EDF Energies Nouvelles

Consolidated financial statements at 31 December 2006

Prepared in accordance with IFRSs

Consolidated income statement

(in thousands of euros)	NOTE	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004
Revenues	8	334,797	336,152	183,288
Purchases used in generation and other purchases		(178,758)	(180,605)	(74,987)
Personnel expenses	10	(28,523)	(25,573)	(21,202)
External expenses		(59,616)	(90,056)	(54,798)
Taxes other than income taxes		(8,531)	(4,584)	(3,631)
Other operating expenses	9	(11,860)	(25,360)	(4,452)
Other operating income	9	44,283	52,335	22,557
Net depreciation and amortisation and charges to provisions		(30,095)	(19,903)	(22,968)
Impairment losses		(23)	(2,712)	(36)
Operating income		**61,673**	**39,693**	**23,771**
Cost of gross debt	11	(22,028)	(17,166)	(11,317)
Discounting costs	11	1,694	(77)	0
Other financial income and expenses	11	(3,508)	6,175	(4,953)
Net financial income/(expense)		**(23,842)**	**(11,067)**	**(16,270)**
INCOME BEFORE TAX OF CONSOLIDATED COMPANIES		**37,832**	**28,626**	**7,502**
Income tax	12	(10,767)	(7,297)	1,376
Share in income of equity affiliates		754	520	904
Net income from discontinued operations		(341)	0	0
CONSOLIDATED NET INCOME		**27,478**	**21,849**	**9,781**
Net income, Group share		21,907	16,610	5,436
Minority interests		5,571	5,239	4,345
Earnings per share attributable to holders of ordinary shares (€)	13	0.49	0.39	0.13

Consolidated balance sheet

ASSETS *(in thousands of euros)*	**NOTE**	**31 Dec. 2006**	**31 Dec. 2005**	**31 Dec. 2004**
Goodwill	15	41,183	57,201	36,192
Other intangible assets	15	3,602	2,225	2,703
Property, plant and equipment	14	897,161	605,621	452,798
Investments in equity affiliates	16	5,327	7,966	6,958
Non-current financial assets	17	54,364	33,172	35,953
Other non-current receivables		18,794	11,500	2,323
Deferred tax assets	25	13,955	7,054	9,635
Non-current assets		**1,034,386**	**724,739**	**546,563**
Inventories and work in progress	20	121,399	6,533	5,115
Trade receivables	20	52,169	101,941	71,687
Current financial assets	17	15,584	5,048	9,131
Other receivables	20	99,477	42,670	39,005
Cash and cash equivalents	21	402,875	109,666	88,328
Current assets		**691,504**	**265,858**	**213,266**
Assets classified as held for sale	22	992	3,864	0
Total assets		**1,726,882**	**994,460**	**759,828**

LIABILITIES AND EQUITY *(in thousands of euros)*	**NOTE**	**31 Dec. 2006**	**31 Dec. 2005**	**31 Dec. 2004**
Share capital	23	99,288	68,973	68,957
Reserves and retained earnings		610,073	99,214	75,241
Group shareholders' equity		**709,361**	**168,186**	**144,198**
Minority interests		12,756	14,430	12,105
Total equity		**722,117**	**182,616**	**156,303**
Provisions for employee benefits	26	140	136	136
Other provisions	26	4,205	5,057	7,292
Non-current provisions		**4,345**	**5,193**	**7,428**
Non-current financial liabilities	24	442,187	403,444	288,916
Other liabilities		62,516	44,270	20,710
Deferred tax liabilities	25	36,092	22,820	18,771
Non-current liabilities		**540,795**	**470,535**	**328,397**
Provisions	26	381	167	89
Trade payables	20	108,704	71,780	69,589
Current financial liabilities	24	200,659	183,900	127,291
Current tax liabilities	20	5,290	881	85
Other liabilities	20	143,681	76,390	70,648
Current liabilities		**458,715**	**333,117**	**267,701**
Liabilities related to assets classified as held for sale	22	910	2,999	0
Total liabilities and equity		**1,726,882**	**994,460**	**759,828**

Consolidated cash flow statement

(in thousands of euros)	NOTE	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004
Net income of consolidated companies		27,478	21,849	9,781
- Share in income of equity affiliates	16	(754)	(520)	(904)
- Depreciation, amortisation and charges to provisions	27	28,900	22,883	24,436
- Unrealized gains and losses on changes in fair value		(1,036)	0	(962)
- Capital gains/(losses)	27	(9,508)	5,651	1,079
- Dividends received		(0)	(10)	45
- Other non-cash income and expenses	27	6,255	(5,562)	1,556
- Income tax expense	12	11,990	7,297	(1,376)
- Change in deferred tax	12	(1,223)	0	0
- Impact of change in working capital requirement generated by operating activities	27	12,857	(65,880)	(11,323)
- Cost of net debt	11	22,028	17,166	11,316
Cash flow from operations before tax and interest		***96,986***	***2,874***	***33,648***
- Income tax paid		(7,596)	(1,652)	(684)
Net cash flow from operating activities		**89,391**	**1,222**	**32,964**
Acquisitions of non-current assets	28	(317,395)	(177,959)	(88,964)
Proceeds from sales of property, plant and equipment and intangible assets	28	190	38,800	10,723
Acquisition of financial assets		0	0	0
Proceeds from the sale of financial assets		1,991	0	0
Changes in loans and advances		9	0	0
Dividends received		116	221	36
Investment subsidies received		0	0	0
Impact of changes in scope of consolidation	28	264	4,182	397
Other cash flows related to investments		(52)	0	0
Net cash flow from investing activities		**(314,877)**	**(134,756)**	**(77,808)**
Dividends paid by parent company		0	0	0
Dividends paid to minority shareholders		(3,522)	(2,380)	(205)
Capital increase/(decrease) (1)		514,901	92	0
Increase in borrowings	24	436,635	174,832	67,876
Repayment of borrowings	24	(240,756)	(53,711)	(30,373)
Net interest payments		(20,919)	(14,990)	(10,551)
Other cash flow from financing activities		(103,012)	(5,741)	1,754
Net cash flow from financing activities		**583,327**	**98,102**	**28,501**
Effect of exchange rate fluctuations		(980)	2,383	(1,609)
Impact of assets held for sale	22	4	0	0
Effect of changes in accounting principles		(12,451)	0	0
Net increase in cash and cash equivalents		**344,414**	**(33,049)**	**(17,952)**
Cash and cash equivalents - opening balance	21	855	33,904	51,856
Cash and cash equivalents – closing balance	21	345,269	855	33,904
Net change in cash and cash equivalents		**344,414**	**(33,049)**	**(17,952)**

(1) The difference with the capital increase shown on the statement of changes in equity derives from:

-Tax on IPO expenses amounting to €5,205,000.

Statement of changes in consolidated equity

(in thousands of euros)	Share capital	Other reserves	Hedging reserves	Translation differences	Retained earnings	TOTAL	Minority interests	Total equity
At 1 January 2004	68,957	67,725	(461)	0	6,559	142,780	9,012	151,792
Available-for-sale investments:						0		0
- Unrealized gains/(losses) recognized in equity						0		0
- Transferred to income upon sale						0		0
Cash flow hedges:						0		0
- Unrealized gains/(losses) recognized in equity			(210)			(210)	26	(184)
- Transferred to income upon sale						0		0
- Transferred to initial carrying amount of hedged items						0		0
Translation differences on foreign operations				(3,749)		(3,749)	(5)	(3,754)
Tax on items taken directly to or transferred directly from equity			(20)			(20)		(20)
Income taken directly to equity	0	0	(230)	(3,749)	0	(3,979)	21	(3,958)
Net income for the period					5,436	5,436	4,345	9,781
Total income and expenses for the period	0	0	(230)	(3,749)	5,436	1,457	4,366	5,823
Dividends paid		(2)				(2)	(205)	(207)
Capital increase		58				58	0	58
Other changes		6,464			(6,559)	(95)	(1,068)	(1,163)
At 31 December 2004	68,957	74,245	(691)	(3,749)	5,436	144,198	12,105	156,303
Available-for-sale investments:						0		0
- Unrealized gains/(losses) recognized in equity						0		0
- Transferred to income upon sale						0		0
Cash flow hedges:						0		0
- Unrealized gains/(losses) recognized in equity			(1,532)			(1,532)	(116)	(1,648)
- Transferred to income upon sale						0		0
- Transferred to initial carrying amount of hedged items						0		0
Translation differences on foreign operations			(54)	7,839		7,785	42	7,827
Tax on items taken directly to or transferred directly from equity			619			619	41	660
Income taken directly to equity	0	0	(967)	7,839	0	6,872	(33)	6,839
Net income for the period					16,610	16,610	5,239	21,849
Total income and expenses for the period	0	0	(967)	7,839	16,610	23,482	5,206	28,688
Dividends paid						0	(2,380)	(2,380)
Capital increase	16	76				92		92
Other changes		5,850			(5,436)	414	(501)	(87)
At 31 December 2005	68,973	80,171	(1,658)	4,090	16,610	168,186	14,430	182,616
Available-for-sale investments:		0				0		0
- Unrealized gains/(losses) recognized in equity						0		0
- Transferred to income upon sale						0		0
Cash flow hedges:						0	0	0
- Unrealized gains/(losses) recognized in equity			0			0		0
- Transferred to income upon sale			0			0		0
- Transferred to initial carrying amount of hedged items						0		0
Translation differences on foreign operations			0	0		0	0	0
Tax on items taken directly to or transferred directly from equity			0			0		0
Income taken directly to equity	0	0	0	0	0	0	0	0
Net income for the period					0	0	0	0
Total income and expenses for the period	0	0	0	0	0	0	0	0
Dividends paid						0	0	0
Capital increase	0	0				0		0
Other changes		16,727	(313)	195	(16,610)	(1)	(1)	(2)
At 31 December 2006	68,973	96,898	(1,971)	4,285	0	168,185	14,429	182,614

Notes to the consolidated financial statements

1. General information

EDF Energies Nouvelles SA ("the Company") and its subsidiaries ("the Group") are active in new and renewable energies and notably wind energy.

The Group operates principally in the euro-zone countries and in the United States.

