

THEOLIA

NATURAL ENERGY



Annual Report 2006

Key Figures

Financials (in EUR millions)

Historical

	2005-2006 (18 months)	2004-2005 (12 months)	2003-2004 (12 months)
Turnover	71	4	3

Proforma turnover over 12 months following integration of NATENCO

	Total activity Wind	Total activity Non-wind	Proforma Group
Turnover	141	17	158

Turnover by activity

	Sale of wind farms to third parties	Sale of wind electricity	Non-wind activity
Turnover	53	3	15

Equity and investment

	2005-2006 (18 months)	2004-2005 (12 months)	2003-2004 (12 months)
Tangible assets	119	12	2
Capitaux propres	170	32	1

Capitalisation and stock market performance

	2006				2007
	Q1	Q2	Q3	Q4	Q1
Price (en €)	12,05	13,20	11,58	12,28	30,53
No. of shares (in Mi)	15	19	19	25	31
Capitalisation (in Mi €)	184	246	219	312	961

Workforce at 31 December 2006 **172**

Wind energy portfolio of THEOLIA Group MW

MW	Mid-June 2007	Avril 2005
In service and owned by the group	73	0
Under construction	141	0
To be constructed (building permits obtained)	225	0
Under development	2,222	20
Managed on behalf of third parties	164	
Total	3,185	

NB: excluding 165 MW of GE EFS

FREE TRANSLATION –
FOR INFORMATION PURPOSES ONLY
The English language version of this translation from the French language original was prepared for your convenience. All possible care has been taken to ensure that the translation is an accurate representation of the original. In the event of any inconsistencies between this document and the French language original, the latter shall prevail.

Ever since its creation, THEOLIA has anticipated the development of wind-powered electricity production

The inevitable future shortage of fossil fuels, the risks associated with the development of nuclear power, climate disasters linked to the ongoing and increasing deterioration of the ozone layer and growing needs of their population will force different countries to promote alternative solutions, including producing electricity from renewable sources (RE). THEOLIA positioned itself in this sector from the outset, believing that the maturity of wind power compared to other sectors would lead to strong growth in wind-powered electricity production over the next few years.

Renewable energies are part of our lives. There is no alternative. Wind power will account for over 75% of RE (excluding hydraulic) in the years ahead, supporting the Group's "wind power theory" logically adopted back in 2002 by Jean-Marie Santander, CEO and co-founder.

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Message from the CEO



Combining environment and profitability: I knew it could be done!

B.S. - Jean-Marie Santander, how did you change theory into practice, how did you get from the Theory of Wind Power to the THEOLIA Group?

Jean-Marie Santander - In 2000 when THEOLIA was created, and particularly in 2002 when it was listed on the Euronext Paris Free Market, there was still a conflict between sustainable development and profitability. When I used to say that changes in behaviour would generate new energy sectors, especially wind, people smiled indulgently at best. Today attitudes have changed. Experts have agreed that these once contradictory concepts actually have many points in common. They have even named them an "Eco-advantage strategy".

B.S. - So is wind power the future?

J.M.S. - Increased demand for energy (especially in emerging countries), the inevitable decline in fossil fuels and environmental constraints guarantee a sustainable future for renewable energies. In 2001 the European Union decided to increase the share of Renewables (RE) in its electricity consumption to 21% by 2010. Today, of all the available alternative energy solutions (solar, biomass, geothermics, etc.), wind power is objectively the most mature. It is also at the heart of many economic challenges.

B.S. - THEOLIA - a French company or an international group?

J.M.S. - Germany and Spain are the drivers of the wind energy sector in Europe. With its roots in France, it's hardly surprising that THEOLIA gained a foothold on the buoyant neighbouring markets of Germany and Spain. THEOLIA then positioned itself in other European member states which "support" the sector: Italy and Greece. THEOLIA is also considering producing wind-generated electricity in the USA.

Lastly, in the belief that the emerging countries will soon show an interest in this method of electricity production, THEOLIA has plans to create a dedicated subsidiary called TEOPE (THEOLIA Emerging Countries), which will operate mainly in India, Brazil, Morocco and in various East European emerging countries.



B.S. - How are the wind energy sectors organised and what is THEOLIA's position in them today?

J.M.S. - Apart from turbine production, I will look at three wind energy sectors: development and turnkey construction, proprietary construction and sale to third parties combined with management over 15 to 20 years.

At the outset THEOLIA focused on the construction of wind farms for its own account.

In order to access the second sector, THEOLIA decided in 2004 to acquire the leading French developer, VENTURA. Once integration was complete, THEOLIA added a new activity to its subsidiary: turnkey construction. VENTURA would construct the Group's first wind farms in compliance with budgets, deadlines and quality standards. The acquisition of VENTURA has proved to be a fantastic value creation operation for the THEOLIA Group, especially given the costs associated with the deal.

Staying with our integration strategy, we wanted to access the third wind energy sector: sale to third parties. Following substantial research and analysis, we opted for NATENCO in Germany (Stuttgart). Initial contact was made in November 2005 and the acquisition, which was finalised in December 2006, will already have a visible impact on the results for 2007

The synergy between the different companies in the THEOLIA Group will make a strong contribution to the value creation of the whole.

Lastly, THEOLIA wanted to organise an industrial partnership with a major player in the sector with a view to securing its future. In February 2007 we signed a strategic partnership agreement with General Electric Energy Financial Services, a subsidiary of the American conglomerate GE. Subject to final approval by the shareholders next June, this agreement should enable THEOLIA to enhance its value creation and increase its 165 MW fleet of wind farms.

B.S. - Is the structure of the THEOLIA Group on a par with its ambitions and market expectations?

J.M.S. The construction of proprietary wind farms gobbles up our equity. The Group has undertaken a series of capital increases, bringing its equity to EUR 170 million.

As a result, THEOLIA has sufficient funds to implement its development plan, which involves building and acquiring 150 MW each year for its own account. To this end, the THEOLIA Group plans to build and sell to third parties more than 150 MW per year. The recent acquisition of NATENCO has now made this possible. The EBITDA for each wind farm sold to third parties, in excess of 15%, generates sufficient liquidity for the wind farms retained.

If the Group were to build or acquire wind farms at a rate of over 150 MW per year, it would consider applying measures to boost its equity.

In addition, THEOLIA has focused all its activity on the production of wind-generated electricity and has consolidated its non-wind power activities in its subsidiary THEOLIA Benelux, renamed THENERGO. In order to make its subsidiary independent both financially and in terms of human resources, the THEOLIA Group decided to list THENERGO on Alternext Paris (foreign department) and organised a pre-IPO investment of EUR 70 million. THEOLIA has no immediate plans to dispose of its holding in THENERGO and will therefore benefit from the substantial value creation which its subsidiary will soon be enjoying.

The THEOLIA Group now has the resources to become a global player in wind-generated electricity production. Backed by an experienced and reinforced management team, I will work to make this a reality.

Jean-Marie Santander
CEO

July 2005 - December 2006 A year of transformation



Highlights:

July 05

End of equity line operation one year early. This private investment transaction, reserved for qualified investors and scheduled in advance, is designed to boost THEOLIA's equity to EUR 23 million by 30 June 2006 at the latest. The operation is complete by the beginning of July 2005, raising over EUR 33.6 million.

January 06

AMF approval obtained for a public capital increase (retaining priority subscription rights) of EUR 25 million. The operation is three times oversubscribed. Société Générale and BNP act as co-leaders.

Avril 06

EUR 30 million capital increase (through reserved investment) in favour of GO Capital (Dutch hedge fund) following approval by the shareholders.

July 06

Second approval obtained from AMF for transfer of THEOLIA to Eurolist B. Initial listing on Eurolist B on 30 July 2006.

