



THEOLIA

2009 HALF YEAR FINANCIAL REPORT

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PERSONS ASSUMING RESPONSIBILITY FOR THE HALF YEAR FINANCIAL REPORT

We declare, to our knowledge, that the 2009 half year summary financial statements have been established in line with the applicable accounting standards and give a true image of the wealth, the financial situation and the income of the Company and all its affiliates included in the scope of consolidation, and that the enclosed half year activity report presents a loyal depiction of the important events that occurred during the first six months of the year and of their impact on the financial accounts, the principal transactions between related parties, as well as a description of the principal risks and uncertainties for the remaining six months of the year.

Olivier Dubois

Chief Financial Officer

Marc van't Noordende

Chief Operating Officer

HALF YEAR ACTIVITY REPORT

Reactivated wind farm sales lead to solid improvements in H1 results

(in thousands of euros)	06/30/2009	06/30/2008 ⁽¹⁾	Change
Revenue	104,929	55,386 ⁽²⁾	+89%
EBITDA ⁽³⁾	25,374	9,170	+177%
Operating income	1,976	(14,633)	n/a

(1) Restated for IFRS 5 application regarding non-current assets held for sale and discontinued activities.

(2) Corrected by - 1 million euros since the publication on July 29, 2009 on account of a consolidation error.

(3) EBITDA = current operating income + amortization + risk provisions.

There is a clear improvement in the free cash position at the holding level: from 9 million euros as of December 31, 2008 to 28 million euros as of June 30, 2009.

Marc van't Noordende, CEO of THEOLIA, commented: *"Despite the very difficult environment for THEOLIA over the first six months of 2009, the strong improvement in the half year financial measurements is encouraging. The Group's efforts to restructure and streamline the organization, to execute asset disposals as communicated, to reactivate sales of wind farms in Germany and to narrow the operational focus on key geographies are beginning to pay off resulting in an improved cash position. Now with the implementation of a new strategy as independent wind project developer, in the context of restricted access to financing, THEOLIA is preparing its future and positioning itself to benefit from the profitable growth of its markets for its shareholders."*

Principal events since January 1, 2009

- ✓ As announced at the end of 2008, the Group has reactivated its activity of sales of operational wind farms in Germany, with the sale of 38.5 Megawatts (MW) during the first half of 2009.
- ✓ In line with its plan to sell more than 200 MW of wind assets and projects, in June the Group sold 32 MW of projects in France and in August a 100.6 MW portfolio of wind assets and projects in Germany.
- ✓ The divestment program for the non-wind activities continues, following the sale of the Group's stake in Thenergo announced in December 2008.

Note 3 in the appendix of the consolidated financial accounts as of June 30, 2009, found on page 19 of this report, details the highlights of the period and note 4, found on page 22, shows the significant events after the date of the closing of accounts.

Financial performance

THEOLIA's consolidated financial statements and half year financial report were examined by the Audit Committee and the Board of Directors, and then approved by the Board of Directors at its August 28, 2009 meeting, in the presence of the statutory auditors.

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	06/30/2009	06/30/2008 ⁽¹⁾
Revenue	104,929	55,386 ⁽²⁾
EBITDA ⁽³⁾	25,374	9,170
Current operating income	10,467	(14,611)
Operating income	1,976	(14,633)
Financial result	(14,911)	(10,682)
Net income from continued activities	(11,234)	(22,977)
Net income from discontinued activities	(2,905)	(3,206)
Net income	(14,139)	(26,183)

(1) Restated for IFRS 5 application regarding non-current assets held for sale and discontinued activities.

(2) Corrected by - 1 million euros since the publication on July 29, 2009 on account of a consolidation error.

(3) EBITDA = current operating income + amortization + risk provisions.

THEOLIA's consolidated revenue amounts to 104.9 million euros in the first half of 2009, an increase of 89% compared with the first half of 2008 (restated for IFRS 5).

This growth is mainly due to the strong increase in the business segment *Development, construction, sale* with revenue reaching 57.2 million euros. As announced, the Group has reactivated sales of wind farms in Germany. As such, 35.5 MW were sold during the first quarter of 2009 and 3 MW during the second quarter. No sales of wind farms were recorded in 2008.

On the other hand, the business segments *Sale of electricity for own account* and *Operation* are down due to poor wind conditions in Germany and France during the first quarter of 2009.

The Group's consolidated EBITDA reaches 25.4 million euros, an increase of 177% compared with June 30, 2008 (restated for IFRS 5). The breakdown by business segment is as follows:

(in thousands of euros)	Wind activities			Non-wind activity	Corporate	Consolidated total
	Sale of electricity for own account	Development, construction, sale	Operation			
First half 2009	19,295	(323)	(271)	212	6,461	25,374
First half 2008 ⁽¹⁾	21,534	(6,808)	1,852	(1,546)	(5,861)	9,170

(1) Restated for IFRS 5 application regarding non-current assets held for sale and discontinued activities.

The very strong increase in consolidated EBITDA is primarily due to:

- ✓ The resumption of sales of wind farms in Germany that nearly allowed a return to break-even in the business segment *Development, construction, sale*,
- ✓ The reversal of the provision for the depreciation of the debt related to the sale of Thenergo for the amount of 15 million euros, which strongly impacted the EBITDA of the business segment *Corporate*. As the payment had not been received as of the end of April, the entire debt had been provisioned in the December 31, 2008 accounts. With the payment having been received on May 6, 2009, the provision has been reversed in the June 30, 2009 accounts.

In line with the same trend as revenue, the EBITDA from the activities *Sale of electricity for own account* and *Operation* is down, as most of the operating charges for these segments are fixed.

The EBITDA was also impacted by 4.6 million euros of non recurring charges.

The Group's operating income amounts to 2 million euros compared to the posting of a negative 14.6 million euros as of June 30, 2008 (restated for IFRS 5).

Nonetheless, the consolidated operating income was also impacted by the recording of non recurring charges, in the amount of 10.3 million euros, broken down as follows:

- ✓ Asset impairments (Morocco and Spain) for 5.9 million euros,
- ✓ Goodwill depreciation (Morocco) for 2.1 million euros,
- ✓ Various provisions for a total amount of 2.3 million euros.

The Group's financial income registers a loss of 14.9 million euros, composed mainly of net loan interest charges in the amount of 14.4 million euros, of which 6.7 million euros related to the OCEANE (convertible bond), and a charge of 1.2 million euros related to the fair value of interest rate swaps.

Overall, **the Group's net income** for the first half of 2009 records a loss of 14.1 million euros, versus a loss of 26.2 million euros as of June 30, 2008 (restated for IFRS 5).

DEBT AND CASH POSITION

Net debt went from 498.1 million euros as of December 31, 2008 to 487.6 million euros, a decrease of 10.5 million euros, as of June 30, 2009 and breaks down as follows:

(in thousands of euros)	06/30/2009	12/31/2008
Financial debt	(348,548)	(376,686)
of which non-recourse project financing	(315,992)	(337,090)
Convertible bond ⁽¹⁾	(211,476)	(204,223)
Other financial liabilities	(9,445)	(8,338)
Current financial assets	137	296
Cash and cash equivalents	81,762	90,823
Net financial debt	(487,570)	(498,128)

(1) The stated amounts correspond to the debt component of the convertible bond.

The financial debt, which consists mainly of non-recourse project financing, has decreased over the half year period due to the higher level of loan reimbursements (51.7 million euros) versus subscriptions of new loans (32.1 million euros).

The free cash position of the Group improved during the first 6 months, notably due to the cash-ins from the sale of Thenergo and of wind projects in France and operating wind farms in Germany. The Group expects to stabilize its free cash position, with the continuation of both its plan to divest its non-wind activities and its program to sell wind farms and projects.

The free cash at the Group level and at the holding level breaks down as follows:

(in thousands of euros)	Free cash ⁽¹⁾ Group	Of which free cash ⁽¹⁾ Holding
December 31, 2008	34	9
June 30, 2009	36	28
August 24, 2009 ⁽²⁾	43	12

(1) Cash available, neither trapped in project support companies nor pledged or dedicated to subsidiaries' operating expenses.

(2) Non audited figures.

Operational review

As of June 30, 2009, THEOLIA's total installed capacity amounts to 750 MW, compared with 671 MW as of December 31, 2008 (+11.8%) and breaks down as follows:

- 421 MW for own account, an increase of 61 MW compared with December 31, 2008 (+16.9%), following the commissioning of wind farms intended for sale in Germany;
- 329 MW managed for third parties, compared with 311 MW as of December 31, 2008 (+5.8%).

New strategy

Following an in-depth review of various possible business models for the Group, THEOLIA has established a new strategy for the years to come: "**Develop, operate and sell**". This strategy has been approved by the Board of Directors.

Backed by a sizeable pipeline of projects in three of the four largest and most dynamic European wind markets (France, Italy, Germany), as well as certain emerging markets (Morocco, India, Brazil) targeted as possible future growth markets, the Group will focus on developing wind projects until their commissioning, then will sell the wind farms after two to four years of operation in order to benefit from a higher visibility on expected cash flows and to increase the return for its shareholders. This strategy was chosen in preference to the others, notably considering the current state of the debt markets which remain very tight.

In offering for sale low risk assets with a high visibility on cash flows, THEOLIA can access to a wide range of potential buyers, both financial and industrial. The Group will offer to the buyers to continue the management of the wind farms sold, thus assuring the Group a long term recurring revenue stream.

This strategy allows the Group to optimize its return on capital by increasing its reinvestment into its projects in development, while offering its shareholders a fair return on their investment.

Principal risks and uncertainties for the second half of 2009

Since October 2008, the Group has undertaken many initiatives to restore its cash position: resumption of the sales of operating wind farms in Germany, divestments of certain non-wind companies, sales of wind farms and projects in both France and Germany, reduction of staff and structural costs. As a result, the free cash position of the Group has clearly improved during the first half of 2009 with the receipt of the 15 million euros from the sale in December 2008 of THEOLIA's share in the company Thenergo.

The Group is doing its utmost to maintain this positive trend, notably thanks to its commitment to execute its plan to divest its non-wind activities on one hand and to sell more than 200 MW of wind farms and projects in France, Germany and Spain on the other. But at the same time, the Group must also take on new wind development projects within the framework of its new strategy in order to assure its future and to provide a return on the funds invested by its shareholders.