EDF Energies Nouvelles SA is a *société anonyme* organized and domiciled in France. Its head office is at Paris La Défense.

These consolidated financial statements were approved by the Board of Directors on 8 March 2007.

2. Statement of compliance with IFRSs

The shares of EDF Energies Nouvelles, the Group's parent company, have been traded on the Eurolist by Euronext market since 29 November 2006. For its IPO, the Company published its financial statements for the two previous financial years, namely 2004 and 2005 in a format compatible with that adopted in the financial statements for the financial year ended 31 December 2006, i.e. in accordance with IFRSs as adopted in the European Union.

In accordance with EC regulation no. 1606/2002 of 19 July 2002, the Group's consolidated financial statements for the year ended 31 December 2006 have been prepared in accordance with IFRSs as adopted in the European Union at this date. The 2006 financial statements presented herein are the first annual financial statements prepared under IFRSs. The IFRS transition date is 1 January 2004. In accordance with IFRS 1 and given that the IFRS transition date is 1 January 2004, the consolidated financial statements for 2006 include comparative data for the 2004 and 2005 financial years restated in line with the same standards except for IFRS 5, which has been applied from January 1, 2005. The impact of the transition to IFRSs on the Group's financial position, financial performance and cash flows is analysed in Note 3.

All mandatory standards and interpretations relevant to financial years ended on 31 December 2006 have been applied. The financial statements do not take into account standards and interpretations published by IASB as of 31 December 2006 liable to affect the Group, but not yet adopted by the European Union as of this date. In particular, this applies to IFRS 7 and interpretations IFRIC 9 and 10.

3. Impact of first-time adoption of IFRSs

During 2006, the Group prepared financial data for 2004 concerning the transition to IFRSs, which presented the quantified impact of the transition on:

- opening equity at 1 January 2004 and closing equity at 31 December 2004,
- the opening balance sheet at 1 January 2004 and the closing balance sheet at 31 December 2004,
- the income statement at 31 December 2004,
- the consolidated statement of cash flows at 31 December 2004.

The Group published IFRS consolidated financial statements for the financial years ended 31 December 2004 and 2005 in the offering memorandum circulated to investors prior to the admission to trading on the Eurolist by Euronext market of shares comprising the share capital of its parent company EDF Energies Nouvelles.

3.1 Exemptions proposed under IFRS 1

IFRS 1 permits certain exemptions from full retrospective application of IFRSs. The Group has elected to use the following options:

- business combinations prior to 1 January 2004 have not been restated retrospectively in the opening balance sheet;
- translation differences arising on a net investment in a foreign operation and recognized as “Translation differences” in equity have been reset to zero through an adjustment to consolidated reserves. Accordingly, they will not be recognized in income upon the subsequent sale of the assets denominated in foreign currencies;
- actuarial gains and losses relating to employee benefits not recognized under the corridor approach are recognized as “Employee benefits” at 1 January 2004, with a corresponding adjustment to consolidated reserves;
- as the EDF EN Group has adopted IFRSs after one of its shareholders, EDF, assets and liabilities have been measured at the carrying amounts required by IFRS 1 on 1 January 2004.

3.2 Other options applied

The Group applies the following options in its accounting policies:

- as the Group did not decide to apply the fair value option, property, plant and equipment and intangible assets are carried at amortized cost;
- actuarial gains and losses on provisions for employee benefits in excess of 10% of the larger of benefit obligations and plan assets (the “corridor”) are recognized in the income statement over the expected average remaining service life of the Group’s employees;
- borrowing costs incurred to finance property, plant and equipment are capitalized until the development is completed;
- joint ventures are proportionally consolidated;
- government grants received by Group companies are recorded as liabilities and recognized in the income statement over the same period as depreciation and amortization on the assets they were used to finance;
- the Company has opted for early adoption of IAS 32 and IAS 39 as of 1 January 2004;
- the Company has applied IFRS 5 as of 1 January 2005;

3.3 Effects of the transition to IFRSs on equity at 1 January 2004 and 31 December 2004

(in thousands of euros)	Equity at 1 January 2004	Net income	Hedging reserves	Translation differences	Other movements	Equity at 31 December 2004 (1)
French GAAP	151,039	7,754		(3,769)	(1,340)	153,684
IFRS 1 exemptions	-					-
Cancellation of negative goodwill and goodwill amortisation (IAS 36)	1,135	2,120				3,255
Provisions and impairment losses (IAS 37 and	698	(955)				(257)
Financial instruments (IAS 32 and 39)	(1,295)	962	(184)			(517)
Corrections of errors (IAS 8)	(216)	215				(1)
Intangible assets (IAS 38)	(116)	14				(102)
Other	29			15	29	73
Total IFRS impacts before tax	235	2,356	(184)	15	29	2,451
Deferred taxes linked to IFRS restatements	518	(329)	(20)			169
Total IFRS impacts after tax	753	2,027	(204)	15	29	2,620
IFRS	151,792	9,781	(204)	(3,754)	(1,311)	156,304

(1) Equity shown includes the Group share and minority interests

3.4 Effects of the transition to IFRSs on the balance sheet at 1 January 2004

(in thousands of Euros)

French GAAP presentation	French GAAP	Changes in presentation	IFRS adjustments	IFRS	IFRS presentation
Goodwill	39,080	(437)	225	38,868	Goodwill
Intangible assets	1,886		(116)	1,770	Intangible assets
Property, plant and equipment	384,685		(2,659)	382,026	Property, plant and equipment Investments in Associates
Financial assets	33,469	(33,469)			
Investments in Associates	6,660	437		7,097	
		26,399	(775)	25,624	Non-current financial assets
		1,707		1,707	Other non-current receivables
		4,183	1,314	5,497	Deferred tax assets
				462,589	**Non-current assets**
Inventories and work in progress	3,721		2,316	6,037	Inventories and work in progress
Payments on account	2,196	(2,196)			
Trade receivables	48,247		(1,395)	46,852	Trade receivables
		8,237		8,237	Current financial assets
Other receivables and prepaid expenses	52,805	(3,696)		49,109	Other receivables
Cash and cash equivalents	56,328	(1,168)		55,160	Cash and cash equivalents
				165,395	**Current assets**
					Non-current assets held for sale
Total assets	**629,077**	**(3)**	**(1,090)**	**627,984**	**Total assets**
Issued capital	68,957			68,957	Issued capital
Additional paid-in capital	60,371	(60,371)			
Translation differences	(18,019)		18,019		
Retained earnings	30,555	60,371	(17,099)	73,827	Retained earnings
Net income					
Equity attributable to equity holders of the parent	**141,864**		**920**	**142,784**	**Equity attributable to equity holders of the parent**
Minority interests	9,175		(167)	9,008	Minority interests
	151,039		**753**	**151,792**	Equity
Provisions for liabilities and charges	24,458	(19,366)	(2,454)	2,638	Non-current provisions
Loans and other borrowings	333,888	(46,694)	1,299	288,493	Non-current financial liabilities
		17,609		17,609	Other liabilities
		17,390	529	17,919	Deferred tax liabilities
				326,659	**Non-current liabilities**
		1,977	(1,217)	760	Provisions
Trade payables	73,815	(5)		73,810	Trade payables
		48,260		48,260	Current financial liabilities
		13		13	Current tax liabilities
Other debtors and prepayments	45,877	(19,187)		26,690	Other liabilities
				149,533	Non-current liabilities related to assets held for sale
Total liabilities and equity	**629,077**	**(3)**	**(1 090)**	**627,984**	**Total liabilities and equity**

3.5 Effects of the transition to IFRSs on the balance sheet at 31 December 2004

(in thousands of Euros)

French GAAP presentation	French GAAP	Changes in presentation	IFRS adjustments	IFRS	IFRS presentation
Goodwill	34,428	(501)	2,266	36,192	Goodwill
Intangible assets	2,725		(22)	2,703	Intangible assets
Property, plant and equipment	456,070		(3,272)	452,798	Property, plant and equipment
Financial assets	45,659	(45,659)			
Investments in Associates	6,457	501		6,958	Investments in Associates
		36,528	(575)	35,953	Non-current financial assets
		2,075	248	2,323	Other non-current receivables
		9,093	542	9,635	Deferred tax assets
				546,563	**Total non-current assets**
Inventories and work in progress	2,201		2,914	5,115	Inventories and work in progress
Payments on account	12,128	(12,128)			
Trade receivables	73,118		(1,431)	71,687	Trade receivables
		9,131		9,131	Current financial assets
Other receivables and prepaid expenses	38,011	994		39,005	Other receivables
Cash and cash equivalents	88,328			88,328	Cash and cash equivalents
				213,266	**Current assets**
					Non-current assets held for sale
Total assets	**759,125**	**34**	**670**	**759,828**	**Total assets**
Issued capital	68,957			68,957	Issued capital
Additional paid-in capital	60,371	(60,371)			
Translation differences	(21,784)	3,765	18,019		
Retained earnings	30,487	60,094	(15,340)	75,241	Retained earnings
Net income	3,489	(3,489)			
Equity attributable to equity holders of the parent	**141,520**		**2,679**	**144,198**	**Equity attributable to equity holders of the parent**
Minority interests	12,164		(59)	12,105	Minority interests
	153,684		**2,620**	**156,303**	**Equity**
Provisions for liabilities and charges	28,220	(18,549)	(2,243)	7,428	Non-current provisions
Loans and other borrowings	422,857	(133,923)	(18)	288,916	Non-current financial liabilities
		20,710		20,710	Other liabilities
		18,460	311	18,771	Deferred tax liabilities
				328,397	**Non-current liabilities**
		89		89	Provisions
Trade payables	69,588			69,588	Trade payables
		127,291		127,291	Current financial liabilities
		85		85	Current tax liabilities
Other debtors and prepayments	84,776	(14,128)		70,648	Other liabilities
				267,701	**Current liabilities**
					Non-current liabilities related to assets held for sale
Total liabilities and equity	**759,125**	**34**	**670**	**759,828**	**Total liabilities and equity**