October 06

Agreement signed with FC Holding with view to acquisition of NATENCO.

December 06

NATENCO operation closed and start of collaboration discussions with GENERAL ELECTRIC.

First part of PACEO with Société Générale finalised.

1 July 2005 to 31 December 2006 was an extraordinary 18-month financial year.

The Group wanted to "align" its accounts with those of its competitors by closing them at 31 December each year. This financial year was the historic founding year in the life of THEOLIA.

Wind power operations
+3000 MW



Different wind power operations to obtain over 3000 MW

	France	Allemagne	Espagne	Autres Europe	Inde et Brésil	Total
Fully owned production plants	25	48	0	0	0	73
Under construction	41	100	0	0	0	141
Construction planned, building permits obtained	70	0	72	7	76	225
Permits filed and awaiting signature	360	0	0	0	0	360
Operations under development	710	0	0	622	890	2,222
Total	1 206	148	72	629	966	3 021

NB: excluding 165 MW of GE EPS



Review by the CEO

2006 12 drivers of change and highlights

May 05

Following lengthy negotiations, acquisition of leading French developer VENTURA is finalised. During 2006, THEOLIA will create a new turnkey construction activity within VENTURA and optimise the structures already in place.

Juillet 05

Signature of first financing agreement for wind farms with the Royal Bank of Scotland for a total amount of EUR 66 million.

January 06

First acquisition outside France. THEOLIA acquires 3 wind farms in Germany with an installed capacity of 28.5 MW.

February 06

First public capital increase (following listing on Free Market) of EUR 25 million approved by AMF.

April 06

EUR 30 million reserved capital increase in favour of GO Capital (hedge fund). Acquisition of a further 6 MW wind farm in Germany.

May 06

Acquisition of the Almeria project (Spain) involving construction of 29 wind turbines with a capacity ranging from 2 to 2.5 MW, i.e. a wind farm with 58 MW to 72.5 MW capacity.

June 06

Commissioning of the first wind farm (Fond de Fresne, Somme - 10 MW) fully developed and built by the THEOLIA Group.

July 06

First permanent listing of THEOLIA on Euronext B by Euronext Paris.

August 06

THEOLIA's project portfolio exceeds 1,000 MW.

October 06

Signature of an MoU with FC Holding with a view to acquiring NATENCO. Deal will be finalised in December.

November 06

Acquisition of POLARGEN by Belgian subsidiary THEOLIA Benelux finalised. THEOLIA decides to focus on wind power and "concentrate" all its non-wind activities on THEOLIA Benelux which will be renamed THENERGO.

Decision to list THENERGO on Alternext (Paris) in the first half of 2007.

December 06

Start of discussions with a subsidiary of the GENERAL ELECTRIC Group with a view to a strategic partnership (GE Energy Financial Services). This agreement will be signed in February 07 and announced to the public. The THEOLIA Group's portfolio passes the 3,000 MW mark.



Review by the CEO

2006 Geographic positioning

The THEOLIA Group has an active presence in the following countries

THEOLIA and wind power end 2006

- France
- Germany
- Spain
- Greece
- Croatia
- Czech Republic
- India
- Brazil



THEOLIA and wind power in 2010

- France
- Germany
- Spain
- Greece
- Croatia
- Czech Republic
- India
- Brazil
- Hungary
- Italy
- Poland
- Portugal
- United Kingdom
- Romania
- Morocco



THEOLIA Group: forecasted market shares, Europe and World

	2007	2008	2009	2010
Fully owned power plants (capacity in MW)	150	150	150	150
Power plants sold to third parties (capacity in MW)	150	175	200	225
Forecasted installation in Europe (source BTM Consult)	18 800	21 980	25 730	28 835
Forecasted installation Rest of World (source BTM Consult)	8 610	9 760	12 030	13 150
Market share THEOLIA Group in Europe	3,48%	3,33%	2,91%	2,85%
Market share THEOLIA Group in World	1,60%	1,48%	1,36%	1,30%

2007 First quarter highlights

Three major events occurred in early 2007

Integration of NATENCO in scope of THEOLIA Group

The new group will now be operating simultaneously in France, Germany, Spain, the countries of Eastern Europe, India and Brazil. The management of the holding will apply its management methods to all the Group's subsidiaries. THEOLIA will provide its team in India with the resources to boost its development with far more ambitious targets.

Signature of an industrial and strategic partnership agreement with GE Energy Financial Services, a subsidiary of American group General Electric

Thanks to this agreement (which will be submitted for final approval by THEOLIA shareholders at end June 2007), THEOLIA will increase its production capacity in Europe by 165 MW and become a leading European player with the support of the American conglomerate.

THEOLIA has agreed a right of first refusal on all GEEFS's unbuilt European wind power operations as well as for its built operations with a capacity of less than 45 MW.

THENERGO

Presentation of THENERGO to institutional investors in Amsterdam and Geneva, on a valuation of EUR 100 million, with THEOLIA holding 91% of the capital. THEOLIA's initial plan was to "raise" EUR 40 million through a pre-IPO investment. The final amount added to the equity of THEOLIA's new non-wind power group was EUR 70 million. Following this fund raising effort, THEOLIA will hold a little over 42% of THENERGO, which will be listed on Alternext by Euronext Paris in mid-June 2007.



Operational Review

The THEOLIA Group is active in three wind power sectors

Development and turnkey construction

The Group researches sites, enters into agreements with the landowners, studies the wind (force and direction) over periods ranging from 12 to 18 months, prepares all the formalities involved in obtaining building permits, optimises the choice of turbines, prepares and signs the building and supply contracts and manages the construction work up until handover.

Construction, sale to third parties and operation

The Group researches operations with building permits (or from its development portfolio), optimises the choice of turbines, prepares and signs the building and supply contracts, takes delivery of the wind farms, sells them to private or professional third parties and operates them on behalf of its clients.

Construction and operation of fully owned power plants

The Group researches operations with building permits (or from its development portfolio), optimises the choice of turbines, prepares and signs the building and supply contracts, takes delivery of the wind farms and operates them on its own account.



THEOLIA plans to become a European leader in wind energy

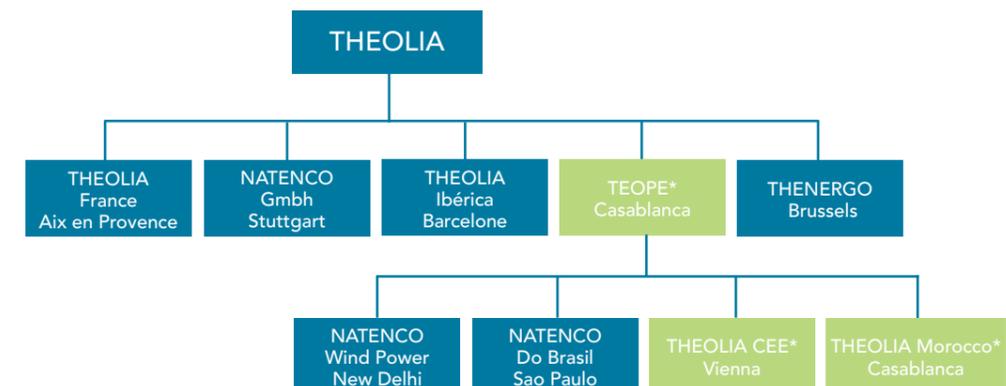
Development of detailed capacities

The THEOLIA Group has made significant strides in terms of capacities already installed or to be installed. At the beginning of the year, the Group benefited from the potential of Ventura, acquired in mid-2005. Thanks to both its organic growth and its accelerated external growth, one of the Group's key strengths, THEOLIA holds a portfolio of wind farms at different stages of development, with a total capacity in excess of 3,000 MW. The Group sustains this acceleration on a daily basis by optimising this key strength and strengthening its strategic partnerships.