The financial situation of THEOLIA, clearly improved over the last eight months, however still remains fragile, especially in the context of the very restricted international debt markets in the principal countries where the Group operates. The free cash position of THEOLIA may well again be impacted by any external event that would have consequences on its existing financing and its quest for new financing such as changes in the credit policy of its major lenders or a tightening in the international financial environment.

In addition, the smooth execution of both disposal plans, which will be a decisive factor for the financial position and for both the activity and profitability of the Group during the second half of 2009, assumes that interested buyers will be able to raise the necessary financing. Lastly, these sales will need to be made under the conditions of price and guarantees consistent with the assumptions that the Group has made and upon which its cash forecast and its forecast of financial results are based. This particularly concerns the Group's share in Ecolutions, a young company operating in a new market, for which an attempt at valuation proves difficult.

The Group today is fairly confident in the success of its disposal plans: for example, on August 12, 2009, it already closed the sale of a 100.6 MW portfolio of wind assets and projects to a renowned German group. Nonetheless, in the case where anticipated sales are executed with a delay, THEOLIA still has the capacity to defer certain investments in targeted projects in order to manage its cash position.

In addition, given the unfavorable wind conditions in Europe during the first quarter of 2009 and the potential impact of cash flow losses which translate into certain ratios, the Group carries out particularly rigorous reviews of the covenants linked to the financing of its wind farms. In particular:

- in France, the wind farm whose debt coverage ratio was not respected as of December 31, 2008 underwent a refinancing to assure the coherence of the financing with the long term potential of the farm;

- in Germany, the waiver related to a credit facility of 10 million euros for Natenco GmbH had been issued, the interest rate margin had been temporarily increased and a new covenant was added.

In addition, for an operating wind farm in France that is financed independently, it is likely the minimum debt coverage ratio of the rolling 12 month period will not be respected due to the very weak wind conditions in France during the first half of 2009. In this case, discussions would be held with the bank in question in order to obtain a waiver given the exceptional nature of the wind yield during the half year period. In any case, as of the date of publication of this report, the elements for a case of default have not been assembled and THEOLIA will continue in the months to come to closely monitor this ratio as it does for all ratios of its wind farms.

Lastly, the Group reminds the reader of the possibility of early redemption of its OCEANes (convertible bonds) issued on October 23, 2007, according to certain assumptions published in the Offering Circular by the AMF on October 23, 2007 under the number 07-0368 and reiterated in the annual financial report of 2008.

Principal transactions between related parties

The information pertaining to transactions between related parties relevant to the half year period ending June 30, 2009 appears in note 25 of the appendix to the consolidated financial accounts as of June 30, 2009, on page 39 of this report.

CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2009

Consolidated balance sheet

in thousands of euros

ASSETS		Notes	30/06/2009	31/12/2008
	Goodwill	7	76,636	78,084
	Other intangible assets	8	84,108	94,152
	Property, plant and equipment	9	343,520	341,678
	Equity interests in associated companies	10	23,544	21,729
	Other non-current financial assets		11,680	10,458
	Deferred tax assets		13,088	9,483
Non-current assets			552,576	555,584
	Inventories and work in progress	11	132,866	169,923
	Trade receivables		27,956	24,885
	Other current assets		39,095	53,900
	Tax receivable on income		3,471	3,476
	Financial assets, current share		137	296
	Cash and cash equivalents	13	81,762	90,823
Current assets			285,287	343,302
	Assets related to discontinued activities		17,561	19,817
TOTAL ASSETS			855,424	918,703
LIABILITIES AND SHAREHOLDERS' EQUITY				
	Share capital	15	39,895	39,747
	Issuance premiums		307,546	307,695
	Other reserves		(176,932)	67,150
	Net income/loss, Group share		(14,027)	(243,343)
	Shareholders' equity – Group share		156,482	171,249
	Minority interests		(1,611)	(1,489)
Shareholders' equity			154,871	169,760
	Non-current financial liabilities	17	452,858	442,581
	Provisions, non-current share		11,028	3,844
	Employee benefits		73	61
	Deferred tax liabilities		22,720	22,033
	Other non-current liabilities		561	561
Non-current liabilities			487,240	469,080
	Current financial liabilities	17	116,611	146,666
	Provisions, current share		-	16
	Trade payables and other current liabilities		63,091	103,226
	Income and social security liabilities		18,651	14,352
	Corporate tax liability		1,660	2,480
Current liabilities			200,013	266,742
	Liabilities related to discontinued activities		13,300	13,121
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			855,424	918,703

	Notes	30/06/2009	30/06/2008
Revenue		104,929	55,386
Purchases and changes in inventories		(72,291)	(24,515)
External expenses		(15,779)	(15,527)
Income and other taxes		(648)	(918)
Employee expenses	19	(5,744)	(13,407)
Amortization, depreciation and provisions		202	(14,560)
Other operating income and expenses	20	(202)	(1,070)
Income/loss from continued activities		10,467	(14,611)
Other non-current income and expenses		292	356
Operating income/loss before impairment		10,759	(14,255)
Impairment	21	(8,783)	(378)
OPERATING INCOME/LOSS (after impairment)		1,976	(14,633)
Cost of gross financial debt	22	(14,906)	(16,887)
Income from cash and cash equivalents	22	599	2,871
Cost of net financial debt	22	(14,307)	(14,016)
Other financial income and expenses	22	(604)	3,334
Financial income/loss		(14,911)	(10,682)
Share in income/loss of associated companies		(878)	(295)
Tax liability	23	2,579	2,633
Net income from continued activities		(11,234)	(22,977)
Income net of tax on discontinued activities or held for sale		(2,905)	(3,206)
NET INCOME/LOSS		(14,139)	(26,183)
Group share		(14,027)	(25,328)
Minority interests		(113)	(854)
Earnings per share (in euros)	24	(0.35)	(0.65)
Diluted earnings per share (in euros)	24	(0.34)	(0.45)

Total income*in thousands of euros*

	30/06/2009 (6 months)	30/06/2008 (6 months)
Net income/loss	(14,139)	(26,183)
Currency translation adjustment	(51)	
Total income and expenses recognized	(51)	-
TOTAL INCOME/LOSS	(14,190)	(26,183)
Earnings per share (in euros)	(0.36)	
Diluted earnings per share (in euros)	(0.25)	

	30/06/2009	31/12/2008	30/06/2008
Total net income/loss from consolidated companies	(14,140)	(244,097)	(26,182)
Income/loss on discontinued activities	3,458	16,650	(2,697)
Elimination of amortization, depreciation and provisions	8,731	156,680	15,309
Elimination of the change in deferred taxes	(2,576)	(11,936)	(2,703)
Elimination of gains/losses on disposals	4,770	(4,887)	114
Elimination of the share of income/loss of associated companies	878	3,842	1,278
Financial expenses	14,833	30,819	15,272
Other income & expenses without impact on cash	(3,231)	44,863	6,739
Gross cash flow (A)	12,723	(8,067)	7,381
Impact of the change in working capital req. on activity (B)	10,533	(129,193)	(76,344)
Corporate taxes paid	(1,286)	(8,715)	(2,213)
Flows on discontinued activities	(1,166)	(1,751)	4,130
CASH FLOWS FROM OPERATING ACTIVITIES (a) = (A+B)	20,803	(147,725)	(67,046)
Acquisitions of non-current assets	(7,267)	(46,404)	(12,720)
Acquisition of financial assets	(80)	(16)	(2,477)
Disposals of assets	1,545	3,045	3,408
Change in loans	1,649	36,514	(7,118)
Impact of acquisitions of subsidiaries net of cash acquired	1,258	(64,573)	(52,904)
Flows from discontinued activities	-	(2,295)	319
Linking account	0	0	0
NET FLOWS GENERATED BY INVESTING ACTIVITIES (b)	(2,894)	(73,727)	(71,492)
Dividends paid to minority interests	-	(0)	-
Treasury stock	118	373	46
Capital increase (reduction)	-	1,589	723
Borrowings and other debt	31,383	102,304	47,193
Repayment of borrowings and other debt	(51,475)	(91,063)	(63,096)
Interest paid	(7,074)	(24,497)	(10,394)
Financing operations without impact on cash	-	(0)	-
Flows related to discontinued activities	-	(890)	63
NET FLOWS GENERATED BY FINANCING ACTIVITIES (c)	(27,049)	(12,184)	(25,465)
Impact of changes in exchange rates	41	70	(422)
CHANGE IN CASH AND CASH EQUIVALENTS (d) = (a)+(b)+(c)	(9,099)	(233,567)	(164,425)
Net cash and cash equivalents at beginning of period	90,819	325,920	325,920
Net cash and cash equivalents at end of period on discontinued activities	-	1,533	3,699
Net cash and cash equivalents at end of period *	81,720	90,819	157,796
CHANGE IN CASH AND CASH EQUIVALENTS	(9 099)	(233,568)	(164,425)
* Cash on balance sheet	81,762	90,823	157,817
Bank overdrafts	(42)	(4)	(21)
Net cash and cash equivalents at end of period	81,720	90,819	157,796

Statement of change in shareholders' equity

in thousands of euros

	Capital	Premiums	Currency trans. adj.	Consolidated reserves et income	Sh. equity, group share	Minority interests	Total shareholders' equity
Position at 01/01/2008	38,682	307,171	226	58,064	404,143	277	404,420
Expenses and income recognized directly as shareholders' equity			(338)		(338)		(338)
Net income/loss				(25,328)	(25,328)	(854)	(26,182)
Total income/loss	-	-	(338)	(25,328)	(25,666)	(854)	(26,520)
Capital increase	218	505			723		723
Free shares				7,602	7,602		7,602
Treasury stock				(458)	(458)		(458)
Stock warrants allotted				1,555	1,555		1,555
Change in scope of consolidation				130	130		130
Other reclassifications				253	253	107	360
Position at 30/06/2008	38,900	307,676	(112)	41,818	388,282	(470)	387,812
Expenses and income recognized directly as shareholders' equity			450		450		450
Net income/loss				(218,014)	(218,014)	99	(217,915)
Total income/loss	-	-	450	(218,014)	(217,564)	99	(217,465)
Capital increase	847	19			866		866
Free shares				443	443		443
Treasury stock				(251)	(251)		(251)
Stock warrants allotted				60	60		60
Change in scope of consolidation				-	-		-
Other reclassifications				(587)	(587)	(1,118)	(1,705)
Position at 31/12/2008	39,747	307,695	338	(176,531)	171,249	(1,489)	169,760
Position at 01/01/2009	39,747	307,695	338	(176,531)	171,249	(1,489)	169,760
Expenses and income recognized directly as shareholders' equity				(51)	(51)		(51)
Net income/loss				(14,027)	(14,027)	(113)	(14,140)
Total income/loss	-	-	-	(14,078)	(14,078)	(113)	(14,191)
Capital increase	148	(148)			-		-
Free shares				738	738		738
Treasury stock				66	66		66
Other reclassifications				(1,491)	(1,491)	(9)	(1,500)
Position at 30/06/2009	39,895	307,546	338	(191,296)	156,482	(1,611)	154,871

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Note 1 General information

The THEOLIA Company (the "Company") is a French *société anonyme* (joint stock company) with corporate offices in Aix-en-Provence, France. The Company and its subsidiaries (the "Group") carry out their business in the development of wind turbine projects and the production of wind-generated electricity. The Group also has environmental businesses which are currently being closed or sold. The Group operates primarily in France and Europe.