3.6 Effects of the transition to IFRSs on the income statement at 31 December 2004

Format French GAAP	French GAAP	Change in presentation	Financial instruments	Impairment losses	Goodwill	Provisions	Intangible assets	Corrections of errors	Business combinations	Total IFRS restatements	IFRS	IFRS format
Revenues	183,319					(31)				(31)	183,288	Revenues
Production transferred to inventory and capitalised	16,128	(16,128)								0	0	
Total	**199,447**	**(16,128)**	**0**	**0**	**0**	**(31)**	**0**	**0**	**0**	**(31)**	**183,288**	
Other operating revenues	6,429	(6,429)								0	0	
Purchases used in generation and other purchases	(61,027)							(13,960)		(13,960)	(74,987)	Purchases used in generation and other purchases
Personnel expenses	(21,202)									0	(21,202)	Personnel expenses
Other operating expenses	(72,718)	3,960						13,960		13,960	(54,798)	External expenses
Taxes other than income taxes	(3,642)	11								0	(3,631)	Taxes other than income taxes
		(3,960)						(492)		(492)	(4,452)	Other operating expenses
		22,557								0	22,557	Other operating income
Net depreciation and amortisation and charges to provisions	(22,776)	471		(198)		(1,186)	14	707		(663)	(22,968)	Net depreciation and amortisation and charges to
		(2,600)		444	2,120					2,564	(36)	Impairment losses
Operating income	**24,511**	**(2,118)**	**0**	**246**	**2,120**	**(1,217)**	**14**	**215**	**0**	**1,378**	**23,771**	**Operating income**
		(11,317)								0	(11,317)	Cost of debt
										0	0	Discounting costs
Financial income and expense	(17,248)	11,317	962	17						979	(4,952)	Other financial income and expenses
												Net financial income/(expense)
Income of consolidated companies before exceptional items	**7,263**	**(2,118)**	**962**	**263**	**2,120**	**(1,217)**	**14**	**215**	**0**	**2,357**	**7,502**	**Income before tax and minority interests**
Income tax	1,714	(11)	(456)	(142)		426		(296)	139	(329)	1,374	Income tax
Net income of consolidated companies	**8,977**	**(2,129)**	**506**	**121**	**2,120**	**(791)**	**14**	**(81)**	**139**	**2,028**	**8,876**	
Share in income of equity affiliates	904									0	904	Share in income of equity affiliates
Goodwill amortisation	(2,129)	2,129								0	0	Net income on discontinued operations
Net income of consolidated companies	**7,752**	**0**	**506**	**121**	**2,120**	**(791)**	**14**	**(81)**	**139**	**2,028**	**9,780**	**Consolidated net income**
Minority interests	4,263										5,435	Net income, Group share
Net income, Group share	3,489										4,345	Minority interests

3.7 Balance sheet adjustments at 1 January 2004

(in thousands of euros)	Goodwill	Business combinations	Financial instruments	Provisions and impairment losses	Inventories	Investments in equity affiliates	Intangible assets	Corrections of errors	Other	Total restatements
Goodwill		(267)						492		225
Other intangible assets							(116)			(116)
Property, plant and equipment				340	(2,316)			(707)	24	(2,659)
Investments in equity affiliates										0
Non-current financial assets						(775)				(775)
Other non-current receivables										0
Deferred taxes		267	257	373				417		1,314
Non-current assets	**0**	**0**	**257**	**713**	**(2,316)**	**(775)**	**(116)**	**202**	**24**	**(2,011)**
Inventories and work in progress					2,316					2,316
Trade receivables				(1,400)					5	(1,395)
Current financial assets										0
Other receivables										0
Cash and cash equivalents										0
Current assets	**0**	**0**	**0**	**(1,400)**	**2316**	**0**	**0**	**0**	**5**	**921**
Assets classified as held for sale										0
Total assets	**0**	**0**	**257**	**(687)**	**0**	**(775)**	**(116)**	**202**	**29**	**(1,090)**
Share capital										0
Consolidated reserves and retained earnings	1,135		(819)	444			(116)	80	29	753
Total equity	**1,135**	**0**	**(819)**	**444**	**0**	**0**	**(116)**	**80**	**29**	**753**
Non-current provisions	(1,135)			(541)		(775)			(3)	(2,454)
Non-current financial liabilities			1,295						4	1,299
Other liabilities										0
Deferred taxes			(219)	627				122	(1)	529
Non-current liabilities	**(1,135)**	**0**	**1076**	**86**	**0**	**(775)**	**0**	**122**	**0**	**(626)**
Provisions				(1,217)						(1,217)
Trade payables										0
Current financial liabilities										0
Current tax liabilities										0
Other liabilities										0
Current liabilities	**0**	**0**	**0**	**(1,217)**	**0**	**0**	**0**	**0**	**0**	**(1,217)**
Liabilities related to assets classified as held for										0
Total liabilities and equity	**0**	**0**	**257**	**(687)**	**0**	**(775)**	**(116)**	**202**	**29**	**(1,090)**

3.7.1 IFRS 1 exemptions at the transition date

- Translation differences of €18,019,000 are included in consolidated reserves.
- As part of the measurement of employee benefits, previously unrecognized actuarial gains and losses to be recognized in equity are not material.

3.7.2 Goodwill

- Goodwill relating to companies accounted for under the equity method, representing a net amount of €437,000 at the transition date, is reclassified as "Investments in equity affiliates". The companies concerned are J. Giordano and C-Power. This restatement does not impact opening equity.
- Shares of losses relating to investments in equity affiliates have been charged against long-term assets comprising net investments in these companies, representing an impact of €775,000 on the investment in Cogeri. This restatement does not impact opening equity.
- Negative goodwill of €1,135,000 corresponding to Asco has been taken in full to consolidated reserves at January 1, 2004.
- Goodwill is no longer amortized from 1 January 2004 but is tested annually for impairment in accordance with IAS 36. This restatement has no impact on opening equity.

3.7.3 IFRS 3

- Deferred tax assets relating to Seascape were recognized as goodwill in the financial statements at 31 December 2004 after shares in the company were acquired in 2002 and 2003. Given the allocation period for business combinations under IFRS 3, these deferred tax assets were allocated as of 1 January 2004. This restatement does not impact opening equity.

3.7.4 Corrections of errors

Corrections of errors were made in the 2004 historical financial statements in respect of prior years. Under IAS 8, corrections of errors must be made through equity, representing an impact of (€216,000) at 1 January 2004.

3.7.5 IAS 32 and IAS 39

To hedge its exposure to cash flow risks relating to floating rate borrowings and foreign exchange risk relating to borrowings in foreign currencies, the Group uses derivatives that are carried at fair value in the balance sheet.

In accordance with the documentation and hedge effectiveness criteria required under IAS 39 and described in Note 5.7, the Group uses cash flow hedge accounting. Any changes in the value of derivatives relating to the effective portion of the hedge are recognized in equity and any changes relating to the ineffective portion are recognized in the income statement.

At 1 January 2004, the impact of hedging derivatives recognized in equity, before deferred taxes, amounts to (€746,000) for interest rate hedging derivatives.

The amount of the ineffective portion of cash flow hedges at 1 January 2004 was not material.

Derivatives not eligible for hedge accounting are classified as financial instruments held for trading, with changes in fair value recognized in the income statement. At 1 January 2004, the impact on equity, before deferred taxes, amounts to (€548,000).

3.7.6 Other restatements

- Assets with an indefinite useful life are tested for impairment whenever there is evidence of impairment. In this respect, an opening impairment loss of €444,000 has been recognized in relation to Seclin.
- Start-up costs do not constitute intangible assets under IAS 38 and so their net carrying amount of €116,000 has been charged to consolidated reserves at 1 January 2004.
- Work in progress relating to projects sold to third parties has been reclassified as inventories in an amount of €2,316,000 at 1 January 2004. This restatement does not impact opening equity.
- Provisions for major repairs relating to Seclin, Chabossière and Mulhouse have been reversed through a corresponding adjustment to consolidated reserves, representing an impact of €1,240,000 at 1 January 2004.
- The provision booked for the receivable of €1,400,000 from EDF has been reversed in full, with no impact on equity as it does not meet the criteria laid down in IAS 18.

3.8 Balance sheet adjustments at 31 December 2004

(in thousands of euros)	Goodwill	Business combinations	Financial instruments	Provisions and impairment losses	Borrowings costs	Inventories	Investments in equity affiliates	Intangible assets	Corrections of errors	Other	Total restatements
Goodwill	2,218	(134)		182							2,266
Other intangible assets								(22)			(22)
Property, plant and equipment				660	(1,017)	(2,914)					(3,271)
Investments in equity affiliates											0
Non-current financial assets							(575)				(575)
Other non-current receivables					248						248
Deferred taxes		134	188	219							541
Non-current assets	**2,218**	**0**	**188**	**1,061**	**(769)**	**(2,914)**	**(575)**	**(22)**	**0**	**0**	**(813)**
Inventories and work in progress						2,914					2,914
Trade receivables											0
Current financial assets				(1,431)							(1,431)
Other receivables											0
Cash and cash equivalents											0
Current assets	**0**	**0**	**0**	**(1,431)**	**0**	**2914**	**0**	**0**	**0**	**0**	**1483**
Assets classified as held for sale											0
Total assets	**2,218**	**0**	**188**	**(370)**	**(769)**	**0**	**(575)**	**(22)**	**0**	**0**	**670**
Share capital											0
Consolidated reserves and retained earnings	3,386	0	(481)	(263)	0	0		(22)			2,620
Equity	**3,386**	**0**	**(481)**	**(263)**	**0**	**0**	**0**	**(22)**	**0**	**0**	**2,620**
Non-current provisions	(1,168)			(500)			(575)				(2,243)
Non-current financial liabilities			751		(769)						(18)
Other liabilities											0
Deferred taxes			(82)	393							311
Non-current liabilities	**(1,168)**	**0**	**669**	**(107)**	**(769)**	**0**	**(575)**	**0**	**0**		**(1,950)**
Provisions											0
Trade payables											0
Current financial liabilities											0
Current tax liabilities											0
Other liabilities											0
Current liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Liabilities related to assets classified as held for											0
Total liabilities and equity	**2,218**	**0**	**188**	**(370)**	**(769)**	**0**	**(575)**	**(22)**	**0**	**0**	**670**

3.8.1 Goodwill

- Goodwill relating to companies accounted for under the equity method, representing a net amount of €501,000 at 31 December 2004, has been reclassified under "Investments in equity affiliates. The companies concerned are J. Giordano and C-Power. This restatement does not affect income for the financial year.
- Shares of losses relating to investments in equity affiliates have been charged against long-term assets comprising net investments in these companies, representing an impact of €575,000 on the investment in Cogeri. This restatement does not affect income for the financial year.

