	Restrictions on the use of capital resources	4.1.3.2

10.5	Anticipated sources of funds	1.5, 4.1.3, 4.7.2
11.	**RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES**	4.1.5
12.	**INFORMATION ON TRENDS**	
12.1	Major trends since the end of the last fiscal year	4.7
12.2	Event that could significantly influence the outlook	4.7
13.	**PROFIT FORECASTS AND ESTIMATES**	4.7.3
13.1	Main assumptions in the forecast	None
13.2	Report of the Statutory Auditors	None
13.3	Forecast or valuation of profit	None
13.4	Declaration on the validity of a forecast previously included in a prospectus	None
14.	**ADMINISTRATIVE BODIES AND GENERAL MANAGEMENT**	
14.1	Information on the members of the administrative bodies and the General Management	2.1, 2.4
14.2	Conflicts of interest	2.1
15.	**COMPENSATION AND BENEFITS**	
15.1	Compensation and benefits in kind	2.3
15.2	Pensions and other advantages	2.3
16.	**OPERATING PROCEDURES OF THE ADMINISTRATIVE AND MANAGEMENT BODIES**	
16.1	Expiration date of the current terms of office of the members of the Board of Directors and the Management	2.4
16.2	Service agreements binding on the members of the Board of Directors and the Management to the Company or its subsidiaries	None
16.3	Information on Committees	2.1
16.4	Compliance with the code of corporate governance in force in France	2.1
17.	**EMPLOYEES**	
17.1	Number of employees	3.3.1
17.2	Participation in the share capital and stock options of members of the Board of Directors and the Management	2.3.1.3, 2.3.2, 2.3.4, 2.3.5
17.3	Arrangements involving the employees in the share capital	None
18.	**MAIN SHAREHOLDERS**	
18.1	Shareholders holding more than 5% of the share capital or the voting rights	6.3.1
18.2	Existence of different voting rights	6.3.2
18.3	Control of the Company	6.3.2
18.4	Agreements which implementation may bring about a change in control	6.3.2
19.	**OPERATIONS WITH RELATED PARTIES**	2.5
20.	**FINANCIAL INFORMATION CONCERNING THE COMPANY'S ASSETS, FINANCIAL POSITION AND INCOME**	
20.1	Historical financial information	7.2
20.2	Pro forma financial information	None
20.3	Financial statements	5.1, 5.3
20.4	Verification of annual historical financial information	5.2, 5.4
20.5	Date of latest financial information	2014/12/31
20.6	Interim financial and other information	None

20.7	Dividend distribution policy	4.1.6, 6.1.11
20.8	Litigation and arbitration	4.5
20.9	Significant change in the financial or commercial situation	4.7.1
21.	**ADDITIONAL INFORMATION**	
21.1	Share capital	6.2
21.2	Deed of Incorporation and Articles of Incorporation	6.1, 6.2
22.	**MATERIAL CONTRACTS**	4.3
23.	**INFORMATION FROM THIRD PARTIES, EXPERT STATEMENTS AND DECLARATIONS OF INTEREST**	None
23.1	Identity of the experts	None
23.2	Declaration relating to the information from a third party	None
24.	**DOCUMENTS AVAILABLE TO THE PUBLIC**	7.1
25.	**INFORMATION ABOUT MINORITY INTERESTS**	1.2.3, 5.1.6

7.5.2 Cross-reference table for the Annual Financial Report

To facilitate the reading of the Annual Financial Report, the following thematic table identifies, in this Registration Document, the main information required pursuant to Articles L.451-1-2 of the French Monetary and Financial Code and 222-3 of the General Regulations of the AMF.