The Company is listed for trading in Paris on the Eurolist by Euronext market, compartment B.

The Company closes its annual accounts at 31 December. The period for which the accounts are presented runs from 1 January 2009 until 30 June 2009.

The financial statements of the Group were approved by the Board of Directors on 28 August 2009.

The following explanatory notes are presented with the consolidated financial statements and are an integral part of those statements.

The financial statements are presented in thousands of euros, except where otherwise indicated. The numbers are rounded off to the higher thousands of euros when the amount after the decimal point is equal to or greater than €500.

Note 2 Accounting policies and valuation methods

▪ Basis for the preparation of the financial statements

The consolidated financial statements of the THEOLIA Group have been prepared in compliance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

The summary half-year statements, for the period ended 30 June 2009, are presented and have been prepared on the basis of the provisions of IAS 34 "Interim Financial Reporting".

The provisions of the revised IAS 1 and IFRS 8, applied for the first time as at January 1, 2009, represent a change in the method applied in the accounts of June 30, 2009 and resulted in a restatement of the periods presented for comparison.

As these are interim statements, they do not include all the information required by the IFRS for the preparation of the consolidated financial statements. Therefore, these notes may be completed by reading the THEOLIA financial statements published for the year ended 31 December 2008.

The principles and methods of presentation and valuation used to prepare the half-year statements are identical to those used in the consolidated statements at 31 December 2008.

The new texts published by the IASB and adopted by the European Union, which must be applied at 30 June 2009, are as follows:

- ✓ IAS 1 revised "Presentation of Financial Statements". The application of IAS 1 revised results in the following changes in the presentation of the consolidated financial statements:
 - Presentation of a total income or expense, which includes both the income and expenses recognized as income, but also those recognized as shareholders' equity; this result is presented in the statements of changes in shareholders' equity on a separate line to distinguish transactions related or unrelated to shareholders;
 - The balance sheet name is changed and replaced with "Statement of Financial Position".
- ✓ IAS 23 amended "Borrowing Costs"; this standard has no impact on the Group; borrowing costs were already activated;
- ✓ IFRS 2 amended "Vesting Conditions and Cancellations";. This had no impact on the half year accounts of the Group;
- ✓ IFRS 8 "Operating Segments"; the application of IFRS 8 led the Group to re-label its operating segments. Now, the business segment information is presented using the following segments:
 - Sales of electricity for own account;
 - Development, construction, sales;
 - Operation (including electricity sales for third parties);
 - Non-wind activity

For more details, refer to Note 18 "Business segment Information".

- ✓ IFRIC 12 "Service Concession Arrangements"; the consequences of this interpretation remain very limited;

The following text has no impact for the Group:

- ✓ IFRIC 13 "Customer Loyalty Programs"; this interpretation does not affect the Group.

- **Going concern**

The Group notes that its 2009 budget was established on a cash flow basis based on the completion of a program to sell non-strategic assets and wind projects and assets. The successful completion of this program to date, particularly the sales of wind projects and assets, the income from which has already been received during the months of March, May, June and August 2009, confirms, without any significant change in THEOLIA's economic and financial environment, the ability of the Group to ensure the continuity of its operations over twelve months.

The Group today is fairly confident in the success of its disposal plans: for example, on August 12, 2009, it already closed the sale of a 100.6 MW portfolio of wind assets and projects to a renowned German group. Nonetheless, in the case where anticipated sales are executed with a delay, THEOLIA still has the capacity to defer certain investments in targeted projects in order to manage its cash position.

Therefore, the Group is able to establish its consolidated financial statements in compliance with the convention of continuity of operation.

- **Covenants**

Given the unfavorable wind conditions in Europe during the first quarter of 2009 and the potential impact of cash flow losses which translate into certain ratios, the Group carries out particularly rigorous reviews of the covenants linked to the financing of its wind farms. In particular:

- in France, the wind farm whose debt coverage ratio was not respected as of December 31, 2008 underwent a refinancing to assure the coherence of the financing with the long term potential of the farm;
- in Germany, the waiver related to a credit facility of 10 million euros for Natenco GmbH had been issued, the interest rate margin had been temporarily increased and a new covenant was added.

In addition, for an operating wind farm in France that is financed independently, it is likely the minimum debt coverage ratio of the rolling 12 month period will not be respected due to the very weak wind conditions in France during the first half of 2009. In this case, discussions would be held with the bank in question in order to obtain a waiver given the exceptional nature of the wind yield during the half year period. In any case, as of the date of closing of the accounts, the elements for a case of default have not been assembled and THEOLIA will continue in the months to come to closely monitor this ratio as it does for all ratios of its wind farms.

- **Use of estimates**

Preparation of the half-year financial statements in accordance with the conceptual framework of the IFRS implies the use of estimates and assumptions that could have an impact on the amounts of certain assets, liabilities, income and expenses presented in the statements.

- **Error correction – IAS 8**

Pursuant to IAS 8, an error noted on the accounts of the Corseol subsidiary at 31 December 2008 has resulted in a correction through shareholders' equity with the line “provisions” as an offset in the balance sheet.. In effect, a provision for risks for €1,111 K has been recognized in the corporate accounts after the closing of the consolidated accounts. This correction had no impact on the income statement for the first half of 2008.

- **Consolidation rules**

- **Controlled entities**

Subsidiaries are consolidated if they are controlled by the Group and the Group directs their financial and operational policies. Subsidiaries are fully consolidated as of the date on which effective control is transferred to the Group. They are deconsolidated on the date on which such control ceases.

All intra-group balances and transactions are eliminated at the consolidation level.

- **Associated companies**

Associated companies are companies in which the Group exercises significant influence on operational and financial policy without holding control. In general, these are companies in which the Group holds at least 20% of the voting rights.

The Group's interests in associated companies are recognized using the equity method. The financial statements of the associated companies are used in the consolidated statements from the starting date of the significant influence until the date on which significant influence is lost.

1. Change in the scope of consolidation

1.1.1. Increase in the stake in Theolia Emerging Markets

THEOLIA SA purchased the shares in Theolia Emerging Markets held by par Monsieur Jean-Marie Santander. This transaction was executed at the par value of the stock.

The conditions precedent included in the contract signed at the end of 2008 were lifted on 14 January 2009. Since that date, the Group holds 95.24% of the shares of Theolia Emerging Markets, up from 47.62% previously.

1.2. Closing of subsidiaries

In a communication dated 29 January 2009, Management presented the conclusions of its review of the geographic repositioning of the Group.

THEOLIA elected to focus on three major markets: Italy, France and Germany.

Given their significant growth potential, the Group considers India, Brazil and Morocco as potential future key markets; the Group will confirm its commitment in these countries by the end of the year.

Finally, the Group announced its decision to withdraw from Spain, Greece, the Czech Republic, Poland and Croatia. The operations to sell or close these subsidiaries are in progress.

2. New membership of the Board of Directors

2.1. Resignation of two directors

On 29 January 2009, the Group announced the resignation of Philippe Perret from his seat on the Board. Philippe Perret was Executive Vice President Finance of THEOLIA until 13 October 2008.

On 13 February 2009, the Group announced the resignation of Arne Lorenzen from his seat on the Board. This resignation occurred pursuant to the recent decision of the Company to now exclude salaried executives from its Board of Directors. Arne Lorenzen, Executive Vice President Operations for THEOLIA retains his operational position.

2.2. Election of three new directors

The THEOLIA Ordinary Shareholders' Meeting met on Thursday, 11 June 2009. It re-elected directors Louis Ferran, Georgius J.M. Hersbach and Eric Peugeot, along with Sofinan Sprl, which is represented by Norbert van Leuffel. The Meeting also elected Willi Balz, Philippe Dominati and Marc van't Noordende to the Board.

At the end of this Meeting, there were seven members on the THEOLIA Board of Directors.

3. Management

Early in April 2009, the Board of Directors decided to renew indefinitely the appointment of Marc van't Noordende as Chief Executive Officer of THEOLIA. Marc van't Noordende had served as interim Chief Executive of THEOLIA since 29 September 2008.

The Board also appointed Olivier Dubois as a corporate officer and Chief Financial Officer of the Group as of 1 May 2009.

4. Progress on the program to sell non-wind assets and equity interests

In accordance with the Group strategy to focus on wind activities, THEOLIA sold its entire stake (24.02%) in Thenergo to Hestiun Limited at the end of December 2008. Early in May 2009, the Group received the 15 million euros due for this sale. The provision taken in the 2008 full year accounts was entirely reversed during this period. The impact on income amounts to €15,000 K in the item "Amortization, depreciation and provisions". The offset is found in the item "Other current assets" in the balance-sheet.

This sale was the first significant sale by the Group under its program to sell off its non-wind assets and interests.

In April 2009 the Group also sold the Swiss company Biocarb (maker of biofuels).

5. Resumption of sales of wind farms in Germany to third parties

As announced in November 2008, the Group decided to reactivate its sales of wind farms to third parties in 2009. Thus, 35.5 MW were sold in the first quarter of 2009 and 3 MW were sold in the second quarter of 2009.

6. Progress on the program to sell approximately 200 MW of wind projects and assets

6.1. Signature of an agreement for the sale of 100 MW of wind farms in Germany to RheinEnergie

In June 2009, THEOLIA and RheinEnergie AG signed an agreement for the sale of 100.6 MW of operating wind farms and wind projects.

The portfolio included 19 wind farms in Germany. Of the 100.6 MW sold, about 80 MW are in operation, and the balance is expected to begin production by the end of the year.