Negative goodwill of €1,168,000 corresponding to Asco has been taken fully to equity. The impact on net income for the year is not material.

- Goodwill is no longer amortized from 1 January 2004 but is tested annually for impairment in accordance with IAS 36. This restatement does not impact net income for the financial year.
- The impact on 2004 net income of the cancellation of goodwill amortization is €2,120,000.

3.8.2 IAS 32 and IAS 39

At 31 December 2004, the impact of hedging derivatives recognized in equity, before deferred taxes, amounts to (€502,000) for interest rate hedging derivatives.

The amount of the ineffective portion of cash flow hedges at 31 December 2004 is not material.

Derivatives not eligible for hedge accounting are classified as financial instruments held for trading, with changes in fair value recognized in the income statement. At 31 December 2004, this gives rise to a gain of €1,025,000 on the income statement.

3.8.3 Other restatements

- An impairment loss of €444,000 relating to Seclin is recognized at the transition date. Since this impairment loss is recognized in the 2004 historical financial statements, the impact on 2004 net income has been cancelled through a corresponding adjustment to consolidated reserves.
- Capitalized borrowing costs amounting to €769,000 have been deducted from the corresponding liabilities.
- Start-up costs do not constitute intangible assets under IAS 38 and so their net carrying amount at 31 December 2004 has been taken to equity, representing an impact of €14,000.
- Work in progress held for sale amounting to €2,914,000 has been reclassified as inventories at 31 December 2004. This restatement does not affect income for the 2004 financial year.
- Provisions for major repairs booked in prior years relating to Seclin, Chabossière and Mulhouse have been reversed in the 2004 historical financial statements. Given the adjustment in the transitional balance sheet, this reversal is cancelled through a corresponding adjustment to consolidated reserves.
- The provision booked for the receivable of €1,431,000 from EDF has been reversed in full, with no impact on equity as it does not meet the criteria laid down in IAS 18.

3.9 Change in presentation

3.9.1 Balance sheet reclassifications

The changes affecting the balance sheet at 1 January and 31 December 2004 relate primarily to:

- the distinction between current and non-current items:
    - assets and liabilities comprising the working capital requirement in the normal business cycle are recognized as current assets and liabilities,
    - assets and liabilities outside the ordinary business cycle are presented as current or non-current assets and liabilities, depending on whether they fall due in more or less than one year,
    - all deferred tax assets and liabilities are classified as non-current assets and liabilities.
- the presentation on the balance sheet of separate items previously aggregated under other balance sheet items.
- the aggregation of items previously recognized separately on the balance sheet.

3.9.2 Income statement reclassifications

The income statement is presented by nature and the following adjustments have been made:

- net charges to provisions have been reclassified by nature of expense,
- net charges to provisions for goodwill have also been reclassified as "impairment losses".

3.10 Effects of the transition to IFRSs on the cash flow statement at 31 December 2004

French GAAP presentation	French GAAP	Changes in presentation	Financial instruments	Impairment losses	Goodwill	Provisions	Intangible assets	Corrections of errors	Business combinations	Other	IFRS adjustments	IFRS	IFRS presentation
Net income from consolidated companies	7,752		506	121	2 120	(791)	14	(81)	139	0	2,029	9,781	Net income of consolidated companies
- Share in income of companies accounted for under the equity method	(904)											(904)	- Elimination of share in income of companies accounted for under the equity method
- Change in operating working capital requirement	26,346			(246)	(2,120)	1,186	(14)	(707)		(9)	(1,910)	24,436	- Elimination of depreciation and amortisation
			(962)								(962)	(962)	- Elimination of unrealised gains and losses on changes in fair value
- Capital gains and losses on asset sales, net of tax	1,079											1,079	- Elimination of income on asset sales and dilution profits or losses
		45										45	- Elimination of dividend income
- Other income and expenses without effect on cash	1,065							492			492	1,556	- Other income and expenses with no cash impact
- Change in operating working capital requirement	(1,740)	26	456	142		(426)		296	(139)	9	338	(1,376)	- Elimination of tax charge
		(11,525)		(17)		31		152		36	202	(11,323)	- Impact of change in operating working capital requirement
											0	0	- Elimination of currency gains and losses relating to changes in fair value
		11,353								(36)	(36)	11,317	- Cost of net debt
Cash flow from consolidated companies	33,598	(101)	0	0	0	0	0	152	0	0	152	33,648	**Cash flow from operations before tax and interest**
- Dividends received from companies accounted for under the equity method	81	(81)										(0)	
- Change in operating working capital requirement	(11,586)	11,586										(0)	
		(684)										(684)	- Income taxes paid
Net cash flow from operating activities	22,092	10,720	0	0	0	0	0	152	0	0	152	32,964	Net cash flow from operations
Acquisition of assets	(89,980)							1,016			1,016	(88,964)	Purchases of assets
Proceeds in the sales of assets, net of tax	10,723											10,723	Sales of property, plant and equipment and intangible assets
												36	Dividends received
												0	Investment subsidies received
Impact of changes in scope of consolidation	397											397	Impact of changes in scope of consolidation
Net cash flow from investing activities	(78,860)	36	0	0	0	0	0	1,016	0	0	1,016	(77,808)	Net cash flow from investing activities
Dividends paid to shareholders	0											0	Dividends paid by parent company
		(205)										(205)	Dividends paid to minority shareholders
Capital increase	0											0	Capital increase (decrease)
Additional long term borrowings	67,876											67,876	Issuances of debt securities
Repayment of borrowings	(30,373)											(30,373)	Repurchase of debt securities
		(10,551)										(10,551)	Net financial interest paid
Net change in other financial liabilities	1,754											1,754	Other cash flow from financing activities
Net cash flow from financing activities	39,257	(10,756)	0	0	0	0	0	0	0	0	0	28,501	Net cash flow from financing activities
Impact of exchange rate fluctuations	(1,609)											(1 609)	Effect of exchange rate variations
												0	Effect of changes in accounting standards
Net increase in cash and cash equivalents	(19,120)	0	0	0	0	0	0	1,168	0	0	1,168	(17,952)	Net increase in cash and cash equivalents
Cash and cash equivalents – opening balance	53,024							(1,168)			(1,168)	51,856	Cash and cash equivalents - opening balance
Cash and cash equivalents – closing balance	33,904										0	33,904	Cash and cash equivalents - closing balance
Net change in cash and cash equivalents	(19,120)	0	0	0	0	0	0	1,168	0	0	1,168	(17,952)	Net change in cash and cash equivalents

4. Significant events

4.1 Admission of shares in EDF Energies Nouvelles to trading on the Eurolist by Euronext market

Since 29 November 2006, shares in the Group's parent company are traded on the Eurolist by Euronext market.

4.2 Changes in the scope of consolidation during 2006

Note 29 gives a detailed breakdown of the scope of consolidation and changes over the period.

The most significant movements were as follows:

Additions:

- In Portugal, Ventominho, which houses a wind farm under construction,
- In Italy, Fri El Murge and Fri El Campidano, which each house a wind farm under construction,
- In Greece, 13 project companies housing wind farms under development and/or under construction,
- In France, 2 companies, which each house a wind farm built and now in service,
- In the United States, Hawi, a 60%-controlled company in Hawaii, Fenton LLC, a company building a 205 MW wind farm and Northwest Wind Partners LLC, a company building a wind farm in the north-western United States.

Deconsolidations:

- Sale of Spanish companies housing the hydro assets (Hidromedia de Galicia, Hidroelectrica de Pina, Hidromedia),
- Disposal of the Brazilian companies: these companies were booked under non-current assets held for sale, and their sale was completed during 2006.

5. Accounting principles and valuation methods

5.1 Basis of preparation

The financial statements are presented in thousands of euros, unless otherwise stated.
The accounting policies described below have been applied consistently to all periods presented in the consolidated financial statements, as well as for the preparation of the IFRS opening balance sheet at 1 January 2004 for the transition to IFRSs.
The accounting policies have been applied uniformly by all Group entities, with the exception of IFRS 5, which has been applied from 1 January 2005.

5.1.1 Critical accounting estimates and assumptions

The preparation of the financial statements in accordance with IFRSs requires management to exercise its judgment and to make estimates and assumptions impacting the application of accounting policies and the amounts of assets and liabilities, income and expenses and information relating to contingent assets and liabilities. The underlying estimates and assumptions are based on past experience and other factors considered reasonable given the circumstances and certain assumptions regarding the future. By definition, the resulting accounting estimates rarely correspond exactly to the actual results. Estimates and assumptions that may result in a material adjustment in the carrying amount of assets and liabilities in the subsequent period are analysed below.

5.1.1.1 Estimated impairment of goodwill and long-term assets

The Group tests goodwill and long-term assets for impairment, in accordance with the accounting method set out in Note 5.6. The cash generating units used as the basis for these calculations comprise wind farms owned by the Group, the pipeline of energy generation projects and the “Operations and Maintenance” business. These calculations require the use of estimates, in particular, estimated future earnings.

5.1.1.2 Deferred taxes

Deferred tax assets and liabilities represent a material amount in the Group’s financial statements. They include, in particular, the impact of accelerated depreciation relating specifically to wind farms, as well as the tax losses linked to this accelerated depreciation. The recoverability of deferred taxes is assessed on the basis of estimated future earnings.

It should be noted that a significant proportion of deferred tax assets relate to tax losses arising mainly from accelerated depreciation of energy generation assets. These deferred tax assets are offset by deferred tax liabilities corresponding to the restatement of this accelerated depreciation.

5.1.1.3 Percentage-of-completion method

The percentage-of-completion method is used to measure revenues and profits on projects held for sale. The assessment of the level of completion of projects at the end of the period may therefore have a material impact and requires judgment.