Capacity installation (in MW)

MW	Mid-2005	Mid-2007
Fully owned and operational wind farms	0	73
Operational wind farms owned by third parties	0	164
Wind farms at the study stage	0	141
Wind farms under development	500	2 807
Total	500	3 185

In addition to these operational wind farms and those at the study or development stage, a 165 MW capacity will be retained under full ownership as a result of the planned strategic partnership with GE Energy Financial Services. This collaboration has yet to be ratified by THEOLIA's general shareholders' meeting scheduled for the end of June 2007.



*in set-up phase

Operational Review

THEOLIA France + 1 200 MW



Under construction as at 31/12/2006 In operation as at 31/12/2006

For more information, log on to:
www.sa-ventura.com

Breakdown of wind power stations in France

Wholly-owned and operating wind farms	MW
Fonds de Fresne (Somme)	10
Séglien (Calvados)	9
Corséol (Corse)	6
TOTAL	25

Wind farms that will be wholly-owned and under construction at the end of the financial period	MW
Les Sablons (Calvados)	10
Les Plos (Aveyron)	12
Puech (Aveyron)	12
La Fage (Aveyron)	5
Les Pins (Aveyron)	2
TOTAL	41

Wind farms that will be wholly-owned, with building permits obtained though construction not yet started	MW
Moulin de Froidure (Somme)	12
Sallen (Calvados)	8
Le Grand Camp (Eure & Loire)	10
Le Bois Chen (Eure & Loire)	10
Plateau de Ronchois	30
TOTAL	70

Wind farms that have applied for building permits with signature pending	360 MW
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Wind farms which are at the end of the financial period at different stages of development	710 MW
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From development to operation:
a 3-year mission

THEOLIA France, and NATENCO S.A.S., members of the group since the end of 2006, all hinge around the first subsidiary acquired by the Group in May 2005, VENTURA, an actual 'sub holding' of THEOLIA France.

Before it was acquired by THEOLIA, VENTURA was already considered the French developer of 'model' wind power stations. Since its integration with the THEOLIA Group, VENTURA has optimised its skills and now represents the Group's crowning glory. The Chief Executive Officer, Jean-Marie SANTANDER wanted to consolidate its development know-how with "turnkey" construction. Its strengths lie in "turnkey" project development and

construction. Today, VENTURA is developing new projects and optimising its current activities. The three founders, François BOUFFARD, Arnaud GUYOT and Cédric de SAINT-JOUAN, are now active at the heart of the THEOLIA Group, finding the strategic, financial and human resources necessary to develop their teams.

In future, THEOLIA will extend VENTURA's skills and know-how to the whole Group. A process of optimising all the subsidiaries is to commence in mid 2007, which will be directly managed by the THEOLIA Group Chief Executive Officer and President. After having restructured and optimised VENTURA, THEOLIA now wants all the strengths

of the French developer to be shared by the other subsidiaries, in order to harmonise the different components of the Group and create value.

Today, with a 30-member team, the Managing Director of the French structure, Jean-François AZAM, assisted by the three founding members of VENTURA, manages various activities that represent nearly 1,150 MW. Greater financial resources will be put in place to focus on the activities based on 'organic growth'.

THEOLIA France

CEO

Jean-Marie Santander

MANAGING DIRECTOR

Jean-François Azam



J-F. Azam



F. Bouffard



A. Guyot



C. de Saint-Jouan

VENTURA

CEO

Jean-Marie Santander

MANAGING DIRECTOR

Jean-François Azam

ASSOCIATE MANAGING DIRECTOR

François Bouffard

ASSOCIATE MANAGING DIRECTOR

Arnaud Guyot

ASSOCIATE MANAGING DIRECTOR

Cédric de Saint-Jouan

Operational Review

NATENCO GmbH (Germany)

NATENCO GmbH is at the origin of the NATENCO Group acquired by THEOLIA at the end of the year. This acquisition enables the Group to gain access to the third component of wind power: the construction and sale of wind power stations to third parties. NATENCO GmbH is also negotiating a contract to manage power stations sold over a 20-year period.

NATENCO GmbH is the European specialist in this kind of activity. The skills and know-how of this company lie in the technical optimisation of projects,

the supervision and management of construction, the search for private clients and the management of power stations on behalf of third parties.

Taking into account the location of the wind power stations throughout Germany, NATENCO GmbH has important statistical information on the wind power and direction in the country. This unique database enables the rapid calculation of the estimated production of a wind power station throughout Germany without the need for time-consuming measurements.

THEOLIA is planning to share with the Group companies of the strengths of its subsidiary NATENCO GmbH. This integration will be an important factor in creating value for the THEOLIA Group. The results for the 2007 financial year will attest to that.

At the beginning of July, Tim Kittlehake will join the team and, together with Frank Finzel, will be responsible for general management.

Breakdown of wind power stations in Germany

Wholly-owned and operating wind farms	MW
Hogsten II	4
Keltische Schanze	1,5*
Perleberg	3,6
Verden	3
Wolgast II	6
Reichenbach	1
Ladbergen	6
Saerbeck	8
Sendenhorst (currently being acquired)	14,5
TOTAL	47,6

* 48% for own account, 52% on behalf of third parties

Under construction on behalf of third parties	100 MW
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Under management, power wind farms held by third parties	164 MW
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J.-M. Santander