The sale was made by Natenco, the German subsidiary of THEOLIA, which will operate the farms for their life cycle.

The amount of the transaction has not been published.

This transaction was subject to approval from the German Bundeskartellamt (federal competition authority). The application for approval was being reviewed at 30 June 2009.

RheinEnergie AG has been the regional electricity, natural gas, heating and drinking water supplier for the Rhine region near the city of Cologne for more than 135 years.

6.2. Sale of a 32 MW wind portfolio in France to Energiequelle

In late June 2009, THEOLIA sold 32 MW of wind projects in France to Energiequelle.

This portfolio includes the following three wind farms, all located in northeast France:

- Baudignecourt (Meuse) representing 12 MW, under construction,
- Charmois (Meuse) representing 12 MW, building permit obtained,
- Chermisey (Vosges) representing 8 MW, building permit obtained.

The building permits have been purged of all claims. The three projects are expected to enter production by the end of 2010.

The amount of the transaction has not been disclosed.

Energiequelle GmbH is one of the German leaders in the development of wind, photovoltaic and biogas projects.

Note 4 Significant events after the closing date

Progress on the program to sell non-wind assets and interests

The Group has continued its efforts to complete its program to refocus on its wind activities. In July 2009, the Group sold the companies Theolia Canada and Theolia Premières Nations (development of hydraulic projects in Canada) as well as its two dispatchable power plants held by the companies SAPE and SAEÉ.

Progress on the program to sell 100 MW of wind assets

On 12 August 2009, the Group finalized the sale of operating wind farms and wind projects representing 100.6 MW to RheinEnergie (Cologne, Germany). The signature of this agreement was announced on 29 June 2009. The sale was made on 12 August 2009 following the lifting of the conditions precedent.

Note 5 Changes in scope of consolidation

▪ Scope of consolidation

As of 30 June 2009, the scope of consolidation included, in addition to the parent company:

- 154 companies in which it holds exclusive control directly or indirectly (versus 129 at 31 December 2008).
- 6 companies in which it exerts significant influence (versus 8 at 31 December 2008).

The complete list of these companies is provided in Note 28 "List of Group Companies".

- **Acquisitions**

During the period, the Group made the following acquisitions:

- In France: SNC Vesaignes, a support company for projects in the development phase;
- In Germany: Waltrop, Netphen and Klein Steimke with three wind farms included in the 100 MW sale project.

- **Disposals**

During the period, the Group made the following sales:

- Sale of the Biocarb company as part of the Group's efforts to withdraw from non-wind activities;
- Sale of the Kraenzlin company carrying the Markisch Linden wind farm;
- Sale of three project support companies to Energiequelle under the wind asset disposal program.

- **Other changes**

In the context of the sale of 100 MW in Germany, project support companies were created and carry the wind assets.

▪ Assets and liabilities previously acquired

<i>in thousands of euros</i>	Maestrale Group	Goodwill	2008 price adjustments (1)	2009 price adjustments (1)	Maestrale Group (GW allocated)
<i>Date of acquisition</i>	22/11/2007				
Goodwill		5,831	23,078	(109)	28,800
Intangible assets	2,498				2,498
Property, plant and equipment	2,222				2,222
Non-current financial assets	3,615				3,615
Deferred tax assets	5				5
Inventories	583				583
Trade receivables	163				163
Other current assets	1,857				1,857
Cash and cash equivalents	538				538
Non-current financial liabilities	6,673				6,673
Other non-current liabilities	1				1
Current financial liabilities	487				487
Provisions	29				29
Trade and other payables	3,342				3,342
Tax and social security liabilities	19				19
Deferred tax liabilities	0				-
Total net assets acquired	931	5,831	23,078	(109)	29,731
Stock purchase price	5,560		23,078	(109)	28,529
Acquisition costs	1,202				1,202
Total acquisition cost	6,761	-	23,078	(109)	29,731
Net goodwill	5,831		23,078	(109)	28,800

(1) price supplement

The goodwill recorded at 31 December 2008 in the amount of €28,909 K varied by €(109) K during the period following adjustments for price supplements related to obtaining the building permits for the Guinchetto, Pergola and Bovino projects.

The contract to acquire the Maestrale Group stipulates the payment of price supplements for obtaining building permits for the first 100 MW. They are calculated so that the value of each MW developed is €500K. In practice, the amount of the price supplement will be €500 K/MW minus the development costs already invoiced by the developer.

Thus, the additional goodwill recorded is still allocated to Maestrale Green Energy. It represents the company's ability to develop and sell wind farms and is based on the future profits resulting from these activities.

- **Principal assets and liabilities acquired during the period**

Acquisitions for the period include companies with non-significant assets and liabilities.

Note 7 Goodwill

- **Change in the item**

	Gross value	Impairment	Net value
Value at beginning of year at 01/01/2009	212,155	134,071	78,084
Impairment	-	2,149	(2,149)
Business combinations	13	-	13
Disposals	(1,374)	(1,354)	(20)
Other changes	708	-	708
Value at closing at 30/06/2009	211,501	134,865	76,636

The additional acquisition of Theolia Emerging Markets stock resulted in the recognition of goodwill for €1,709 K (including €891 K recorded at 31 December 2008) which was fully depreciated at 30 June 2009.

The disposals completed during the period primarily involved the Biocarb company, representing €(1,354)K.

The impairment was for the following companies:

- Theolia Emerging Markets €(1,709) K
- Compagnie Eolienne du Détroit (CED) €(440) K

Note 8 Intangible assets

	Project in development	Development costs (1)	Software and similar rights	Other intangible assets	TOTAL
Gross value at opening at 01/01/2009	40,130	4,176	602	91,638	136,546
Acquisitions and assets generated internally	644	-	38	8	690
Decrease	(207)	-	-	-	(207)
Disposals	(3,287)	-	-	(18)	(3,305)
Currency translation adjustment	7	-	-	(195)	(188)
Other changes	130	-	-	-	130
Gross value at closing at 30/06/2009	37,417	4,176	640	91,433	133,666
Cumulative depreciation and amortization at opening at 01/01/2009	(9,934)	(488)	(460)	(31,511)	(42,394)
Amortization	(63)	(151)	(77)	(1,553)	(1,844)
Depreciation for impairment	(775)	-	-	(4,669)	(5,444)
Currency translation adjustment	(7)	-	-	131	124
Cumulative depreciation and amortization at closing at 30/06/2009	(10,779)	(639)	(537)	(37,602)	(49,558)
Net value at opening at 01/01/2009	30,196	3,688	142	60,127	94,152
Net value at closing at 30/06/2009	26,638	3,537	103	53,831	84,108

(1) Most of the item represents the development costs of wind projects.

The gross value of current wind projects declined a total of €(2,713) K, €(3,287) K of which represents the sale to Energiequelle of the Chermisey, Charmois and Baudignecourt companies. The acquisitions and assets generated internally during the period, in the amount of €644 K, primarily represent the progress on wind projects in development in France for €164 K and in Italy for €479K.

The amortizations of other intangible assets for €(1,553) K essentially include amortization in the amount of €(1,368) K in CED use rights.

Depreciation for impairment amounted to €(775) K and represented certain projects in France in development. The amount was €(775) K because of the risks existing at this stage of the projects.

Depreciation for impairment of the other intangible assets in the amount of €(4,669) K covers the wind farm project in Almeria (Spain) for €(800) K and the CED wind park concession for €(3,869) K.

Note 9 Property, plant and equipment

	Land	Fixtures & improvements	Work in progress	Technical installations (1)	Other tangible assets	TOTAL
Gross value at opening at 01/01/2009	6,737	3,442	30,097	388,350	3,551	432,177
Acquisitions	7	41	4,602	4	61	4,715
Business combinations	-	33	-	922	-	955
Disposals	(35)	(507)	(2,571)	(409)	(155)	(3,677)
Currency translation adjustment	-	(14)	28	(1)	24	37
Other changes	-	-	(1,314)	14,102	(7)	12,781
Gross value at closing at 30/06/2009	6,709	2,995	30,842	402,968	3,474	446,988
Cumulative depreciation and amortization at opening at 01/01/2009	(1,220)	(1,664)	(3,847)	(81,876)	(1,894)	(90,499)
Amortization	-	(156)	-	(10,632)	(252)	(11,040)
Depreciation for impairment	-	-	(1,200)	-	11	(1,189)
Business combinations	-	-	-	(12)	-	(12)
Reversals on disposals	-	500	-	44	27	571
Currency translation adjustment	-	(3)	-	(1)	-	(4)
Other changes	-	-	-	(1,302)	7	(1,295)
Depreciation and amortization at closing at 30/06/2009	(1,220)	(1,323)	(5,047)	(93,779)	(2,101)	(103,468)
Net value at opening at 01/01/2009	5,517	1,778	26,250	306,474	1,657	341,678
Net value at closing at 30/06/2009	5,489	1,672	25,795	309,189	1,373	343,520

(1) Most of the item covers wind farms in operation.

The main changes on property, plant and equipment represent projects under construction and technical installations (wind farms).

The total change in work in progress was €745 K. It is primarily due to the following changes:

- The wind projects in France increased in the amount of €1,406 K;
- The Italian projects Guinchetto and Martignano increased in the amount of €3,133;
- The wind projects in France benefitted from a reduction in the cost of construction in the amount of €(760) K;
- The value of the asset for the Almería project (Spain– PESA) was adjusted following the cancellation of an invoice for €1,300 K (other changes).

Based on the estimated recoverable value of the Almeria project in Spain (PESA), additional depreciation for impairment in the amount of €(1,200) K was recognized during the period.

The technical installations advanced in the amount of €14,618 K. This change is related to the following transactions:

- acquisition of a new company (WINDKRAFTANLAGE) in Germany for €922 K intended for resale,
- reallocation of the values recorded between gross and net for a German company (Wolgast) in the amount of €1,237 K,
- reclassification in the amount of €12,800 K made at Solarkraftwerk.

Note 10 Associated companies

At 30 June 2009, the results for the equity entities include the share of the consolidated income/loss of the associated companies.

in thousands of euros	% of control	Share of net position of associated companies	Share of income/loss of associated companies
Erneuerbare Energie Ernte Vier GmbH	48.00%	(115)	(5)
Naturstromez	48.00%	-	-
Ecolutions	35.29%	23,001	(870)
Theolia India Wind Power	50.00%	658	13
Theolia Sitac Wind Power	50.00%	0	(0)
Asset Electrica	50.00%	0	(15)
Total at closing at 30/06/2009		23,544	(878)

Note 11 Inventories

	30/06/2009	31/12/2008
Wind projects	113,743	137,033
Other energy projects	34	12,954
Materials	23,148	25,565
Depreciation	(4,059)	(5,629)
Net value	132,866	169,923

The net change in the inventory of wind projects since the previous closing is €(23,290) K.