5.1.2 Critical judgment used by management in applying accounting policies

5.1.2.1 Capitalization

Capitalization production of self-constructed assets and stored production amounted to €15,292,000 and €1,740,000 respectively at 31 December 2006 and €16,126,000 and (€1,836,000) respectively at 31 December 2005. Consequently, the capitalization method used, as described in Note 5.4, may have a material impact on the Group’s results.

5.2 Consolidation methods

Consolidated companies are listed in Note 29.

5.2.1 Subsidiaries

A subsidiary is an entity controlled by the Company. Control is deemed to exist when the Company holds, directly or indirectly, more than half of voting rights. Control also exists when the Company has the power to manage the financial and operating policies of the entity, even if it does not hold the majority of voting rights. This is the case for Petit Canal 2, Petit Canal 3, Petit François, Sainte Rose and Pirinska Bistrita Energuia SA (formerly Mecamidi Litex).
Subsidiaries' financial statements are consolidated line by line in the consolidated financial statements from the date effective control is transferred until the date control ceases to exist.

5.2.2 Associated companies

Associated companies are entities in which the Company is in a position to exercise significant influence but not control over the financial and operating policies. This significant influence is generally accompanied by an equity investment of between 20% and 50%. The consolidated financial statements include the Group's share in associated companies' total profits and losses under the equity method from the date at which the Group gains significant influence until the date at which this influence ceases.
If the Group's share of the losses of an associated company exceeds its equity investment in the associate, the carrying amount is written down to zero and the Group ceases to recognize its share of any future losses, unless the Group has a legal or implied obligation to participate in losses or to make payments on behalf of the associated company.

5.2.3 Joint ventures

Joint ventures are entities over which the Group exercises joint control of its business under a contractual agreement. They are proportionally consolidated. The consolidated financial statements include the Group's share in the assets, liabilities, income and expenses, classified line by line with similar items in its own financial statements, from the date at which it obtains joint control until the date at which joint control ceases.

5.2.4 Transactions eliminated in the consolidated financial statements

Balances, unrealized gains and losses, income and expenses resulting from intra-group transactions are eliminated in the preparation of the consolidated financial statements.
Unrealized gains resulting from transactions with associated companies and joint ventures are eliminated to the extent of the Group's investment in the entity.
Unrealized losses are eliminated in the same way as unrealized gains except in the case of impairment losses.

5.3 Translation of foreign currency transactions

5.3.1 Functional currency and presentation currency

Items included in the financial statements of each Group entity are measured using the currency of the main economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros, which is the Group's functional and reporting currency.

5.3.2 Foreign currency transactions

Foreign currency transactions are recognized in the functional currency applying the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into euros using the exchange rate ruling at this date. Any translation differences are recognized in the income statement. Exchange differences are recognized as income.

Non-monetary assets and liabilities in foreign currencies measured at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities in foreign currencies measured at fair value are translated using the exchange rate at the date the fair value was determined.

5.3.3 Financial statements of foreign operations

The assets and liabilities of foreign operations including goodwill and fair value adjustments resulting from consolidation are translated into euros using the exchange rate at the balance sheet date. Income and expenses from foreign operations, apart from foreign operations in a hyperinflationary economy, are translated into euros using a rate approximating the actual exchange rate at the date of the transaction. Income and expenses from foreign operations in a hyperinflationary economy are translated into euros at the exchange rate at the balance sheet date. Gains and losses resulting from translation are recognized under translation differences as a separate component of equity.

Prior to translating the financial statements of foreign operations in a hyperinflationary economy, the financial statements, including those provided by way of comparison, are restated to take account of changes in the local currency’s purchasing power. This restatement is made using relevant price indices at the balance sheet date.

5.3.4 Net investment in a foreign operation

Gains and losses resulting from the translation of a net investment in a foreign operation and corresponding hedges are recognized under translation differences. They are recognized in the income statement on withdrawal from the foreign operation.

5.4 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation accumulated impairment losses.

The cost of property, plant and equipment produced internally includes direct and indirect development costs, excluding prospecting and marketing expenses, and construction expenses. These costs are capitalized from the moment the feasibility of the corresponding projects is established. The key capitalization criteria are as follows:

- a lease agreement is obtained,
- sale conditions are deemed satisfactory,
- a link is established to potential networks,
- environmental impact studies are favourable,
- the realistic likelihood of an energy supply contract in countries where there is no obligation to buy; and
- a sufficient rate of return is achieved.

Borrowing costs for capital used to finance work in progress or developments are capitalized until the projects come into service and are depreciated over the useful life of these facilities.

Land is not depreciated. Other property, plant and equipment is depreciated on a straight-line basis in order to write down the cost of each asset to its residual value over its estimated useful life as follows:

– New wind farms	20 to 25 years
- Operational wind farms acquired	Depending on the residual life, 8 to 25 years
- Gas cogeneration plants	12 to 20 years, depending on the type of installation
- Thermal power stations	15 years
- Hydroelectric power stations	40 years unless specific legal conditions apply

The residual value and useful life of assets are reviewed and adjusted if necessary at each balance sheet date.
When items of property, plant and equipment have different useful lives, they are recognized as separate assets.
The carrying amount of an asset is written down immediately to its recoverable amount when the carrying amount exceeds its estimated recoverable amount.

Gains or losses on the disposal of assets are calculated by comparing proceeds from the disposal with the carrying amount of the asset sold. These gains or losses are recognized in the income statement.
Leases that transfer substantially all the risks and rewards of ownership to the Group are accounted for as finance leases. A property with the characteristics of an item of property, plant and equipment used by the Group and acquired under a finance lease is recognized as property, plant and equipment for an amount corresponding to the fair value of the leased property or the present value of minimum lease payments, if this is lower, less accumulated depreciation and impairment losses.

5.5 Intangible assets

5.5.1 Business combinations and goodwill

5.5.1.1 Business combinations

Business combinations are accounted for using the purchase method.
The cost of a business combination corresponds to the sum of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, plus any costs directly attributable to the combination.

5.5.1.2 Goodwill

The identified assets acquired, liabilities and contingent liabilities arising from the business combination are stated at fair value at the date of exchange. The positive difference between the acquisition cost and the acquirer's share in the fair value of identifiable assets and liabilities and contingent liabilities acquired is recognized as goodwill on the balance sheet. If the difference is negative, it is taken directly to the income statement. When the initial recognition of a business combination can be determined only provisionally, any adjustments to provisional values must be made within twelve months from the date of exchange.
Goodwill is allocated to cash generating units and is not amortized but is tested annually for impairment. Goodwill impairment losses cannot be reversed. Proceeds from the sale of an entity take account of the carrying amount of goodwill of the entity sold.

5.5.1.3 Minority interests

Minority interests are accounted for on the basis of the fair value of net assets acquired.

5.5.1.4 Step acquisitions (successive share purchases)

Where the acquisition is achieved by successive share purchases, each significant transaction is treated separately for the purpose of determining the fair value of the assets and liabilities acquired and for determining the amount of goodwill arising.

Where an additional purchase of shares results in control of a company, the equity investment previously held by the acquirer is revalued on the basis of the fair value of assets and liabilities determined at the time of the additional purchase. An entry corresponding to this revaluation is taken to equity.

5.5.1.5 Acquisition of minority interests and sale of interests attributable to Group shareholders

As there is no relevant IFRIC interpretation or IFRS, the Company has chosen to apply the following accounting treatment.

Acquisitions of minority interests occurring after control is obtained do not result in the revaluation of identifiable assets and liabilities. The difference between the cost of acquisition and the additional share acquired in the acquiree's net assets is recognized in goodwill.

Concomitantly, transactions that reduce the Group's equity investment without a loss of control are treated as sales of interests to minorities and the difference between the share sold and the price received from minorities is recognized in the income statement.

The conclusions of the IFRIC or the standard to be adopted definitively by the IASB may lead to an accounting treatment that differs from that described above.

5.5.2 Other intangible assets

Other intangible assets acquired by the Group are accounted for at cost less accumulated amortization and accumulated impairment losses.

5.5.3 Amortization

Amortization is accounted for as an expense on a straight-line basis over the estimated useful life of intangible assets, unless this is indeterminable. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment each year. Other intangible assets are amortized as soon as they are ready to enter service.

5.6 Impairment of non-financial assets

Assets with an indefinite useful life that are not amortized are systematically tested for impairment each year and whenever there is an indication of a risk that the recoverable amount may be below the carrying amount.

In the case of the EEN group, assets with an indefinite useful life correspond primarily to goodwill. These items are tested for impairment each year. The discount rate applied to associated cash flows is determined on the basis of the business relating to each individual item of goodwill and takes account of the risks inherent in these activities, as well as their geographical location. Tests are carried out after the allocation period (within 12 months of the acquisition). Excluding any unusual events, the annual impairment test is carried out at the time of the annual budget and medium-term review.

Assets subject to depreciation or amortization are tested for impairment whenever there is evidence that the recoverable amount may be below the carrying amount.
Impairment is recognized for an amount corresponding to the difference between the carrying amount and the recoverable amount of the asset. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use. Value in use is assessed on the basis of estimated discounted future cash flows. However, in the case of certain energy generation assets and in certain countries, reference values taken from the market may be used.
To test for impairment, assets are grouped into cash generating units, which correspond to the smallest identifiable group of assets that generates independent cash flows. The discount rate applied is determined for each group of assets tested using the weighted average cost of capital (WACC) method. Any impairment losses identified are allocated first to goodwill. The surplus is allocated to assets attached to the corresponding cash generating unit.

For non-financial assets (other than goodwill) subject to impairment, any reversals of impairment are assessed at each full-year or interim balance sheet date. If necessary, the impairment loss is reversed for an amount corresponding to the lower of the new amount and the net carrying amount of the asset if it had not been impaired.
In addition, the following information explains how these accounting policies are applied for depreciable assets within the EDF Energies Nouvelles group.