Frank Finzel

MANAGING DIRECTOR

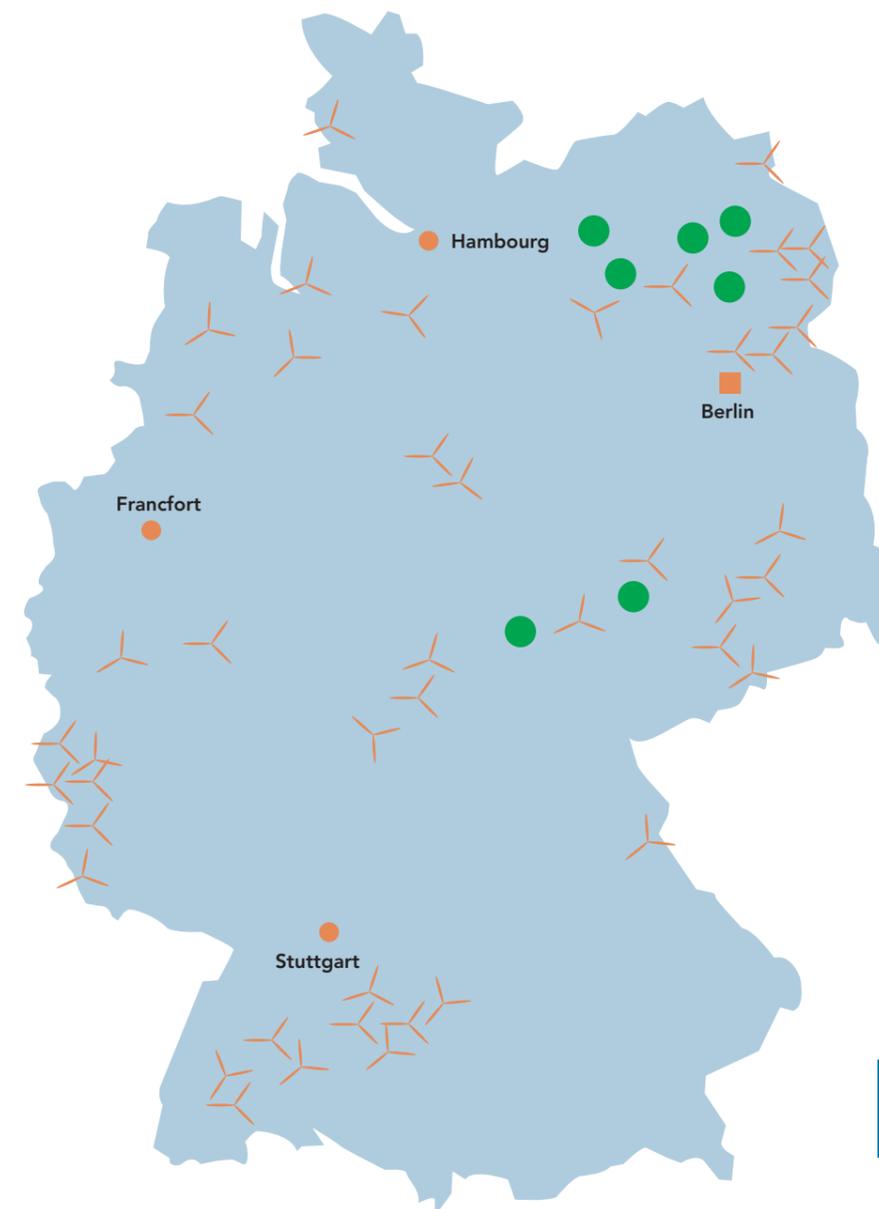
Jean-Marie Santander

MANAGING DIRECTOR

Frank Finzel



Germany is the biggest operator of wind power stations in the world with more than **20.000 MW** installed



● Wind power portfolio - GE EFS (165 MW) which will be integrated after the AGM in June 2007.
 ⚡ Wind power farm

For more information, log on to:
www.natenco.com

Operational Review

THEOLIA Ibérica

At the end of 2006, Spain came second in the league of nations in terms of installed wind power capacity. The THEOLIA Group promptly sought to set up a subsidiary for wind power stations in Spain, Portugal and Italy, countries that were close to France. Barcelona was the preferred option.

In Spain, activity focusses on a facility producing nearly 60 MW. This is because, during the course of the year, the Group acquired a project which had definitive building permits in place in the region of Almeria for 29 turbines. Optimisation initiatives are currently under way.

The Group is scouting for other operations on the Iberian Peninsula.

THEOLIA Ibérica, backed by the holding company, is currently acquiring several projects for wind power stations in Italy.

Spain MW targets

2007	2008	2009	2010
0	72	150	350

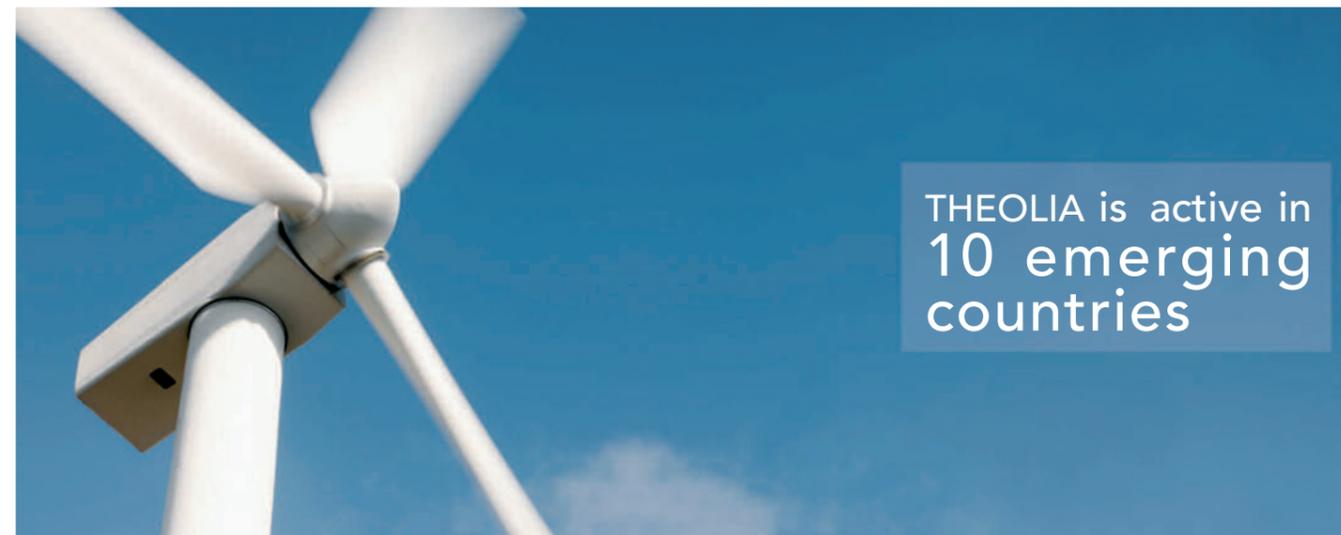
Italy MW targets

2007	2008	2009	2010
0	50	150	300



Juan Bóveda Sanz

CEO Jean-Marie Santander
MANAGING DIRECTOR Juan Bóveda Sanz
ASSOCIATE DIRECTOR Clea Hamm



THEOLIA is active in 10 emerging countries

THEOLIA - Emerging Countries

The Group decided to group together its activities in the emerging countries in a company called TEOPE (THEOLIA Pays Emergents) [THEOLIA Emerging Countries]. Based in Casablanca, this "sub holding" will hold 100% of the companies THEOLIA India, NATENCO Do Brasil, THEOLIA Morocco and THEOLIA CEE. The company TEOPE will be set up on the basis of contributions from the Indian, Brazilian and Eastern European companies in the THEOLIA Group, and on the basis of the Moroccan projects currently being negotiated. Financial partnerships are currently being negotiated. TEOPE will be governed by Moroccan law and located in Casablanca. Recent discussions with the Moroccan licensing authorities are likely to consolidate this arrangement.

TEOPE's Management Board will comprise 11 members: THEOLIA will be represented by Jean-Marie Santander (CEO), Jacques Putzeys, Philippe Perret, Arne Lorenzen and Stéphane Garino. THEOLIA WIND POWER (India) will be represented by Malvinder Singh. Four independent directors, two in Morocco, one in India and one in Europe, have been approached and will join the team very soon.

TEOPE's mission will be the production of electricity from renewable energy in developing or emerging countries. TEOPE will be assisted by major international lenders and the carbon credit scheme recently established under the Kyoto Protocol.



J-M. Santander



E. Guyot

CHIEF EXECUTIVE OFFICER Jean-Marie Santander
ASSOCIATE MANAGING DIRECTOR Emmanuel Guyot

NATENCO Wind Power Pvt. L.t.d.