		§
1.	**Parent company financial statements**	5.3
2.	**Consolidated financial statements**	5.1
3.	**Management Report**	
3.1	Information mentioned in Articles L.225-100 and L.225-100-2 of the French Commercial Code	
	• Analysis of changes in the business, results and financial position	4.1, 4.6
	• Key indicators of human and environmental resources	3.3, 3.2
	• Main risks and uncertainties	4.4
	• Summary table of the current authority granted by the General Meeting of Shareholders to the Board of Directors for capital increases	6.2.3
3.2	Information mentioned in Article L.225-100-3 of the French Commercial Code	
	• Factors likely to have an impact in the event of a public offering	6.3.2
3.3	Information mentioned in Article L.225-111 of the French Commercial Code	
	• Company purchases of its own shares	6.2.4
4.	**Statement by individuals responsible for the Annual Financial Report**	7.3
5.	**Statutory Auditors' report on the parent company and consolidated financial statements**	5.4, 5.2
6.	**Information regarding the Statutory Auditors' fees**	7.4.3
7.	**Chairman of the Board of Directors' report**	2.1
8.	**Statutory Auditors' report on the Chairman of the Board of Directors' report**	2.2

7.5.3 Cross-reference table for the management report

To facilitate the reading of the management report, the following thematic table identifies, in this Registration Document, the information required pursuant to Articles L.225-100 et seq. of the French Commercial Code.

		§
	REPORT ON ACTIVITY	
1.	Position and activity of the Company during the previous fiscal year	4.1, 4.6
2.	Objective and complete analysis of changes in its business, results and financial position	4.1, 4.6
3.	Main risks and uncertainties	4.4
4.	Indications on the use of financial instruments	4.1.3
5.	Significant events occurring between the end of the fiscal year and the date the report was drafted	4.7.1
6.	Research and development activities	4.1.5
7.	Anticipated change in the Company's position and future prospects	4.7.2, 4.7.3
8.	Payment deadlines for accounts payable	4.6.1.2
9.	Results of the activities of the Company, its subsidiaries, and the companies it controls	4.1, 4.6
10.	Key financial performance indicators	4.1, 4.6
	GOVERNANCE	
11.	Choice of organization for the Company's General Management	2.1
12.	List of all offices or functions held within any company during the previous fiscal year, by each corporate officer	2.4
13.	Compensation and benefits of any kind paid to each corporate officer during the previous fiscal year	2.3
14.	Breakdown of fixed, variable and non-recurring items comprising such compensation and benefits, as well as calculation criteria	2.3
15.	Commitments of any kind assumed by the Company in favor of its corporate officers	2.1, 2.3
16.	Transactions performed by corporate officers and parties closely associated with the latter, involving Company securities	2.3.5
17.	Adjustment of the conversion bases and conditions for the subscription or exercise of stock options	6.2.5
	SHAREHOLDER STRUCTURE AND CAPITAL	
18.	Composition of the shareholder structure and changes which occurred during the fiscal year	6.3.1
19.	Statement of employee stock holdings as at the last day of the previous fiscal year	6.3.1
20.	Amount of dividends and other income distributed and paid out during the last three fiscal years	4.1.6
21.	Information on the profit-sharing premium	None
22.	Factors likely to have an impact in the event of a public offering	6.3.2
23.	Transactions performed by the Company involving its own shares	6.2.4
24.	List of Company subsidiaries and controlled companies	5.1.6
25.	Significant interests or control assumed during the fiscal year in companies having their corporate headquarters on the French territory	None
26.	Disposals of shares occurring for purposes of adjusting cross-holdings	None

	CORPORATE SOCIAL RESPONSIBILITY	
27.	Information on how the Company takes into consideration the social and environmental consequences of its activities	3
28.	Key environmental and social indicators	3
29.	Company commitments in favor of sustainable development	3
30.	Information on fight against discrimination and the promotion of diversity	3.3.7
31.	Information on facilities classified in the “Seveso” high-risk category (polluting or risky activity)	None
	OTHER INFORMATION	
32.	Injunctions or monetary penalties for anti-competitive practices	None
33.	Sumptuary expenses	None
34.	Table of income for the last five fiscal years	4.6.2
35.	Information on plans for stock options granted to corporate officers and employees	2.3.1.3, 2.3.2, 3.3.2, 6.2.5.4
36.	Information on allocations of free shares to corporate officers and employees	2.3.1.3, 2.3.2, 3.3.2, 6.2.5.3
37.	Table of current authority with respect to capital increases and the use of such authority during the fiscal year	6.2.3

7.5.4 Cross-reference table for the environmental, social and societal responsibility report

In order to facilitate comprehension hereof, the following thematic table will help the reader identify the information required by French Decree No. 2012-557 dated April 24, 2012 (article 225 of the Grenelle 2 Act).