Nearly all of the Group’s property, plant and equipment comprise energy generation assets and primarily wind farms. Assets in progress also relate to these facilities.
With a few exceptions, all of these assets are integrated into a dedicated legal structure (“the project company”‘) for which individual operating cash flows can be calculated.
The Group has counted each of the legal entities owning the aforementioned assets or groups of assets as a cash generating unit (CGU). In certain cases and where it was possible to declare a single project, the assets of several companies have been combined (for example, in the case of several wind farms in the same region of a given country and sharing joint assets, such as the line linking the wind farms to the electricity grid, or which are managed by the same operating and maintenance team).
As a result of this choice and its consequences in terms of the number of groups of assets taken into consideration, there are no individual cash generating units representing a significant proportion of total assets.

Future cash flows used in impairment tests are based on projections that are updated on an annual basis. Revenues are derived from long-term sale contracts, which generally cover the majority of the economic life of the facilities. Costs are based on fairly predictable data: depreciation, maintenance and operating costs, with the latter also subject to long-term contracts in many cases.
The following three variables are likely have a material impact on calculations:

- long-term fluctuations in wind resources;
- changes in interest rates and market risk premiums;
- changes in tariff regulations and/or the direct or indirect subsidies system (through taxation). The latter factor, which is significant for future projects, is fairly stable for plants already in operation.

Cash flows determined in this manner are discounted on the basis of the weighted average cost of capital, which can vary depending on the region in which the cash generating unit is located.

5.7 Financial assets and liabilities

The Group has applied IAS 32 and 39 relating to financial instruments from 1 January 2004. As a result of the adoption of these standards, financial assets and liabilities have been reclassified and revalued if necessary.

Financial assets comprise investments (investments in non-consolidated companies and other investment securities), loans and financial receivables and the positive fair value of derivatives.

Financial liabilities comprise borrowings, bank overdrafts and the negative fair value of derivatives.

Financial assets and liabilities are presented in the balance sheet as current or non-current assets and liabilities depending on whether they are due in more or less than one year, with the exception of trading book derivatives, which are classified as current assets.

Operating receivables and payables and cash and cash equivalents fall within the scope of IAS 39 and are presented in the balance sheet as separate items.

5.7.1. Financial assets and liabilities at fair value with changes in fair value recognized in the income statement

Financial assets at fair value with changes in fair value recognized in the income statement are designated as such at inception as:

- they were acquired from the outset with the intention of being resold in the near future;
- they are non-hedging derivatives (trading book derivatives); or
- the Group has elected to include them in this category in accordance with the option offered by IAS 39.

These assets are accounted for at inception at cost excluding associated costs to buy. At each balance sheet date, they are measured at fair value.

Changes in fair value are recorded in the income statement under “Other financial income and expenses”.

Under the fair value option, the Group classifies assets or liabilities in the “designated as at fair value” category in the following three cases:

- an inconsistency is eliminated or reduced significantly in the method used to measure assets and liabilities;
- the performance of a group of assets/liabilities at fair value is managed in accordance with documented strategies and reporting to management;
- the asset or liability includes an embedded derivative. If a contract contains one or more embedded derivatives, the hybrid instrument may be classified in the designated as at fair value category, with the exception of the following two cases:
    - the embedded derivative does not change the contract cash flows significantly;
    - analysis of the characteristics of the host contract and the embedded derivative does not result in separation of the embedded derivative.

5.7.2 Held-to-maturity financial assets

This category includes financial assets with fixed maturities acquired by the Group with the intention and ability to hold them to maturity. They are accounted for at amortized cost. Interest recorded at the effective interest rate is included in “Other financial income and expenses” in the income statement.

5.7.3 Loans and financial receivables

Loans and financial receivables are measured and accounted for at amortized cost less any impairment charges.

Interest recorded at the effective interest rate is included under “Other financial income and expenses” in the income statement.

5.7.4 Available-for-sale financial assets

Available-for-sale financial assets comprise investments in non-consolidated companies and investment securities. They are carried at their fair value at the balance sheet date. Unrealized capital gains or losses on available-for-sale financial assets are recognized in equity. For securities listed on an active market, fair value is market value. If there is no active market, the Group uses generally accepted valuation methods. When a fair value cannot be reliably estimated using other accepted valuation methods, such as discounted future cash flows, these securities are valued at cost less any accumulated impairment losses.

For available-for-sale financial assets representing debt securities, interest is calculated at the effective interest rate and credited to the income statement under "Other financial income and expenses".

5.7.5 Debt and trade payables

Debt is accounted for using the amortized cost method, with separate disclosure of embedded derivatives where applicable. Interest is calculated at the effective rate and recorded under "cost of gross debt" over the term of the debt.

5.8 Derivatives

5.8.1 Scope

The scope of derivatives has been defined by the Group in accordance with the requirements and principles of IAS 39.

In particular, forward purchases and sales for physical delivery or energy or commodities are considered outside the scope of IAS 39 when these contracts have been entered into as part of the Group's "normal" business activities. This is demonstrated when the following conditions are fulfilled:

- physical delivery takes place under all such contracts;
- the volumes bought (sold) under these contracts correspond to the Group's operating requirements;
- the contracts cannot be treated as options under IAS 39. In the specific case of electricity sale contracts, the contract can be regarded in substance as a forward sale or a capacity sale.

Within this framework, the Group regards transactions with the objective of balancing out volumes between commitments to buy and sell electricity as forming part of its normal business activities as an integrated electricity company and outside the scope of IAS 39.

In accordance with IAS 39, the Group analyses all of its contracts of both a financial and non-financial nature to identify the existence of any "embedded derivatives". Any component of a contract that affects the flows of the contract concerned in the same way as a standalone derivative satisfies the definition of an embedded derivative.

If the conditions of IAS 39 are not fulfilled, an embedded derivative is accounted for separately at the date of inception.

5.8.2 Measurement and recognition

Derivatives are stated at fair value, which is determined on the basis of quoted prices and market data from external sources. The Group may also refer to comparable recent transactions or use a valuation based on internal models recognized by market operators that include data taken directly from such observable data.

Changes in the fair value of these derivatives are recorded in the income statement unless they are designated as cash flow hedges or net investment hedges. In the latter case, changes in the value of hedging instruments are recognized directly in equity, excluding the ineffective portion of the hedges.

5.8.3 Hedging derivatives

The Group uses derivatives to hedge its interest rate and foreign exchange risks.

The Group applies the criteria set out in IAS 39 to designate derivatives as hedges:

- the instrument must hedge changes in fair value or cash flows attributable to the risk hedged and the effective portion of the hedge (representing the degree to which changes in the value of the hedging instrument offset changes in the value of the hedged item or future transaction) must be between 80% and 125%.
- in the case of cash flow hedges, the future transaction being hedged must be highly probable;
- the effectiveness of the hedge can be determined reliably;
- the hedge is supported by appropriate documentation from inception.

The Group uses the following types of hedge:

- Fair value hedges, which are used to hedge changes in the fair value of an asset or liability recorded on the balance sheet or a firm commitment to buy or sell an asset. Changes in the fair value of the hedged item attributable to the hedged component are recorded in the income statement and offset by symmetrical changes in the fair value of the hedging instrument. Only the ineffective portion of the hedge impacts income;
- Cash flow hedges, which are used to hedge changes in future cash flows on an asset or liability recorded on the balance sheet, a highly probable future transaction or a firm foreign exchange commitment. The effective portion of accumulated changes in fair value is recorded in equity and the ineffective portion (corresponding to changes in the fair value of the hedging instrument in excess of changes in the fair value of the hedged item) is recorded in the income statement. When the hedged cash flows materialize, the amounts previously recognized in equity are taken to the income statement in the same way as for the hedged item;
- net investment hedges, which are used to hedge exposure to the foreign exchange risk associated with a net investment in a foreign operation. The effective portion of accumulated changes in the fair value of hedging instruments is recorded in equity until disposal of the net investment, when it is included under gains or losses on disposal. The ineffective portion (determined in the same way as for cash flow hedges) is recorded directly in the income statement.

The hedging relationship ends when:

- a derivative ceases to be an effective hedging instrument;
- a derivative expires or is sold, terminated or exercised;
- the hedged item expires, is sold or redeemed;
- a future transaction is no longer regarded as highly probable.

As only external derivatives are considered eligible for hedge accounting, gains and losses on internal derivatives are eliminated from the consolidated financial statements. However, hedge accounting applies to a hedging relationship initiated via internal derivatives if it can be demonstrated that the internal derivatives will be matched with similar external transactions.

5.9 Impairment of financial assets

At each balance sheet date, the Group assesses whether there is any objective evidence of impairment in an asset. If so, the Group estimates the recoverable amount of the asset and recognizes any necessary impairment as appropriate for the relevant category of assets.

5.9.1 Financial assets at amortized cost

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The amount of the loss is included under "Other financial expenses" in the income statement. If the loss decreases in a subsequent period, it is reversed and transferred to the income statement.

5.9.2 Available-for-sale financial assets

If there is a significant and prolonged decrease in the fair value of available-for-sale assets, the unrealized capital loss is reclassified from equity to income for the financial year. If in a subsequent period the fair value of an available-for-sale asset increases, the increase in value is recorded in equity for equity instruments, while for debt instruments the impairment previously recorded is reversed through the income statement.

5.9.3 Derecognition of financial assets and liabilities

The Group derecognizes all or part of:

- a financial asset when the contractual rights making up the asset expire and when the Group transfers substantially all the risks of ownership of the asset;
- a financial liability when the liability is extinguished as a result of the cancellation or expiry of the obligation. When debt is restructured with a lender giving rise to substantially different terms, the Group recognizes a new liability.

5.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the expected selling price in the ordinary course of business less estimated costs to completion and costs to sell.

The cost of commodities and supplies is calculated using the first-in, first-out method.

The cost of work in progress covers design costs, material included in the project, direct labour costs, other direct costs and a share of general expenses based on normal generation capacity. If applicable, it also includes borrowing costs.

Work in progress on projects held for sale is recognized using the percentage-of-completion method in accordance with IAS 11. The percentage of completion is determined on the basis of costs incurred and the total profit expected on the project, taking into consideration technical and objective criteria used to calculate associated revenues and cost of sales.