Projects in place or in the final stages of acquisition in India represent 745 MW



Malvinder Singh



Wolfgang Hirt

PRESIDENT Malvinder Singh
MANAGING DIRECTOR Wolfgang Hirt

MW Targets

2007	2008	2009	2010
25	138	250	250

Projects by 2011	MW
Tamil Nadu	
Maruthur-Bellampatti	18
Theni / Tenkasi	32
Maharashtra	
Vaspet1 (Sidiyal-Sordi)	20
Vaspet2 (Salmalgewadi)	10
Under way	5
Gujarat	
Jasdan	100
Gala	25
Ratabhe	25
Rojmal	25
Shrvania	25
Rajasthan	
Phalodi	50
TOTAL	335

Operational Review

NATENCO Do Brasil

Projects in place or in the final stages of acquisition in Brazil represent 221 MW



Carolina Salver Preis

CEO

Jean-Marie Santander

MANAGING DIRECTOR

Carolina Salver Preis

MW Targets

2007	2008	2009	2010
40	60	90	135

Projects	MW
Xangri-lá I and II	44
Imbé	23
Pastoreio (Santa Vitoria do Palmar)	41
Rio Bonito (Extremoz)	11
Riachao (Ceará-Mirim)	5
Maravilha (Campo Redondo)	23
Ex-Goianinha	10
Taiba Andorinha et Taiba Aguia	19
Casqueiro	22
Sao Bento	23
TOTAL	221

THEOLIA CEE

Projects in place or in the final stages of acquisition in the subsidiary THEOLIA CEE represent 376 MW



Milan Cibak

Bulgaria
Croatia
Poland
Czech Republic
Hungary
Rumania

CEO

Jean-Marie Santander

MANAGING DIRECTOR

Milan Cibak

Objectifs MW

2007	2008	2009	2010
40	60	90	135

Projects	MW
Benkovac, Croatie	69
Gracac, Croatie	17
Völcsej, Hongrie	62
Rajka, Hongrie	48
Zamoly, Hongrie	34
Dobrudja, Bulgarie	38
Skobebebo, Bulgarie	30
Prosec, République Tchèque	20
Nova Ves, République Tchèque	8
Kuslin, Pologne	50
TOTAL	376

THEOLIA Morocco

The constitution formalities are currently under way. Several projects should soon see the light of day.



THENERGO

THENERGO was set up as a result of combining three different legal entities: THEOLIA Benelux, POLARGEN and THEOLIA

THENERGO is active mainly in the production of electricity from non-wind sources, and in finding solutions to environmental problems.

THENERGO also trades on the market for the sale of electricity, green certificates and cogeneration certificates. It will shortly be admitted to the Euronext Paris Alternext (June 2007), and encompasses all the non-wind activities of the THEOLIA Group.

The Management Board includes Jacques Putzeys (President), Norre Van Leuffel and Jean-Marie Santander. Following the admission of THENERGO to the Paris Alternext, the Management Board should not change.



Jacques Putzeys



Kurt Alen

PRESIDENT

Jacques Putzeys

MANAGING DIRECTOR

Kurt Alen

Dispatchable power stations (electricity production only)

Pineuilh (France)	8 MW
Florensac (France)	8 MW

Cogeneration using biogas (simultaneous production of electricity and heat)

	Installed power (MW)	
	Gross*	Net**
Dendermonde	1,4	1,4

Cogeneration using natural gas

	Installed power (MW)	
	Gross*	Net**
Merksplass	2,8	1,4
Boechout	5,3	2,5
Markvallei	7,5	1,0
Broechem	1,8	0,2
Etten-Leur	2,4	0,4
Butenpôle	4,0	0,6

*Gross = total power/capacity of units in which THENERGO is a shareholder

**Net = power/capacity corresponding to the capital share held by THENERGO

Household waste composting unit

Beaucaire (France) facility: recovery of domestic waste from 42 communes in the south of France (capacity of more than 50,000 tonnes per annum).

For more information, log on to:
www.thenergo.eu

Sustainable development

Dream or reality?

Today, sustainable development is very much in vogue. Everyone is talking about it: polluting activities, non-polluting activities, banks, investment funds, politicians, etc. and there are new buzz words such as "Eco-advantage strategy", "Environment Fund", "Water Fund", etc.

Those people who, only a few years ago, shut the door in my face whenever I attempted to link "environment" with "profitability", now defend issues of sustainable development. But is this just a passing fad or is it really sustainable?

The past allowed us to glimpse bubbles which formed then burst and disappeared. Will the same thing happen to sus-

tainable development? I don't think so. Popular opinion is currently well-disposed towards putting in place measures to encourage sustainable development. So politicians should take note. Recent elections show the impact that it has when they do.

But what is sustainable development?

But what is sustainable development? Sustainable development means finding solutions to problems to protect future generations. When decision makers confidently maintain that the production of electricity using nuclear power should be considered a means of sustainable development, they are living in fantasy land!

In fact, at present, technology does not make it possible to eliminate waste from nuclear power stations. The only solution is to bury it... whilst waiting for future governments to find a way to treat it. A strange concept of sustainable development! In fact, nuclear power stations do not produce CO2, but that does not mean that they contribute to sustainable development.

And there are no end of examples to illustrate this.



The concept of sustainable development

on which I wanted to create the THEOLIA Group is clearly quite different. I am seeking to promote initiatives that will ensure sustainable development in a true sense. My initiative is modest, but I hope it will lead to other such vocations. The basis upon which I founded the THEOLIA Group is that it is possible to sustain the notions of both the environment and profitability. The path taken by THEOLIA appears to confirm this. Today, THEOLIA produces electricity from wind power stations in France and Germany. Sites in Spain, Italy, Greece, Eastern Europe, India, Brazil and Morocco will soon be able to show that in all these countries it is possible to produce electricity using wind power on an on-going basis. Thus, whether we produce electricity in countries considered to be "affluent" or "emerging", the activity will be economically viable.

Obviously, we need to establish measures that will enable us to make these facilities autonomous. Incentives are all that are needed in affluent countries, but in the emerging countries, additional measures are called for, and THEOLIA is using just such measures.

Renewable energy

The second area in which I would like THEOLIA to take an active part is in the promotion of renewable energy. A number of surveys point to the fact that only a specific category of the population are familiar with the concept of renewable energy, which is not given enough media coverage. The THEOLIA Group decided to promote various media initiatives with the "general public" to make more people aware of renewable energy. Several initiatives described in the "Sponsorship" section are under way.

What can be done for southern countries ?

The third area, which is more complex in economic terms, is solidarity with poorer countries to produce electricity from renewable energy in remote areas, or to produce freshwater and drinking water from sea water and renewable energy sources. Based on the initiatives in the emerging countries and the participation of institutional or private financial partners, I am seeking to promote, together with the THEOLIA Group, this type of initiative. I regularly hear it said that this is not possible, just like I was told when THEOLIA was created that it would not be possible to make environmental or

ecological installations profitable. I will prove that this kind of initiative is economically viable. In order to "support" this type of initiative, I have laid the foundations for the creation of an enterprise foundation which is to be called "The THEOLIA Foundation". The THEOLIA Group plays its part at the heart of sustainable development. Each collaborator is both individually and collectively involved.

This is the spirit of Theolia.

Jean-Marie Santander



Sponsorship

The media spotlight

The THEOLIA Group is involved in several sponsorship initiatives to promote public awareness of renewable energy. Some of these have been created by THEOLIA, whilst others have been inherited from subsidiaries such as NATENCO GmbH. The renewable energy sector is yet to mature, and a lot remains to be done in terms of research if the field is to progress... and in particular, for renewable energy to be applied in areas other than the production of electricity.



Operation Windream One

It is for this reason that THEOLIA has turned to Peggy and Stéphane, to support their technological and adventurous project WINDREAM ONE.

This operation involves crossing the Atlantic by sail balloon without any mechanical propulsion. The journey will be planned in advance and not left to "the winds of change".

WINDREAM ONE will be a 1,000 m³ balloon, around thirty metres long. She will have a carbon nacelle with an integrated survival cell.

The most elaborate technologies in terms of air-handling capacity will be used.

Flexible solar sensors and other processes using renewable energy or elaborate electricity technologies will be developed.

If we truly wish renewable energy sources to play a more important role in our daily lives, and to take priority over fossil or nuclear fuel, we really have no choice but to encourage and support initiatives of this kind, and pave the way for new ones, which is precisely what THEOLIA is doing.

Thus, the three cornerstones of strong will, total commitment and the desire to succeed will be absolutely essential for WINDREAM ONE and will open up new opportunities, using natural elements such as the wind, sun and water



Peggy Bouchet & Stéphane Rousson at the press conference on 20 March 2007.