As discussed at 31/12/2008, a number of wind projects acquired in 2008 by Natenco GmbH were stored pending their sale. Over the first half of 2009, the sales resulted in a change in inventory of €(51,585) K.

The acquisitions of projects in Germany carried out over the period amount to €27,512 K.

The rest of the change concerns other entities in the Group.

The inventory of materials in the amount of €22,003 K primarily represents Natenco GmbH, which holds parts for the wind farms.

The breakdown of the inventory of wind projects by geographic zone is as follows (gross value):

- France: €24,829 K
- Germany: €87,534 K
- Italy: €507 K
- Other: €873 K

Note 12 Derivative instruments

The derivative instruments set up to manage the rate risk on variable-rate borrowings are recognized at their fair value at 30 June 2009 with an offset through income.

The valuation of the interest rate swaps at 30 June 2009 as reported represents a charge of €(1,188) K compared with a charge of €(7,947) K for the financial year 2008.

As a result of the sale in 2008 of its stake in Thenergo (€15,000 K), the Group has the possibility of exercising a buy back option according to the following conditions:

- 110% of the sales price until December 24, 2009
- 120% of the sales price until December 24, 2010

In applying the accounting standard IAS 39, this option has been recorded at fair value in the accounts through June 30, 2009 with an offset through income. The impact on financial income for the period amounts to €1,025 K.

Note 13 Cash and cash equivalents

	30/06/2009	31/12/2008
Marketable securities (net)	31,808	24,874
Liquid assets	49,954	65,950
Total cash and cash equivalents	81,762	90,824
Bank loans	(41)	(4)
Net cash	81,721	90,820

The Group's cash consists of free cash and blocked cash. The second category includes the cash available with limitations and the totally blocked cash.

Blocked cash amounted to €45,780 K. This is entirely held by the Group's subsidiaries and has been pledged by most of the companies.

Marketable securities held by THEOLIA SA totaled €25,967 K (compared with €15,093 K at 31 December 2008).

Note 14 Activities discontinued, sold or held for sale

In the context of its reorganization, the Group decided to sell all assets considered to be non-strategic: primarily the assets of the non-wind activities. This decision was formalized by the THEOLIA Board of Directors in November 2008. At 30 June 2009, the divestment process has progressed since there are negotiations in progress.

The assets and liabilities in question, which represent an activity, are reported in the following companies:

Environmental division

- SERES environnement
- Ecoval 30
- Nemeau
- Therbio

Dispatchable power production plants

- CS2M
- SAPE
- SAEE

The sale of these assets had been recognized in the annual financial statements for the period ended 31 December 2008 pursuant to IFRS 5 "Non-current assets held for sale and discontinued operations". This accounting treatment was maintained at 30 June 2009.

Thus, all the transactions for the year relating to the environment division and to the dispatchable plants were combined on the income statement line "Net income from assets held for sale". The assets and liabilities were combined on a line of assets and liabilities on the balance sheet "Assets/Liabilities on discontinued activities."

The asset values were impaired on the basis of probable sale prices.

As these activities have been discontinued, the income statement for the comparative period, i.e. at 30 June 2008, was restated to present comparative information as required by IFRS 5.

- **Information relating to the 2009 income statement**

<i>in thousands of euros</i>	THEOLIA Group before IFRS 5 30/06/2009	Restatements IFRS 5	THEOLIA Group restated IFRS 5 30/06/2009
Revenues	109,796	(4,868)	104,929
Other income from ordinary activities	1,080	(37)	1,043
Income from ordinary activities	110,877	(4,905)	105,972
Purchases and changes in inventories	(73,333)	1,042	(72,291)
Capitalized production	(227)	227	
External expenses	(18,547)	2,768	(15,779)
Personnel expenses	(8,093)	2,349	(5,744)
Income and other taxes	(852)	204	(648)
Net amortization, depreciation and provisions	139	63	202
Other operating income and expenses	(997)	(248)	(1,245)
Income from continued activities	9,420	1,047	10,467
Impairment	(10,112)	1,329	(8,783)
Other non-current income and expenses	204	88	292
Operating income	(490)	2,464	1,976
Cost of net debt	(14,463)	156	(14,307)
Other financial income and expenses	(749)	145	(604)
Financial income	15,213	(301)	14,911
Share of net income/loss of associated companies	(1,057)	179	(878)
Taxes	2,618	(40)	2,579
Net income/loss of continued activities	(14,141)	2,905	(11,234)
Net income/loss from assets held for sale	()	(2,905)	(2,905)
NET INCOME/LOSS	(14,140)		(14,140)
Group share	(14,027)		(14,027)
Minority interests	(113)		(113)

- Information relating to the 2008 income statement

<i>in thousands of euros</i>	THEOLIA Group before IFRS 5 30/06/2008	Restatements IFRS 5	Adjustments	THEOLIA Group Restated IFRS 5 30/06/2008
Revenues	61,885	(6,499)		55,386
Other income from ordinary activities	664	(55)		609
Purchases and changes in inventories	(25,983)	1,468		(24,515)
External expenses	(18,092)	2,565		(15,527)
Personnel expenses	(15,939)	2,532		(13,407)
Income and other taxes	(1,130)	212		(918)
Net amortization, depreciation and provisions	(16,243)	755	928	(14,560)
Other operating income and expenses	(1,747)	305	(237)	(1,679)
Income from continued activities	(16,584)	1,283	691	(14,610)
Impairment	(475)	788	(691)	(378)
Other non-current income and expenses	328	28		356
Operating income/loss	(16,730)	2,098		(14,632)
Cost of net debt	(14,183)	167		(14,016)
Other financial income and expenses	3,342	(8)		3,334
Financial income	10,841	(159)		10,682
Share of net income/loss of associated companies	(1,278)	983		(295)
Taxes	2,668	(35)		2,633
Net income/loss continued activities	(26,181)	3,206		(22,976)
Net income/loss from assets held for sale		(3,206)		(3,206)
NET INCOME/LOSS	(26,181)			(26,182)
Group share	(25,328)			(25,328)
Minority interests	(855)			(854)

Note 15 Share capital

- Number of shares outstanding

At 30 June 2009, share capital consisted of 39,895,207 shares with a par value of €1.

	Par value (€)	Number of shares at 01/01/2009	Free shares	Number of shares at 30/06/2009
Number of shares	1	39,746,992	148,215	39,895,207 *
Number of securities	1	39,746,992	148,215	39,895,207
Share capital		39,746,992	148,215	39,895,207

* Includes 54,037 treasury shares

A double voting right is awarded to French shareholders or shareholders who are residents of the European community for fully paid-up shares that have been registered by name for at least two years in the name of the same shareholder.

Note 16 Share-based compensation

- **Number of stock warrants**

Warrants (BSA) exercisable at 31	
December 2008	3,940,650
Warrants cancelled	18,000
Balance at 30 June 2009	3,922,650

The expenses of €28 K reported for the period reflects the stock subscription warrants previously allotted in the period by THEOLIA SA.

The amount still to be charged is €28 K.

- **Free shares**

Free shares were allotted on the following dates:

- In 2005:	16,000
- 13 October 2006:	407,500
- 6 February 2007:	175,215
- 8 January 2008:	100,000
- 30 January 2008:	313,500
- 11 February 2009:	44,407
- 11 June 2009:	199,426
a total of	1,256,048 shares

657,333 shares are still to be created, representing the allotments from January 2008 to the end of June 2009.

The free share allotments were valued at the price on the allotment date (in the case of the allotments of 2009, respectively €2.55 for the allotment of 11 February 2009 and €3.12 for the allotment of 11 June 2009).

The charge of €710 K reported for the period represents the:

- shares allotted in 2007: €66 K
- shares allotted in 2009: €644 K

The expense still to be charged for the 2009 free shares is €91 K.

Note 17 Financial liabilities

▪ Net debt (current/non-current)

	Less than 1 year	1 to 5 years	Over 5 years	TOTAL
	Current	Non-current		
Borrowings with credit institutions	107,871	108,799	131,878	348,548
Convertible bond	2,400	-	209,076	211,476
Debt on finance leases	-	9	-	9
Sub-total borrowings	110,271	108,808	340,954	560,033
Bank overdrafts and equivalent	41	-	-	41
Other financial liabilities	6,299	3,096	-	9,395
Total financial liabilities	116,611	111,904	340,954	569,469

▪ Change in borrowings and financial debt

	Borrowings with credit institutions	Convertible bond	Debt on finance leases	Bank overdrafts & equivalent	Other financial liabilities	TOTAL
Value at opening at 01/01/2009	376,686	204,223	8	4	8,325	589,246
Increase	32,121	7,253	-	-	1,695	41,069
Repayment	(51,741)	-	-	37	(129)	(51,833)
Business combinations	814	-	-	-	13	827
Change in consolidation	(9,282)	-	-	-	(2,079)	(11,361)
Currency translation adjustments	(50)	-	-	-	(2)	(52)
Other changes	(1)	-	-	-	1,574	1,573
Value at closing at 30/06/2009	348,547	211,476	8	41	9,397	569,469

The change of €+9,629 K in financial debt is primarily the result of the following:

Increase in borrowings with credit institutions:	€32,121 K
▪ Financing of wind power plants for own account:	€19,923 K
▪ CED borrowing:	€5,887 K
▪ Financing of Natenco GmbH:	€5,560 K
▪ Interest accrued:	€731 K
Decrease in borrowings from credit institutions:	€(51,741) K
▪ Financing of projects for sale to third parties:	€(7,867) K
▪ Financing of wind plants for own account:	€(16,666) K
▪ Financing of Natenco GmbH:	€(1,500) K
▪ Interest accrued:	€(57) K
▪ Repayment of loan taken by CED:	€(5,256) K
▪ Repayment of loan taken by Markisch Linden:	€(20,395) K

The decreases resulting from the changes in the scope of consolidation, i.e. €(9,282) K, represent the sale of the company carrying the wind farms sold in the first quarter of 2009.

The change in the OCEANE convertible bond in the amount of €7,253 K is related to the recognition of the interest accrued over the first half of 2009 for €(2,400) K, and the recognition of additional interest because of the hybrid nature of the borrowing (existence of a debt component and an equity component) and the application of the effective interest rate.