5.11 Trade receivables

Trade receivables are initially stated at fair value and then at amortized cost, using the effective interest rate method less impairment losses. Impairment in receivables is recognized when there is objective evidence that the Group will be unable to recover all sums owed under the original terms of the transaction. Significant financial difficulties facing the debtor, the probability of bankruptcy or financial restructuring of the debtor and payment default represent evidence of the impairment of a receivable. The amount of impairment is calculated as the difference between the carrying amount of the asset and estimated future cash flows, discounted at the original effective interest rate.

5.12 Cash and cash equivalents

“Cash and cash equivalents” comprises cash on hand and in bank, other highly liquid short-term investments with a maturity of less than three months and a negligible risk of changes in value and bank overdrafts. Bank overdrafts are recorded on the balance sheet as current liabilities, under “borrowings”.

5.13 Share capital

Ordinary shares are classified as equity instruments.
Additional costs directly attributable to the issuance of new shares or options are recognized in equity as a deduction from the proceeds of the issue, net of tax.
When a Group company buys shares in the Company (treasury shares), the amount paid, including directly attributable additional costs (net of tax), is deducted from the Group share of equity until the shares are cancelled, reissued or sold. In the event of the sale or subsequent reissue of the shares, the proceeds, net of additional costs directly attributable to the transaction and the associated tax impact, are included in the Group share of equity.

5.14 Income taxes

Income taxes comprise current tax payable (or recoverable) and deferred tax payable (or recoverable). Tax is recognized in the income statement unless it relates to items that are recorded directly in equity, in which case it is recognized in equity.
Tax due is the estimated amount of tax owed in respect of taxable income for a given period, determined using tax rates enacted or substantively enacted by the balance sheet date, and any adjustments to the amount of tax payable in respect of prior periods.
Deferred tax is accounted for using the liability method for all temporary differences between the carrying amount of assets and liabilities in the balance sheet and the tax base of assets and liabilities. A deferred tax liability is not recognized in the following cases:

- goodwill for which amortization is not deductible for tax purposes;
- the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable income;
- temporary differences arising on investments in subsidiaries when it is probable that the temporary difference will not reverse in the future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.
A deferred tax asset is recognized only where it is probable that a tax benefit will be realized in the future. Deferred tax assets are reduced where it is no longer probable that sufficient taxable income will be available.
The income tax consequences of dividends are recognized when a liability to pay the dividend is recognized.

5.15 Employee benefits

5.15.1 Pension liabilities

Pension plans in force in the Group are defined contribution plans. In a defined contribution pension plan, the Group pays fixed contributions to an independent entity. In this case, the Group has no legal or implied obligation to top up the plan if the plan assets are insufficient to pay all employees the benefits due in respect of services rendered during the current year and prior years.

5.15.2 Benefits payable upon retirement

Benefits payable upon retirement are attached to defined benefit schemes that designate post-employment benefit plans that guarantee future benefits for employees constituting a future liability for the Group.
The liability is calculated using the projected unit credit method in order to determine the present value of all future benefits and the current service cost.
This actuarial calculation is based on actuarial assumptions relating to demographic variables (mortality, staff turnover) and financial variables (future salary increases, discount rate).
The provision relating to this commitment amounted to €140,000 at 31 December 2006.

5.15.3 Other post-employment benefits and long-term benefits

No Group companies offer employees any specific plans corresponding to post-employment benefits or long-term benefits. The Group's employees do not benefit from special electricity tariffs.

5.16 Other provisions

A provision is recognized when the Group has a present (legal or constructive) obligation arising as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
If the effect of time value is material, provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

5.16.1 Asset retirement obligations or liabilities

For wind installations, asset retirement obligations and liabilities are recognized on the basis of terms relating to the occupancy of land (property of the Group or long-term leases). In the latter case, this is based on the terms of the lease concerning the condition of the land on return and the probable cost base when obligation becomes the responsibility of the EDF EN Group.

For thermal installations, asset retirement obligations or liabilities are booked on the basis of the installed power generating capacity.

In both cases, these obligations/liabilities are discounted at a rate of 4.5%.

An “asset retirement” component is created in parallel and then depreciated on a straight-line basis over the life of the subsequent asset.

5.16.2 Provisions for legal disputes

In the normal course of the Group’s business activities, legal disputes may arise with third parties and legal proceedings may be initiated. Provisions are calculated on the basis of the assessment of the risks associated with each project when the cost can be estimated.

5.17 Revenue recognition

5.17.1 Sale of goods and services

Revenue corresponds to the fair value of the amount received or to be received in respect of goods and services sold as part of the Group’s normal business activities. Revenue is expressed net of returned merchandise, discounts and rebates, and intra-group sales.

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership of the goods have been transferred to the buyer. Revenue from the sale of services is recognized in the income statement on the basis of the percentage of completion of the service at the balance sheet date. The percentage of completion is measured in reference to the works carried out. No revenue is recognized when there is a material uncertainty regarding the recoverability of the amount due, costs incurred or to be incurred relating to the service or the possible return of merchandise in the case of the right to cancel the purchase, and when the Group is involved in property management.

5.17.2 Construction contracts

When profit from a construction contract may be estimated reliably, income and expenses relating to the contract are recognized in the income statement on the basis of the percentage of completion of the contract. The percentage of completion is measured in reference to works already carried out and costs to completion reviewed at the balance sheet date. Any expected loss is immediately recognized in the income statement.

5.17.3 Government grants

5.17.3.1 Asset subsidies

Government grants are stated at fair value when there is reasonable assurance that they will be received and that the Group will comply with the terms and conditions attached to such subsidies. Grants that cover all or part of the cost of an asset are presented as deferred income under liabilities and recognized in the income statement as other operating income over the useful life of the subsidized asset.

5.17.3.2 Income subsidies

Subsidies to cover costs incurred by the Group are recognized systematically in the income statement for the period during which the costs were incurred.

5.17.4 Interest income

Interest income is recognized as financial income on a *pro rata temporis* basis using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to the recoverable amount by discounting estimated future cash flows at the original effective interest rate and continues to unwind the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate method.

5.17.5 Dividends

Dividends are recognized as financial income when the right to receive the dividend is established.

5.18 Expenses.

5.18.1 Operating lease payments

Operating lease payments are recognized as expenses on a straight-line basis over the term of the lease. Benefits received form an integral part of the net total of lease costs and are recognized in the income statement according to the same rule.

5.18.2 Finance lease payments

Minimum finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

5.18.3 Net financial income/expense

Net financial income/expenses comprises interest payable on borrowings calculated using the effective interest rate method, interest income due on investments, capitalization of borrowing costs calculated using the actuarial method, other dividend income, foreign exchange gains and losses and gains and losses on hedging instruments, which are recognized in the income statement.

Interest income is recognized in the income statement when it is acquired using the effective interest rate method.

Dividend income is recognized in the income statement when the Group acquires the right to receive payments or, in the case of listed securities, at the record date.

Interest costs included in payments made under finance leases are recognized using the effective interest rate method.

5.19 Dividends

Dividends paid to the Company's shareholders are recognized as debt in the Group's financial statements for the period in which the dividends are approved by the Company's shareholders.

5.20 Non-current assets held for sale and discontinued operations

Immediately before the initial classification of the asset as held for sale, the carrying amount of assets (and all assets and liabilities held for sale) is measured in accordance with applicable IFRSs. After classification as held for sale, non-current assets or disposal groups that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.
Any impairment losses resulting from the classification of an asset (or group of assets) as held for sale are recognized in the income statement, even for assets previously carried at revalued amounts. Gains and losses relating to subsequent valuations are treated in the same way. The gains recognized must not be in excess of the cumulative impairment loss.
A discontinued operation is a component of an entity that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.
An operation is classified as discontinued at the date the entity has actually disposed of the operation, or when the operation meets the criteria to be classified as held for sale. A disposal group may also meet the criteria to be classified as discontinued.

5.21 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment reporting is presented on the basis of the Group's internal organization, which reflects the different levels of risk and reward to which it is exposed.
The Group's primary segment is defined as the geographical segment, while business segment is the secondary reporting segment.

6. Financial risk management

As part of the financing of its projects and cash management, EDF EN uses derivatives to manage its exposure to fluctuations in interest rates and foreign exchange rates. The equity contribution to projects must be provided by the Group.
The working capital requirement is covered by short-term floating rate credit lines. In general, the Group finances its foreign subsidiaries through foreign currency loans.

(i) Interest rate risk
The Group's interest rate risk derives from its long-term borrowings. Loans originally issued at floating rates expose the Group to cash flow risks on interest rates.
The Group manages its cash flow risk on interest rates using swaps where it pays the fixed rate and receives the floating rate. These interest rate swaps convert floating rate loans into fixed rate loans. Under the terms of its interest rate swap contracts, the Group agrees, at predetermined intervals, to exchange with third parties the difference between fixed and floating rates calculated in reference to a certain notional swap amount.

(ii) Foreign exchange risk

The Group operates abroad and is therefore exposed to foreign exchange risk relating to its various transactions in foreign currencies, primarily in US dollars and sterling. Foreign exchange risk relates to floating rate borrowings in foreign currencies recorded on the balance sheet.

To manage foreign exchange risk, the Group's entities enter into currency option transactions with third parties, and the parent company uses credit lines denominated in foreign currencies.

The foreign exchange risk arises from the fact that assets and liabilities are not in the entity's functional currency.