Peggy Bouchet, a renowned navigator who rowed across the Atlantic, has joined forces with Stéphane Rousson, an expert in aeronautics, to fly across the Atlantic. THEOLIA decided to participate in this operation as the sole sponsor.

Robert Nagy on "Theolia" in "La Solitaire du Figaro, 2006"



Opération Figaro

For the second year running, THEOLIA decided to sponsor Robert Nagy in "operation Figaro".

The values inherent in sailing, more specifically, respect for the environment and also "self surpassing", make water sports an area with which THEOLIA is perfectly in tune. A major clean energy operator in Europe, THEOLIA is proud of its association with the five-times wind surfing world champion, Robert Nagy,

and totally subscribes to his maxim: "if it's worth doing at all, then it's worth giving it all you've got!"

THEOLIA and Robert Nagy both agree that ultimate success is being able to manage and harness nature's energy, a real challenge which unites us and is our passion.



Hot-air balloon program

When THEOLIA acquired the German group NATENCO, it also acquired a hot-air balloon. THEOLIA is preparing several hot-air balloon flights in order to promote this random means of transport which is entirely wind-driven.



Sponsorship

Operation "Land of Armenia"

THEOLIA supports the Terre d'Arménie association, which works mainly for the purpose of Franco-Armenian economic development. This association also heightens awareness of Armenia, its people, its history and its culture. With the Franco-Armenian Chamber of Commerce and Industry, its objective is to consolidate the skills and financial resources necessary to develop a lasting and healthy relationship. One of the initiatives supported by THEOLIA is the Cérémonie de Remise des Trophées TOROS, which rewards those individuals who, owing to their success and fame, have contributed to Franco-Armenian economic, historical and cultural development.



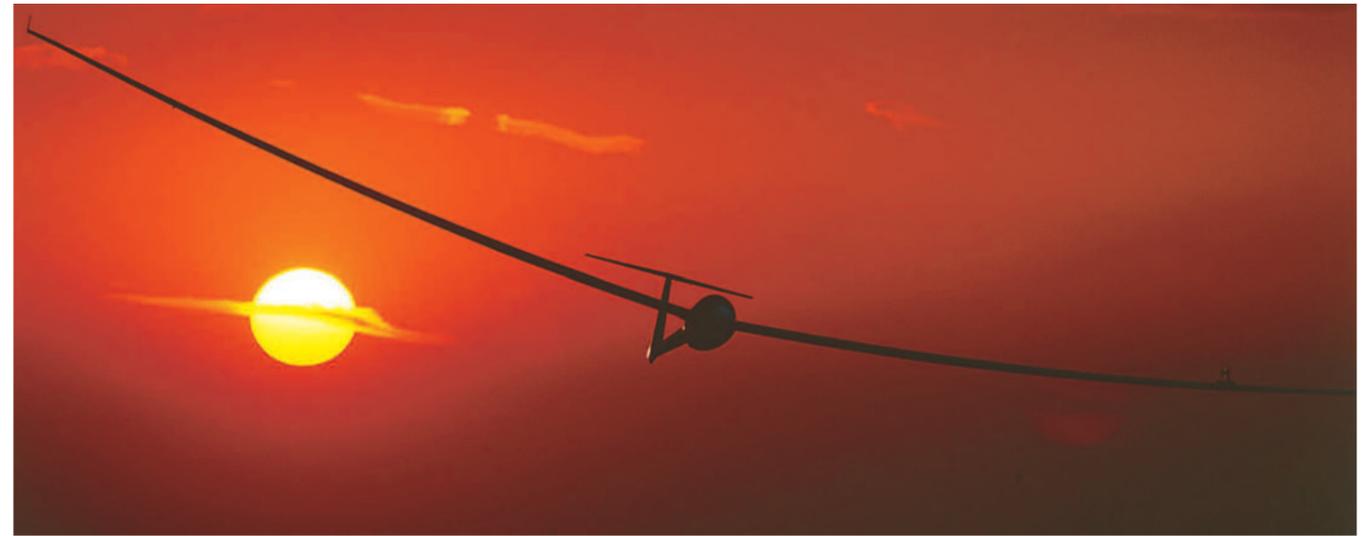
Operation "Sand Marathon"

THEOLIA decided to enter a 7-member team for the Marathon des Sables in Morocco and to sponsor this legendary test of endurance. Two teams will take part in the next test, with the participation of the Chief Executive Officer, Jean-Marie Santander. Through this operation, THEOLIA wanted to showcase the values it holds true such as strong will, total commitment, effort, solidarity and the environment, values underpinning the creation of THEOLIA.

A real world racing challenge, the 22nd Marathon des Sables was held at the end of March / beginning of April 2007. Spending one week in the Sahara (southern Morocco), this test involves effort, and the ability to manage eating and drinking needs over a 220 km distance.



The Marathon des Sables encompasses the Group values of a desire to succeed as a team, coupled with a respect for the environment. THEOLIA has therefore become the sponsor for this human adventure which participates in local development in the fields of the environment and renewable energy by funding projects in the Moroccan desert.



The glider of Willy BALTZ, founder of NATENCO

Operation "Motorcycle"

Wind power combines two technologies: wind/air and mechanical power. THEOLIA is also actively involved in mechanical sports. Inherited from the NATENCO Group, this operation involves introducing the THEOLIA Group through mechanical sports. NATENCO sponsors Alex Hofmann, the only German rider who qualified for the

Motorbyke Grand Prix. Throughout the 18 races that make up the championship, our managers meet with fans of high technology and aerodynamics, two components common to the world of motorbiking GP and wind power.



A 240 km race across the Sahara desert in Morocco. Six THEOLIA managers successfully completed this challenge.



Management Board

A European team



Jean-Marie Santander,
Chief Executive Officer (France)
His technical training (graduate in electromechanical engineering at the Conservatoire National des Arts et Métiers), financial training (postgraduate studies in finance) and management training (master's degree in management), combined with his keen sense of mathematic modelling and strategy enabled him to create and promote the THEOLIA model. Jean-Marie Santander also plays an active role in all external growth activities.



Jacques Putzeys,
Vice President (Belgium)
With senior-level accounting and financial training combined with his senior-level banking skills (President of Fortis New York and Nagelmaeckers Brussels), he was the co-founder and CEO of EASDAQ [European technology stock market], which later merged with NASDAQ. He also headed the Control Authority for the Belgian market. As President of the subsidiary encompassing all of the group's non-wind activities, THENERGO, his partnership with Jean-Marie Santander is remarkable. A cunning strategist and experienced in all of the financial technologies for small and mid caps, Jacques Putzeys is a key factor in THEOLIA's success



Philippe Perret
Executive Vice President Finance and member of the Management Board (France)
His commercial and financial training (he graduated from the Sup de Co Paris business school) combined with a formative banking

background (with CIC, Worms and Société Générale) have enabled him to promote the THEOLIA model with several institutional investors. He was there from the very beginning, side by side with Jean-Marie Santander when the latter took control of THEOLIA in June 2004. Philippe Perret is active in all banking activities and brings his knowledge and skills to the various external growth activities.