Note 18 Business segment information

Pursuant to IFRS 8 and to ensure better visibility, the Group has redefined its business segments as follows:

- **Sale of electricity for own account** corresponds to the sale of the electricity produced by the wind farms held by the Group;
- **Development, construction, sale** includes the development, construction and sale of wind projects and farms;
- **Operation** including the management of wind farms for third parties and the sale of the electricity produced by the wind farms managed, but not held, by the Group;
- **Non-wind activity** is not strategic and is currently being sold;
- **Corporate** primarily includes the holding company THEOLIA SA.

- Information for the period

30/06/2009 (in thousands of euros)

Statement of financial position	Wind activities			Non-wind activity	Corporate	Inter-segment eliminations	Total
	Sale of electricity for own account	Development, construction, sale	Operation				
Total non-current assets	370,416	139,100	97	35,913	7,052	(3)	552,575
Total current assets	276,206	(3,962)	1,931	13,625	15,078	(28)	302,849
TOTAL ASSETS	646,621	135,138	2,028	49,538	22,130	(31)	855,424
Total non-current liabilities	236,989	39,440		152	210,659		487,240
Total current liabilities	59,904	92,553	6,738	24,931	29,187		213,313
TOTAL LIABILITIES	296,893	131,993	6,738	25,084	239,846	-	700,553

30/06/2009 (in thousands of euros)

Statement of income	Wind activities			Non-wind activity	Corporate	Inter-segment eliminations	Total
	Sale of electricity for own account	Development, construction, sale	Operation				
Revenues	27,733	113,400	19,075	875	2,953	(2,953)	133,350
Inter-business sales			-	-	(2,953)	2,953	-
Total	27,733	113,400	19,075	875	-	-	133,351
Income from continued activities	7,298	(2 088)	(290)	(871)	5,795	-	2,547
Impairment	(4,309)	(2,775)	-	11	(1,709)	-	(4,474)
Other non-current income and expenses	(96)	63	-	248	77	-	387
Operating income/loss	2,893	(4,800)	(290)	(612)	4,163	-	(1,541)
Share in income/loss of associated companies	-	(878)	-	-	-	-	(878)

- Comparative information

31/12/2008 (in thousands of euros)

Statement of financial position	Wind activities			Non-wind activity	Corporate	Inter-segment eliminations	Total
	Sale of electricity for own account	Development, construction, sale	Operation				
Total non-current assets	382,963	141,797	102	25,297	5,433	(9)	555,583
Total current assets	65,516	202,679	9,478	29,437	56,011	(2)	363,119
TOTAL ASSETS	448,478	344,476	9,579	54,734	61,444	(11)	918,701
Total non-current liabilities	238,990	24,305		67	205,718		469,080
Total current liabilities	54,742	112,650	45,239	25,230	42,003		279,863
TOTAL LIABILITIES	293,732	136,955	45,239	25,297	247,720	-	748,943

Statement of income	Wind activities				Corporate	Inter-segment eliminations	Total
	Sale of electricity for own account	Development, construction, sale	Operation	Non-wind activity			
Revenues	31,199	43	22,014	2,454	3,644	(3,968)	55,386
Inter-activity sales		(54)		(270)	(3,644)	3,968	(0)
Total	31,199	(11)	22,014	2,184	(0)	-	55,386
Income from continued activities	8,576	(8,368)	1,835	(1,454)	(15,199)	-	(14,611)
Other operating income and expenses	57	(116)	-	(17)	433	-	356
Operating income/loss	8,633	(8,900)	1,835	(1,472)	(14,729)	(0)	(14,632)
Share of income/loss of associated companies	5	(139)	-	(161)	-	-	(295)

Note 19 Personnel expenses

	30/06/2009	30/06/2008
Employee compensation	3,713	4,098
Social security and insurance expenses	1,311	2,064
Other employee expenses	10	-
Other employee benefits and share-based compensation (IFRS 2)	710	7,245
Total Personnel expenses	5,744	13,407

Staff at end of period	30/06/2009	30/06/2008
Managers, employees, contributors	276	312
Total	276	312

Note 20 Other operating expenses and income

	30/06/2009	30/06/2008
Share-based compensation (allotment of warrants)	(28)	(4,803)
Income from ordinary activities	1,043	609
Other operating income and expenses	(1,217)	3,124
Total	(202)	(1,070)

Note 21 Impairment

	30/06/2009	30/06/2008
Impairment on non-current assets	(6,634)	37
Impairment on goodwill	(2,149)	-
Total	(8,783)	(378)

The impairment on assets primarily represents:

- The use rights for the wind farm (CED) €(3,869) K
- The use rights for the electric line (Almeria) €(2,000) K

Impairment of goodwill represents the companies:

- Theolia Emerging Markets €(1,709) K
- CED €(440) K

Note 22 Net financial income

▪ Analysis of the item

Income from cash and cash equivalents	30/06/2009	30/06/2008
Interest income generated by cash and cash equivalents	197	910
Income from sale of cash equivalents	349	1,729
Other income	53	233
Income from cash and cash equivalents	599	2,871

Cost of gross financial debt	30/06/2009	30/06/2008
Interest expense on financing operations	(14,906)	(16,887)
Total	(14,906)	(16,887)
Cost of net financial debt	(14,307)	(14,016)

The cost of the net financial debt can be analyzed as follows:

- Convertible bond at THEOLIA: €(6,687) K
- Borrowings at Natenco GmbH: €(1,426) K
- Borrowings, wind farms in Germany: €(4,152) K
- Borrowings, wind farms in France: €(1,780) K

Other financial income and expenses	30/06/2009	30/06/2008
Change in the fair value of the financial instruments	(245) ¹	2,596
Reversals of provisions	19	-
Foreign exchange loss/gain	(474)	(649)
Net expenses on sales of marketable securities	-	(110)
Other financial expenses and income	97	1,497
Other financial income and expenses	(604)	3,334

(1) includes the recognition of the value of the option to buy back shares of Thenergo for 1,025 million euros.

Note 23 Income tax

<i>in thousands of euros</i>	30/06/2009	30/06/2008
Corporate tax due	(467)	(654)
Deferred taxes	3,046	3,287
Total	2,579	2,633

Note 24 Earnings per share

Description	30/06/2009	30/06/2008
Earnings allocated to company shareholders (in K€)	(14,027)	(25,328)
Weighted average number of shares outstanding (thousands)	39,811	38,886
Base earnings per share (in euros)	(0.35)	(0.65)
<hr/>		
Earnings allocated to Company shareholders (in K€)	(14,027)	(25,328)
Number of shares outstanding at 30/06/09	39,895	38,886
Adjustment related to stock warrants	475	4,818
Convertible bonds	-	11,538
Adjustments related to free shares allotted	657	989
Number of a shares on a diluted basis	41,027	56,231
Diluted earnings per share (in euros)	(0.34)	(0.45)

Note 25 Related parties

- Transactions with associated companies

The transactions with associated companies concern transactions with companies in which THEOLIA exerts significant influence and which are accounted for using the equity method.

Transactions with associated companies are executed on the basis of the market price.

- Transactions between the Group and directors

The transactions include those executed over the period with the company FC Holding, in which Mr Willi Balz is an executive, summarized in the table below:

<i>in thousands of euros</i>	30/06/2009	31/12/2008
Operating income	45,951	70
Operating expenses	(55)	(5,477)
	45,896	(5,407)

<i>in thousands of euros</i>	30/06/2009	31/12/2008
Operating receivables	3,957	2,154
Operating liabilities	(843)	(1,887)
	3,114	267

The operating income generated with FC Holding, in the amount of €45,951 K, was generated in the normal context of the sale of wind farms in Germany, prior to the election of Mr Willi Balz as a director of THEOLIA SA by the Shareholders' Meeting of 11 June 2009.

Over the first half period of 2008, THEOLIA had recorded a charge of €1,554 K for warrants benefitting directors of the Company as well as a charge of €7,602 K for free shares of which €1,869 K in favor of the non salaried directors of the Company.

In addition, a strategic consulting agreement existed between FARACHA and THEOLIA with an impact of €295 K in the first half of 2008.

Note 26 Executive compensation

<i>in thousands of euros</i>	30/06/2009	30/06/2008
Salaries and bonuses	133	408
Share-based compensation	622	5,130
Attendance fees for executives		
Attendance fees for directors	132	120
Other compensation	275	295
	1,162	5,953

The compensation paid to the Management of THEOLIA SA is included in the executive compensation.

Note 27 Commitments and contingent liabilities

a) Commitments given

The THEOLIA Company as the holding company, or the subsidiaries as a parent company in each country, grant various guarantees to allow the sub-subsidiaries to conduct their business. Those commitments are as follows:

b) Guarantee to cover working capital requirements:

In Germany, THEOLIA guaranteed a maximum amount of 7.5 million euros to the Südwestbank and to the Vorarlberger Hypo Landesbank to guarantee two lines of credit in the amount of 10 million euros, each line granted by the banks to NATENCO GmbH, a THEOLIA subsidiary. These lines of credit are intended to finance NATENCO's working capital requirements.

Moreover, THEOLIA granted a letter of comfort to the banks of THEOLIA Deutschland in the amount of 2 million euros.

c) Guarantees to turbine suppliers:

In Italy, THEOLIA granted a joint guarantee in the amount of 36.4 million euros to Vestas for a sale agreement for 35 wind turbines dated 18 July 2008 between Vestas and the company Aerochetto Italy, a subsidiary of Maestrone, for the AeroChetto project.

d) Guarantees for financing wind farms:

- **In France**

In France, certain companies:

- Theowatt,
- Natenco SAS
- THEOLIA France
- and Royal Wind,

in their capacity as 100% holding companies of project support companies (SSP), granted pledges on financial instruments accounts or pledges of partners' shares to secure the financial debts contracted by the following SSPs:

- Centrale Éolienne des Plos ("**CEPLO**"),
- Centrale Éolienne du Moulin de Froidure ("**CEMDF**"),
- Centrale Éolienne de Sallen ("**CESAL**"),
- Centrale Éolienne du plateau de Ronchois ("**CERON**"),
- Centrale Éolienne du Grand Camp ("**CELG**"),
- "**Les éoliennes du Plateau**", and
- "**Les éoliennes de Bel Air**" in order to finance the construction of the wind farms.