		§
	SOCIAL INFORMATION	
1.	**Employment**	
1.1	Total workforce and breakdown of employees by gender, age and geographical zone	3.3.1
1.2	Recruitments and lay-offs	3.3.1
1.3	Compensation and its evolution	3.3.2
2.	**Work time organization**	
2.1	Working hours	3.3.3
2.2	Absenteeism	3.3.3
3.	**Labor relations**	
3.1	Organization of the dialogue between employees and Management	3.3.4
3.2	Status of collective agreements	3.3.4
4.	**Health and safety**	
4.1	Health and safety conditions at work	3.3.6
4.2	Status of agreements signed with trade unions concerning health and safety at work	3.3.6
4.3	Occupational accidents, notably frequency and severity, and occupational diseases	3.3.6
5.	**Training**	
5.1	Policies implemented on training	3.3.5
5.2	Total number of hours of training	3.3.5

6.	**Equality of treatment**	
6.1	Measures taken in favor of equality between women and men	3.3.7
6.2	Measures taken in favor of employment and integration of disabled persons	3.3.7
6.3	Policy on fighting discrimination	3.3.7; 3.3.8
6.4	Promotion and compliance with the provisions of the fundamental agreements of the International Labor Organization	3.3.8
	ENVIRONMENTAL INFORMATION	
7.	**General policy**	
7.1	Organization for taking environmental matters into account	3.1, 3.2.1
7.2	Actions to train and inform employees on environmental protection	3.2.1
7.3	Resources devoted to preventing environmental risks and pollution	3.2.1, 3.2.3
7.4	Amount of provisions and guarantees for environmental risks	3.2.1, 3.2.4
8.	**Pollution and waste management**	
8.1	Measures to prevent, reduce or compensate discharges into air, water and ground	3.2.1, 3.2.3
8.2	Waste prevention, recycling and disposal measures	3.2.1, 3.2.4
8.3	Consideration of noise nuisance and any other form of pollution specific to an activity	3.2.1, 3.4.2, 3.4.3
9.	**Sustainable use of resources**	
9.1	Water consumption and supply according to local constraints	3.2.6
9.2	Raw material consumption and measures taken to improve efficiency in their use	3.2.6
9.3	Energy consumption and measures taken to improve energy efficiency and the use of renewable energy	3.2.1, 3.2.6
9.4	Use of ground	3.2.3, 3.2.5
10.	**Climate change**	
10.1	Greenhouse gas emissions	3.2.1
10.2	Adaptation to the consequences of climate change	3.2.1
11.	**Protection of biodiversity**	
11.1	Measures taken to preserve or develop biodiversity	3.2.2
	SOCIETAL INFORMATION	
12.	**Regional, economic and social impact of the activity**	
12.1	Impact in matters of employment and regional development on local residents	3.4.4
13.	**Relations with stakeholders**	
13.1	Conditions of dialogue with stakeholders	3.4.1
13.2	Partnership or sponsorship actions	3.4.7
14.	**Subcontracting and suppliers**	
14.1	Social and environmental matters taken into account in the purchase policy	3.4.5
14.2	Importance of subcontracting and taking into account the social and environmental responsibility of suppliers	3.4.5
15.	**Fairness of practices**	
15.1	Actions taken to prevent corruption	3.4.6
15.2	Measures taken in favor of the health and safety of consumers	3.4.2
16.	**Other**	
16.1	Other actions taken in favor of human rights	3.4.6

Public limited company with Board of Directors
with a share capital of €18,524,336.10

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