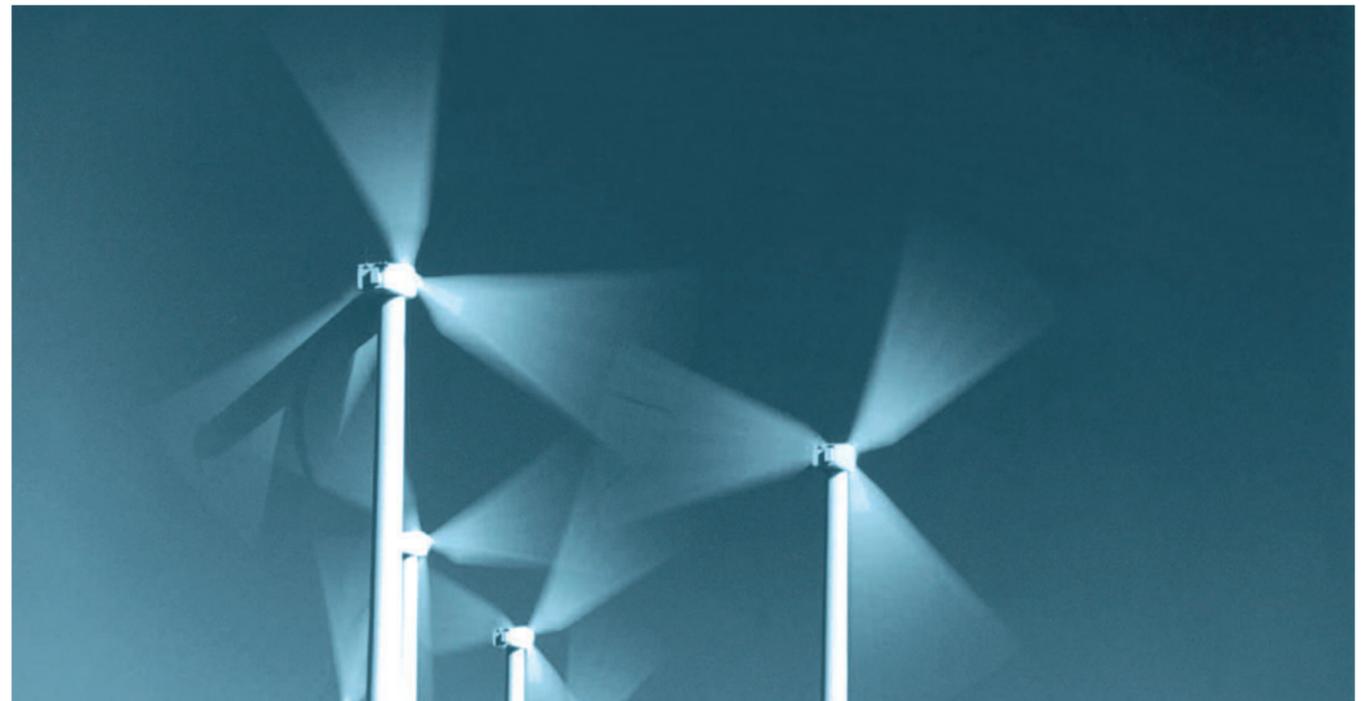
Arne Lorenzen,
Executive Vice President Operations and member of the Management Board (Denmark)
His background in political science, together with the experience he gained with Plambeck (Director of Sales of Wind Power Stations), Accenture (Policy Advice in energy) and Cargill (management) have enabled Arne Lorenzen to become a skilled negotiator. Speaking several languages, he plays an active part in the various external growth activities and works side by side with Jean-Marie Santander in all closings. A proven strategist, he helps to formulate the group strategy.

Management Board Executive

Jean-Marie Santander (F) CEO
Arne Lorenzen (DK) - EVP Operations
Philippe Perret (F) - EVP Finance

Non-executive

Louis Ferran (CH) Eric Peugeot (F)
Stéphane Garino (MC) Jacques Putzeys (B)
Georges Hersbach (NL) Norre Van Leuffel (B)



Louis Ferran,
Director (CH)
With a legal background (graduate in law) and managerial and commercial training (INSEAD), Louis Ferran has for nearly 20 years held senior level positions with international groups (l'Oréal, Philip Morris, Merck Sharp & Dohme). Louis Ferran is experienced in negotiating techniques and enriches the Board with his experience and skills.



Stéphane Garino,
Director (MC)
With his auditing and management background, Stéphane Garino has built up a sound reputation as an auditor, holding seniorlevel posts with Pfizer, PWC and Bossard Gémini. His keen sense of mathematical modelling and strategy combined with his training and skills have made him a key member of the THEOLIA group. A partner in the biggest audit and accounting firm in Monaco, Stéphane Garino manages THEOLIA's Audit Committee and takes an active part in formulating the group's strategy.



George J.M. Hersbach,
Director (NL)
His scientific training (master of science) and technical training (engineer) were consolidated by his near-unique experience in capital financing in small and mid caps. He was the man "headhunted" by Jean-Marie Santander at the end of June 2004 when the latter took control of THEOLIA. With him, he proposed and formulated financing techniques and played a key role in THEOLIA's success. Right from the start,

he worked with and assisted Jean-Marie Santander throughout his time with THEOLIA.



Eric Peugeot,
Director (F)
With a senior-level marketing background (marketing engineer), Eric Peugeot consolidated his skills with his extensive experience within the PEUGEOT group (head of merchandising in Europe, Sponsorship and partnership director, several director-level posts, etc.) Eric Peugeot brings his experience with a major group such as PEUGEOT to THEOLIA's Management Board.



Norre Van Leuffel, (SOFINAN SPRL)
Director (B)
With his senior-level accounting, financial and managerial background, Norre Van Leuffel spent a large part of his career with the international group KPMG, consolidated by his positions as director of administration and finance or administration in groups such as Transmarcom or Général Biscuit. A member of the Audit Committee, he assists Stéphane Garino with his audit activities for the THEOLIA group (holding company and subsidiaries).

Management Team

With its international and multi-cultural management team, THEOLIA endeavours to combine values of sustainable development with economic performance. Not only dynamism, an entrepreneurial spirit and human qualities, but also respect for the environment and confidence in renewable energy are just some of the guiding principles in the day-to-day life of this team. Made up of men and women from all backgrounds, each member has sound training and international experience. They carry out their jobs with enthusiasm and professionalism thereby contributing to the ever-growing success of THEOLIA.