Moreover, the framework agreements with the banks stipulate a joint commitment from THEOLIA, THEOLIA France and Theowatt to provide to the SSP, via capital contributions and/or shareholder loans, the sums equal to the fraction of the wind farm construction costs agreed on with the banks. Likewise, under the terms of these agreements, THEOLIA, THEOLIA France and Theowatt are jointly liable for covering, via new capital contributions and/or shareholder loans, any construction budget overruns validated with the banks.

Those commitments concern the following SSP:

- Centrale Éolienne des Plos ("**CEPLO**"),
- Centrale Éolienne du Moulin de Froidure ("**CEMDF**"),
- Centrale Éolienne de Sallen ("**CESAL**"),
- Centrale Éolienne du plateau de Ronchois ("**CERON**"),
- Centrale Éolienne du Grand Camp ("**CELGC**").

Finally, the master agreements with the banks institute a joint guarantee from THEOLIA to repay the sums owed for the bridge loans made by the banks to the SSP to finance the VAT for the construction of the wind farms.

In addition, the THEOLIA Company is joint guarantor for the following operations:

- Subscription of a commitment to a joint guarantee to the ENTENIAL company, to guarantee the payment of the loans made to SCI CS2M.
- Subscription of a commitment to a joint guarantee to the ROYAL BANK OF SCOTLAND for the benefit of SAS SEGLIEN;
- Subscription of a commitment to a joint guarantee with the ROYAL BANK OF SCOTLAND for the benefit of SAS CEFF.

- **Financing the wind activity with minority partners**

On 16 May 2005, THEOLIA signed a memorandum of understanding with the minority partners of SA Ventura, modified by amendments dated 30 June 2005, 12 May 2006, and 30 April 2007. This memorandum defines the principles for the collaboration of THEOLIA and its subsidiary, the main characteristics of which are as follows:

All the Group's wind projects, including current and future acquisition projects, will be developed and built by SA Ventura, up to the limits of the business plan established each year. For this purpose, Ventura will establish every year, with the assistance of THEOLIA, a business plan that defines the number and magnitude of the projects planned and determines the corresponding amount of equity to be contributed by THEOLIA.

For each wind farm project that is part of the business plan described above, an ad hoc vehicle (SAS) will be formed and held, either directly or via a holding company, at 80% by Ventura, a subsidiary of THEOLIA SA and at 20% by Messrs. Guyot, Bouffard and Saint Jouan (minority shareholders at 30 June 2009).

- **Morocco**

Following the acquisition of Compagnie Eolienne du Detroit (CED) on 4 January 2008 and in the context of the refinancing of CED's debt by BMCI, THEOLIA pledged CED stock to BMCI, Calyon, Dexia Crédit Local, KBC Bank, the French branch, and Natixis on 9 June 2008.

- **Germany**

In Germany, Natenco GmbH and some of its subsidiaries pledged to different banks a number of accounts open in their books in order to guarantee the costs that may be incurred when certain farms are decommissioned. The total amount of these pledges was €5,789 K at 30 June 2009.

e) **Guarantee given in the sale of wind farms**

- **In Germany**

In the context of the sale of several wind farms with a total capacity of 100.6 MW, Natenco GmbH gave the following commitments to the buyer as a guarantee of the wind farms sold under construction:

- At the buyer's choice, indemnify the buyer or substitute equivalent projects if there is a delay in the commissioning of certain wind farms beyond 10 March 2010.
- A pledge on certain wind farms for a total of 20 MW to guarantee the obligations of Natenco GmbH as the turnkey builder of the projects sold for a period that will expire on the date of commissioning of the farms under construction
- A possible exchange of two wind farms with a total capacity of 6 MW for equivalent projects at the buyer's request if said wind farms do not meet certain key conditions for their regular operation.

- **In France**

In the context of a sale of THEOLIA wind projects with total power of 32 MW to Energiequelle, THEOLIA is the joint co-debtor with Tempo Holding for all the amounts which Tempo Holding may have to pay the buyer of the founders' shares, or any subsequent buyer, pursuant to the provisions of the "Share and Receivables Purchase Agreement" and the "Share Purchase Agreement"; it is understood that THEOLIA benefits from all the limitations on and exemptions from liability granted under said agreements.

f) Other commitments

Lease agreement for the corporate offices

The Company has been bound by contract since 28 February 2007 to lease the premises of its corporate offices for a term of 9 years, without possibility of early termination, which is until 28 February 2016.

Pledge in the context of the loans obtained by Ecoval 30

In the context of the activities of Ecoval 30, THEOLIA is the joint guarantor for €2,000 K for the loan contracted on 27 June 2005 by Ecoval 30 from Société Générale; this loan matures on 14 June 2012.

Support for the development of the activities of Ecoval Technology and Ecoval 30

In the context of its support to the expansion of the activities of Ecoval Technology, THEOLIA is the guarantor to the BFCC for a maximum total amount of €140,000.

1. Commitments received

On 31 January 2008, THEOLIA France signed a memorandum of understanding under which the Winvest company agreed to propose 30 MW of wind projects to THEOLIA before 31 December 2009.

Finally, on 24 December 2008, THEOLIA SA announced the sale of its entire stake (4,716,480 shares) in Thenergo to Hestiun Limited for the amount of 15 million euros. THEOLIA retains an option to buy back these shares at the agreed price of 110% of the sale price until 24 December 2009 and 120% of this same price until 24 December 2010.

Note 28 List of Group Companies

Companies	% interest	% control	Consolidation method	Country	Activity
SA THEOLIA	100.00	100.00	Parent	France	Holding
THEOLIA IBERICA	100.00	100.00	Full Consolidation	Spain	Holding
THEOLIA EMERGING MARKETS	95.23	100.00	Full Consolidation	Morocco	Holding
SAS TEMPO HOLDING	100.00	100.00	Full Consolidation	France	Holding
CENT EOL DE FRUGES LA PALETTE	99.94	99.94	Full Consolidation	France	Construction Sale Wind
CENT EOL AQUEDUC	100.00	100.00	Full Consolidation	France	Construction Sale Wind
CENT EOL DE SORBIERE	100.00	100.00	Full Consolidation	France	Construction Sale Wind
THEOLIA FRANCE	100.00	100.00	Full Consolidation	France	Construction Sale Wind
THEOLIA PARTICIPATIONS	100.00	100.00	Full Consolidation	France	Construction Sale Wind
VENTURA	99.42	99.42	Full Consolidation	France	Construction Sale Wind
CENT EOL DU GRAND CAMP	100.00	100.00	Full Consolidation	France	Construction Sale Wind
CENT EOL DU PLATEAU DE RONCHOIS	100.00	100.00	Full Consolidation	France	Construction Sale Wind
CENT EOL DE SALLEN	100.00	100.00	Full Consolidation	France	Construction Sale Wind
CENT EOL DES COSTIERES	100.00	100.00	Full Consolidation	France	Construction Sale Wind
CENT EOL DES GARGOUILLES	100.00	100.00	Full Consolidation	France	Construction Sale Wind
CENT EOL DE CROIX BOUDETS	100.00	100.00	Full Consolidation	France	Construction Sale Wind
CENT EOL DE CHASSE MAREE	100.00	100.00	Full Consolidation	France	Construction Sale Wind
CENT EOL DU MAGREMONT	99.54	100.00	Full Consolidation	France	Construction Sale Wind
CENT EOL DE LA VALLEE DE LA TRIE	99.54	100.00	Full Consolidation	France	Construction Sale Wind
ASSET ELECTRICA	50.00	50.00	Equity Method	Spain	Construction Sale Wind
PESA	100.00	100.00	Full Consolidation	Spain	Construction Sale Wind
NATENCO HOLDING Gmbh	100.00	100.00	Full Consolidation	Germany	Construction Sale Wind
NATENCO GMBH	100.00	100.00	Full Consolidation	Germany	Construction Sale Wind
NATENCO SAS	100.00	100.00	Full Consolidation	France	Construction Sale Wind
LES 4E	100.00	100.00	Full Consolidation	France	Construction Sale Wind
NATENCO CZECH REP. IG	100.00	100.00	Full Consolidation	Czech Republic	Construction Sale Wind
AIOLIKI ENERGEIA CHALKIDIKI AEBE	100.00	100.00	Full Consolidation	Greece	Construction Sale Wind
THEOLIA BRAZIL	100.00	100.00	Full Consolidation	Brazil	Construction Sale Wind
CENT EOL DE CANDADES	79.54	80.00	Full Consolidation	France	Construction Sale Wind
WP GROSS WARNOW GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Construction Sale Wind
AIOLIKI ENERGEIA SITHONIA AEBE	80.00	80.00	Full Consolidation	Greece	Construction Sale Wind
THEOWATT	100.00	100.00	Full Consolidation	France	Construction Sale Wind
CENT EOLIENNE DES SOUTETS	79.54	80.00	Full Consolidation	France	Construction Sale Wind
CENTRALE EOL CHEM DE FER	100.00	100.00	Full Consolidation	France	Construction Sale Wind
CENTRALE EOL FORET BOULTACH	100.00	100.00	Full Consolidation	France	Construction Sale Wind
THEOLIA GREECE	95.00	95.00	Full Consolidation	Greece	Construction Sale Wind
THEOLIA CEE Gmbh	100.00	100.00	Full Consolidation	Austria	Construction Sale Wind
Maestrle Green Energy Srl	100.00	100.00	Full Consolidation	Italy	Construction Sale Wind
Maestrle Project Holding SA	50.32	50.32	Full Consolidation	Italy	Construction Sale Wind
Neo Anemos Srl (Martignano 21 MW)	47.81	95.00	Full Consolidation	Italy	Construction Sale Wind
MGE Giunchetto Wind Park SA	100.00	100.00	Full Consolidation	Italy	Construction Sale Wind
Aerochetto Srl (Giunchetto 29.75 MW)	90.00	90.00	Full Consolidation	Italy	Construction Sale Wind
MPH 1 SA (Giuggianello 28 MW)	100.00	100.00	Full Consolidation	Italy	Construction Sale Wind

Avalon Ltd	100.00	100.00	Full Consolidation	England	Construction Sale Wind
MGE Idea Srl	100.00	100.00	Full Consolidation	Italy	Construction Sale Wind
THEOLIA HUNGARIA	100.00	100.00	Full Consolidation	Hungary	Construction Sale Wind
THEOLIA POLSKA	99.90	99.90	Full Consolidation	Poland	Construction Sale Wind
WP MUEHLANGER GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Construction Sale Wind
WINDENERGIE COESFELD-LETTE GmbH & Co	100.00	100.00	Full Consolidation	Germany	Construction Sale Wind
CENT EOL DE COUME (CECOU)	100.00	100.00	Full Consolidation	France	Construction Sale Wind
CENT EOL DE MOTTENBERG	100.00	100.00	Full Consolidation	France	Construction Sale Wind
CENT EOL DE DAINVILLE	100.00	100.00	Full Consolidation	France	Construction Sale Wind
CENT EOL DE DEMANGE	100.00	100.00	Full Consolidation	France	Construction Sale Wind
Belmonte Green Energy Srl	90.00	90.00	Full Consolidation	Italy	Construction Sale Wind
CE CHERMISEY	100.00	100.00	Full Consolidation	France	Construction Sale Wind
CE BEAUDIGNECOURT	100.00	100.00	Full Consolidation	France	Construction Sale Wind
SNC BIESLES	100.00	100.00	Full Consolidation	France	Construction Sale Wind
SNC DAINVILLE	100.00	100.00	Full Consolidation	France	Construction Sale Wind
SNC DEMANGE	100.00	100.00	Full Consolidation	France	Construction Sale Wind
SNC LES PINS	100.00	100.00	Full Consolidation	France	Construction Sale Wind
SNC SAINT BLIN	100.00	100.00	Full Consolidation	France	Construction Sale Wind
SNC L'ARDECHE	100.00	100.00	Full Consolidation	France	Construction Sale Wind
SNC LE CHARMOIS	100.00	100.00	Full Consolidation	France	Construction Sale Wind
VESAIGNES	100.00	100.00	Full Consolidation	France	Construction Sale Wind
TANGER MED WIND SA	95.14	100.00	Full Consolidation	Morocco	Construction Sale Wind
THEOLIA MAROC SERVICES SA	95.14	100.00	Full Consolidation	Morocco	Construction Sale Wind
THEOLIA SITAC WIND POWER PVT LIMITED (Mendicino Green Energy Srl	50.00	50.00	Equity Method	India	Construction Sale Wind
CEBRE	90.00	90.00	Full Consolidation	Italy	Construction Sale Wind
THEOLIA WIND POWER PVT (INDIA) ME	100.00	100.00	Full Consolidation	France	Construction Sale Wind
COLONNE D ERCOLE SRL	50.00	50.00	Equity Method	India	Construction Sale Wind
THEOLIA DEUTSCHLAND GMBH	100.00	100.00	Full Consolidation	Italy	Construction Sale Wind
THEOLIA DEUTSCHLAND VERWALTUNGS GmbH	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
THEOLIA WINDPARK WERBIG GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
DRITTE BUSMANN WIND GmbH & Co. BETRIEB	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
ZWANZIGSTE UPEG GmbH & Co. KG (LADBERG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
NEUNZEHNTE UPEG GmbH & Co. KG (LADBERG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WP SAERBECK GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
ROYAL WIND	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
CEFF	100.00	100.00	Full Consolidation	France	Sale of electricity Wind
CENT EOL DE SEGLIEN	100.00	100.00	Full Consolidation	France	Sale of electricity Wind
CENT EOL DES PLOS	100.00	100.00	Full Consolidation	France	Sale of electricity Wind
CENT EOL DU MOULIN DE FROIDURE	100.00	100.00	Full Consolidation	France	Sale of electricity Wind
CENT EOL DES SABLONS	99.42	100.00	Full Consolidation	France	Sale of electricity Wind
CORSEOL SA	95.20	95.20	Full Consolidation	France	Sale of electricity Wind
WP WOLGAST INVESTITIONS GmbH & Co. OHG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
NATENCO WP VERWALTUNG GMBH	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind

WP BETRIEBS GmbH	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
SOLARKRAFTWERK MERZIG GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WP HOPSTEN INVESTITIONS GMBH & CO KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WP TUCHEN RECKENTHIN INVESTITIONS GMBH	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WINDPARK VERDEN 1 GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WINDPARK VERDEN 2 GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
NATURSTROMNETZ GmbH	43.81	43.81	Equity Method	Germany	Sale of electricity Wind
ERNEUERBARE ENERGIE ERNTE ZWEI GmbH &	89.60	80.00	Full Consolidation	Germany	Sale of electricity Wind
WINDPARK RABENAU GmbH	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WINDPARK MINDEN GmbH	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
ERNEUERBARE ENERGIE ERNTE VIER GmbH &	48.00	48.00	Equity Method	Germany	Sale of electricity Wind
NATENCO WINDPARK BETEILIGUNGS GmbH	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
NATENCO WINDPARK 1 MANAGEMENT GmbH	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
NATENCO WINDPARK ALSLEBEN BETEILIGUNGS	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
NATENCO WINDPARK MANAGEMENT GmbH	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
FALKENWALD R.E.W. GmbH & Co. ELF WIND-	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WP ZABELSDORF GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WP HECKELBERG-BREYDIN GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WP KRIBBE-PREMSLIN GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WP GROSSVARGULA GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WINDPARK ALSLEBEN I GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WINDPARK NETZBETRIEB GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
THEOLIA MAROCCO	95.23	100.00	Full Consolidation	Morocco	Sale of electricity Wind
WP NOTTULN GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WP NIENBERGE GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
R.E.W. KRAENZLIN GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WP RUHLSDORF GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WINDWIN GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WINDWIN VERWALTUNGS GmbH	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WiWi WINDKRAFT GmbH & Co. WiWo KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
CED	100.00	100.00	Full Consolidation	Morocco	Sale of electricity Wind
SNC LES EOLIENNES DE BEL AIR	100.00	100.00	Full Consolidation	France	Sale of electricity Wind
SNC LES EOLIENNES DU PLATEAU	100.00	100.00	Full Consolidation	France	Sale of electricity Wind
WP Kreuzbuche GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WP Stolzenhain GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WP Schenkendoebeln GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
NATURSTROMNETZ GmbH ME	43.81	43.81	Equity Method	Germany	Sale of electricity Wind
WP WALTROP GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WP KLEIN STEIMKE GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WINDKRAFTANLAGE NEUSTADT 5 GmbH & Co	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
ATTILA HOLDING GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind

ATTILA Management GmbH	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WP NETPHEN GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WP GOTTBERG GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WF HAMM GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WF HOXBERG GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WF IDESHEIM GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WF ILLERICH GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WF LEOPOLDSHOEHE GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WF NEUKIRCHEN-VLUYN GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WF OSTBEVERN GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WF FRANKENHEIM GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WF SCHOENHOEHE GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WF VERDEN GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WF WEIMAR GmbH & Co. KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WF WILLICH GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
ATTILA HOLDING 1 GmbH	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WF MEERBUSCH GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WF OELDE GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
WF VOGELSBERG GmbH & Co.KG	100.00	100.00	Full Consolidation	Germany	Sale of electricity Wind
CWP GmbH	52.00	52.00	Full Consolidation	Germany	Sale of electricity Wind
THEOLIA CANADA	99.98	99.98	Full Consolidation	Canada	Non Wind Activities
BIOCARB	96.73	96.73	Full Consolidation	Switzerland	Non Wind Activities
ECOVAL TECHNOLOGY SAS	100.00	100.00	Full Consolidation	France	Non Wind Activities
SERES ENVIRONNEMENT	100.00	100.00	Full Consolidation	France	Non Wind Activities
THERBIO	99.99	99.99	Full Consolidation	France	Non Wind Activities
ECOVAL 30 SA	97.66	97.67	Full Consolidation	France	Non Wind Activities
NEMEAU SAS	99.99	100.00	Full Consolidation	France	Non Wind Activities
THEOLIA PREMIERES NATIONS INC	99.98	100.00	Full Consolidation	Canada	Non Wind Activities
CS2M	100.00	100.00	Full Consolidation	France	Non Wind Activities
SAEE	100.00	100.00	Full Consolidation	France	Non Wind Activities
SAPE	100.00	100.00	Full Consolidation	France	Non Wind Activities
THENERGO ME (Subgroup)	27.21	27.21	Equity Method	France	Non Wind Activities
WINDREAM ONE	100.00	100.00	Full Consolidation	France	Non Wind Activities
ECOLUTIONS	16.77	0.00	Equity Method	Germany	Non Wind Activities
SERES MAGHREB	100.00	100.00	Full Consolidation	Morocco	Non Wind Activities
SERES CHINA	50.00	50.00	Equity Method	China	Non Wind Activities
Incoming companies					

STATUTORY AUDITORS' REPORT ON THE 2009 HALF YEAR FINANCIAL INFORMATION

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Statutory auditors' report on the 2009 half year financial information

For the period January 1, 2009 to June 30, 2009

This is a free translation into English of the Statutory auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In accordance with our appointment as Statutory auditors by your Annual General Meeting and pursuant to Article L.451-1-2 of the French Monetary and Financial Code (*Code Monétaire et Financier*), we hereby report to you on:

- the limited review of the accompanying condensed consolidated financial statements of THEOLIA for the half year ended June 30, 2009;
- the verification of the information contained in the half year management report.

These condensed half year consolidated financial statements were prepared under the responsibility of your Board of Directors in a context of uncertain future prospects that already prevailed at the December 31, 2008 year-end. Our role is to express a conclusion on these financial statements based on our limited review.

I. Conclusion on the financial statements

We conducted our limited review in accordance with professional practice standards applicable in France. A limited review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures. A limited review is substantially less in scope than an audit conducted in accordance with professional practice standards applicable in France. Consequently, the level of assurance we obtained about whether the condensed half year consolidated financial statements taken as a whole are free of material misstatements is moderate, and lower than that obtained in an audit.

Based on our limited review, no material misstatement has come to our attention that causes us to believe that the accompanying condensed half year consolidated financial statements are not prepared in accordance with IAS 34 of the IFRS, as adopted in the European Union with respect to interim financial reporting.

Without calling the above conclusion into question, we draw your attention to:

- the “Going concern” note to the financial statements,
- Section 4 of note 3 to the financial statements, “Highlights of the period”, which refers to the reversal of the provision for the Hestiun receivable following its full payment,
- the “Accounting policies” note to the financial statements, which outlines the changes in accounting methods arising from the application, as from January 1, 2009, of new standards and interpretations.

II. Specific verification

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

Marseille, August 31, 2009

The Statutory Auditors

French original signed by

Jean JOUVE

Deloitte & Associés

Anne-Marie MARTINI