Jean-Marie Santander
Chief Executive Officer
& President



Arne Lorenzen
Vice President
Operations



Philippe Perret
Executive Vice President
Finance



Jean-Paul Ingrassia
Business
Development Director



Gérald Moulédous
Director of Risks and Future
Planning



Vincent Vautier
Chief Financial Officer



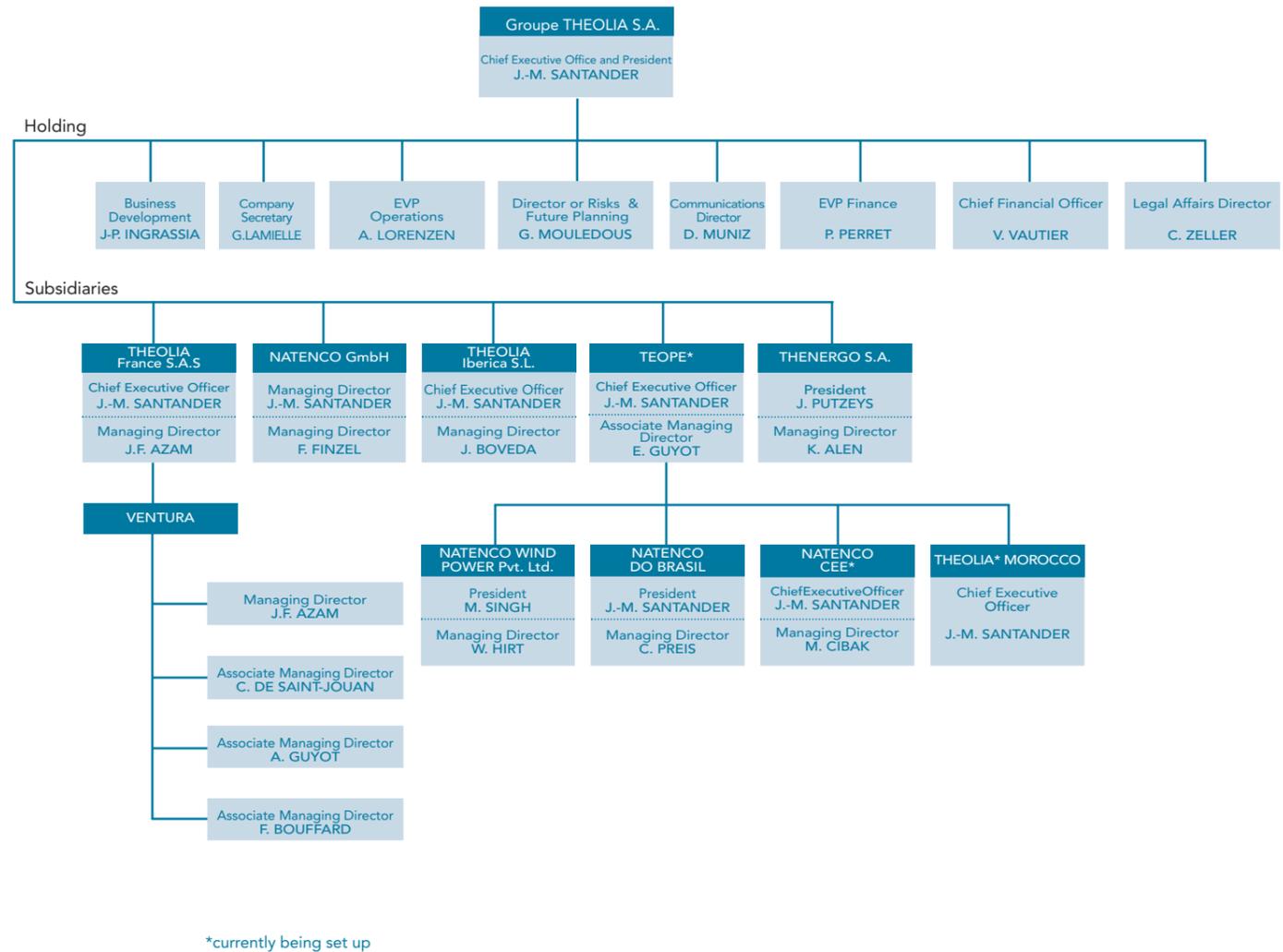
Guillaume Lamielle
Company Secretary



Dolores Muniz
Communications Director



Catherine Zeller
Legal Affairs Director



Simplified financial information



Key figures for 2005/2006 income statement by business segment

In thousands of euros

Income statement	Wind farm construction	Sales of wind generated electricity	Other activities	Total
Sales	53 059	3 273	14 655	70 986
Gross profit	10 566	3 006	8 430	22 002
EBITDA	1 704	-2 314	-4 124	-4 734
Operating profit	1 422	-3 273	-6 087	-7 938
Net income (loss), Group share	1 708	- 1 827	- 4 294	-4 414

* 18 months

A strengthened financial structure

In thousands of euros

	30/06/2005	31/12/2006	Variations
Share capital	9 723	25 404	161%
Shareholders' equity	32 101	171 421	434%
Cash and cash equivalents	19 297	65 509	240%
Net debt	22 370	127 405	470%
Property, plant and equipment	12 263	119 171	872%
Total non-current assets (property, plant and equipment and intangible assets)	40 458	158 606	292%
Debt/non-current asset ratio	55%	80%	

Analysis of cash flows

In thousands of euros

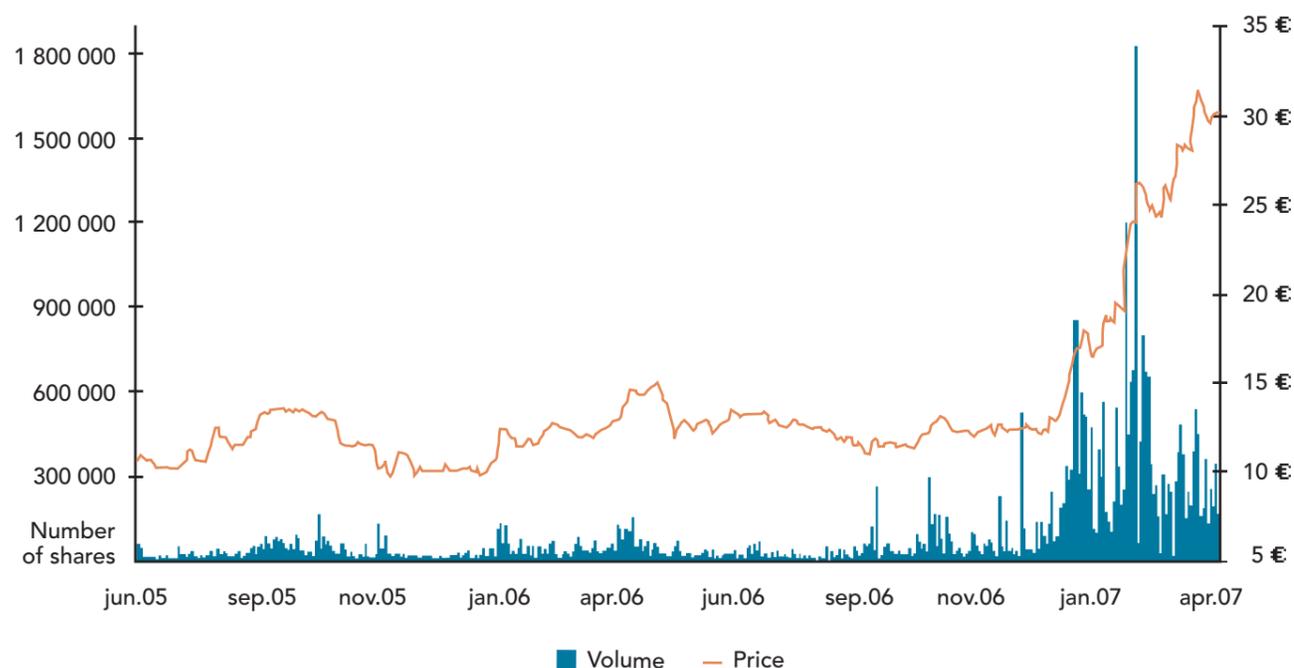
	30.06.2005	31.12.2006
Gross cash flow	-126	-1 946
Impact of change in operating working capital requirement	-7 341	-190
Income tax paid	0	-2 161
Cash flow from operating activities	-7 467	-4 298
Net change in non-current assets	-10 285	-49 212
Changes in consolidation scope	-3 401	-68 650
Net cash flow used by investing activities	-13 686	-117 862
Capital increase	27 315	139 147
Net change in borrowings	2 891	28 845
Other	10 080	-1 985
Net cash generated by financing activities	40 286	166 007
Change in cash and cash equivalents	19 133	43 847
Opening net cash and cash equivalents	162	19 295
Closing net cash and cash equivalents	19 295	63 142

Key financial information

Stock market information

Number of shares in issue as at 31 December 2006	28,357,808
Number of shares in issue as at 31 March 2007	31,483,409
Share price as at 31 March 2007	€ 30.53
Market capitalisation as at 31 March 2007	€ 961,188,476
Free float	96 %
Number of shares to be issued to GE Energy Financial Services	6,462,000
Number of share warrants to be issued to GE Energy Financial Services	3,000,000

Share price



Subsidiaries and participating interests

THEOLIA S.A.

Share capital of 31,483,409
Registered on Aix-en-Provence Trade and Companies
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NATENCO Do Brasil

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Energias Alternativas Ltda.
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NATENCO

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In set-up phase

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For detailed information on the THEOLIA Group,
download its reports, free of charge, from its website:
www.theolia.com

THEOLIA

www.theolia.com