7. Segment reporting

7.1 Primary segment reporting

Year ended 31 December 2006

(in thousands of euros)	EUROPE	AMERICAS	ELIMINATIONS	TOTAL
Revenues				
External revenues	163,310	171,487		334,797
Intersegment revenues				
Other operating income	40,870	3,413		44,283
Total revenues	**204,180**	**174,900**		**379,080**
Operating income by segment	**34,592**	**27,081**		**61,673**
Other income statement items				
Depreciation and amortisation and charges to operating provis	(21,488)	(8,607)		(30,095)
Impairment losses	(23)	0		(23)
Other expenses with no cash impact other than depreciation, amortisation and impairment losses				
Share in income of equity affiliates	866	(112)		754
Income taxes	(2,762)	(8,005)		(10,767)
Consolidated net income	**16,623**	**10,855**		**27,478**
Other information				
Segment assets	1,499,118	323,492	(95,728)	1,726,882
Segment liabilities	1,403,390	419,220	(95,728)	1,726,882
Associated companies	3,786	1,541		5,327
Acquisitions of property, plant and equipment and intangible as	224,133	105,214		329,347

Revenues

Europe

The Group's revenues in Europe decreased by 11.7% from €184.9 million at 31 December 2005 to €163.3 million at 31 December 2006. This decrease was attributable to the following factors:

- Generation revenues advanced by 34% from €79.2 million in 2005 to €106.1 million in 2006, an increase of €26.9 million. The key factors driving this increase were:
  - the full-year impact of the commissioning in 2005 of wind farms in Portugal (30 MW, gross) and France (12 MW, gross) and the biomass cogeneration plant in Spain (12.8 MW, gross);
  - the commissioning in 2006 of nine new wind farms in Greece (75.4 MW, gross), the United Kingdom (44 MW, gross), Portugal (76 MW, gross) and France (14 MW, gross), as well as the second tranche of the biomass plant in Spain (13.2 MW, gross);

- Conversely, the Generation business was marked by the divestment in July 2006 of the Group's minority holdings in three hydro power plants in Spain, representing a total of 15.6 MW in gross capacity.

• revenues from the Development and sale of structured assets (DSSA) business declined from €104.9 million in 2005 to €56.2 million in 2006, representing a fall of €48.7 million (or 46%).

  This decrease was attributable primarily to:
  - a fall in revenues from the "Plein Vent" projects, from €40 million in 2005 to €6.8 million in 2006, representing a decline of €33.2 million;
  - business volumes were high in 2005 owing to the revenues generated upon completion of the Kesfeld project in Germany (€28.1 million), compared with €10.9 million in 2006, representing a decline of €17.2 million;
  - Lastly, revenues relating to businesses qualifying for reduced taxes in the French overseas departments grew by 5% from €31.6 million in 2005 to €33.2 million in 2006, representing an increase of €1.6 million.

• revenues from the Operations & Maintenance business moved up from €0.8 million in 2005 to €0.9 million in 2006.

Americas

The Group's revenues in the Americas rose from €151.2 million in 2005 to €171.5 million in 2006. This €20.3 million increase was driven by:

• revenue growth in the Development and sale of structured assets business to €129.6 million in 2006 from €114.6 million in 2005, representing an increase of €15 million. These trends were attributable primarily to the following factors:

  In 2005, percentage-of-completion revenues were attributable to the following principal projects:

  - €14.1 million from the Peupliers de Virginie (300 MW) and Shiloh (150 MW) projects
  - €99.8 million from the Wall Lake (150 MW) project, which was developed and built for MidAmerican Energy

  In 2006, the principal revenue contributions were as follows:
  - €121.9 million from the Spearville project
  - €7 million from the Shiloh project

• Generation revenues rose from €27.9 million in 2005 to €32 million in 2006, representing an increase of €4.1 million (up 14.7%). This advance was attributable to the commissioning of two wind farms, namely Hawi (10.6 MW) and enXco 5 Repower (9 MW).

• revenues from the Operations & Maintenance business grew by 12.6% on the back of the signature of new contracts in the United States. They rose from €8.7 million in 2005 to €9.8 million in 2006, representing an increase of €1.1 million.

Operating income

Europe

The operating income generated by the Group's European operations increased by €5.2 million from €29.4 million in 2005 to €34.6 million in 2006. This rise was attributable to an increase in the Generation business' operating income resulting from the full-year impact of the projects that entered service in 2005 (Lucena in Spain, Montemuro and Cerveirences in Portugal and Conques in France) and the impact of the facilities that entered service in 2006 (Arga and Centro in Portugal, Didimon and Rovas in Greece and Fenlands in the United Kingdom). The decline in operating income from the DSSA business was partially offset by an increase in capital gains on disposals.

Americas

The operating income generated by the Group's operations in the Americas region posted a very strong increase from €10.3 million in 2005 to €27.1 million in 2006, representing an increase of €16.8 million. This rise was fuelled by the operating income generated by the facilities that entered service in 2006 (Hawi and enXco V Repower) and an increase in DSSA business volumes.

Year ended 31 December 2005

(in thousands of euros)	**EUROPE**	**AMERICAS**	**ELIMINATIONS**	**TOTAL**
Revenues				
External revenues	184,910	151,242		336,152
Intersegment revenues				
Other operating income	47,360	4,975		52,335
Total revenues	**232,270**	**156,217**		**388,487**
Operating income by segment	**29,358**	**10,335**		**39,693**
Other income statement items				
Depreciation and amortisation and charges to operating provisions	(12,251)	(7,652)		(19,903)
Impairment losses	(1,100)	(1,612)		(2,712)
Other expenses with no cash impact other than depreciation, amortisation and impairment losses				
Share in income of equity affiliates	693	(174)		520
Income taxes	(6,459)	(838)		(7,297)
Consolidated net income	**17,878**	**3,971**		**21,849**
Other information				
Segment assets	927,060	131,327	(65,107)	993,280
Segment liabilities	861,953	196,434	(65,107)	993,280
Associated companies	4,123	3,842		7,965
Acquisitions of property, plant and equipment and intangible assets	160,718	20,583		181,301

Year ended 31 December 2004

(in thousands of euros)	EUROPE	AMERICAS	ELIMINATIONS	TOTAL
Revenues				
External revenues	132,694	50,594		183,288
Intersegment revenues				
Other operating income	15,546	7,011		22,557
Total revenues	**148,240**	**57,605**		**205,845**
Operating income by segment	**19,360**	**4,411**		**23,771**
Other income statement items				
Depreciation and amortisation and charges to operating provis	(16,446)	(6,522)		(22,968)
Impairment losses	(109)	73		(36)
Other expenses with no cash impact other than depreciation, amortisation and impairment losses				
Share in income of equity affiliates	550	354		904
Income taxes	991	385		1,376
Consolidated net income	**9,129**	**652**		**9,781**
Other information				
Segment assets	676,922	133,352	(50,446)	759,828
Segment liabilities	626,476	183,798	(50,446)	759,828
Associated companies	3,305	3,654		6,958
Acquisitions of property, plant and equipment and intangible as	79,635	22,762		102,397

Revenues

Europe

Revenues in Europe increased by approximately 40% from €132.7 million in 2004 to €184.9 million in 2005, as a result of:

- €28.1 million in percentage-of-completion revenues relating to the sale of the Kesfeld wind farm in Germany;
- a €23.6 million increase in revenues relating to the sale of projects in connection with the Plein Vent programme from €16.4 million in 2004 to €40 million in 2005;
- a 35% reduction in revenues relating to businesses qualifying for reduced taxes in the French overseas departments from €47.8 million in 2004 to €31.3 million in 2005;
- an increase in energy sales following the commissioning of generation assets:
  - in wind energy: in France, the Aumelas wind farm (11.9 MW), in Portugal, the extension of the Cabril II wind farm and the Montemuro, Espiga and Cerveirenses wind farms representing a total of 30 MW and in Greece, the Didimon and Rovas wind farms representing a total of 45.4 MW;
  - in biomass: the commissioning of the Lucena cogeneration plant in Spain (26 MW).

Americas

Revenues in the Americas increased very steeply, moving up 200% from €50.6 million in 2004 to €151.2 million in 2005, as a result of:

- a €96.9 million increase in project sales from €17.7 million in 2004 to €114.6 million in 2005, primarily owing to the sale of the Wall Lake wind farm (150 MW), developed and built by enXco for its customer MidAmerican Energy. In addition, the Shiloh (150 MW) and PDV (Peupliers de Virginie) (300 MW) projects generated revenues of €14.1 million in 2005;

- a 20.8% increase in energy sales from €23.1 million in 2004 to €27.9 million in 2005, primarily owing to the commissioning of the DifWind VII and IX wind farms (42 MW), acquired in February 2005, and the commissioning of the Oasis wind farm. In addition, the DifWind I and V wind farms, acquired in April 2004, generated revenues over the full year in 2005.

Operating income

Europe

Operating income in Europe increased by approximately 52% from €19.4 million in 2004 to €29.4 million in 2005, mainly as a result of the increase in revenues relating to project sales (Kesfeld project in Germany, wind farms sold as part of the Plein Vent program) and the commissioning of facilities in 2005. Furthermore, strong performance by the hydro plants in Bulgaria and Spain also contributed to this increase in operating income.

Americas

Operating income in the Americas increased significantly from €4.4 million in 2004 to €10.3 million in 2005, mainly as a result of operating income from the sale of the Wall Lake project and the Shiloh and PDV projects.

7.2 Secondary segment reporting

Year ended 31 December 2006 *(in thousands of euros)*	**Generation**	**Operations & Maintenance**	**Development and sale of structured assets**	**Eliminations**	**Total**
External revenues	138,492	22,251	210,669	(36,615)	334,797
Carrying amount of assets	882,548	28,246	1,105,803	(289,715)	1,726,882
Acquisitions of property, plant and equipment and intangible assets	209,387	427	123,997	(4,464)	329,347

Year ended 31 December 2005 *(in thousands of euros)*	**Generation**	**Operations & Maintenance**	**Development and sale of structured assets**	**Eliminations**	**Total**
External revenues	107,007	23,914	219,609	(14,378)	336,152
Carrying amount of assets	866,136	10,803	116,341		993,280
Acquisitions of property, plant and equipment and intangible assets	171,479	1,402	8,420		181,301

Year ended 31 December 2004 *(in thousands of euros)*	**Generation**	**Operations & Maintenance**	**Development and sale of structured assets**	**Eliminations**	**Total**
External revenues	85,445	23,145	86,817	(12,119)	183,288
Carrying amount of assets	555,316	6,195	198,317		759,828
Acquisitions of property, plant and equipment and intangible assets	94,836	832	6,729		102,397

Generation revenues increased by 29% from €107 million in 2005 to €138.5 million in 2006. Development (DSSA) revenues decreased by 4% from €219.6 million in 2005 to €210.7 million in 2006.

Generation revenues increased by 25% from €85.4 million in 2004 to €107 million in 2005. Development (DSSA) revenues increased significantly, moving up 153% from €86.8 million in 2004 to €219.6 million in 2005.

8. Revenues

(in thousands of euros)	2006	2005	2004
Energy sales	137,337	106,258	87,256
Sales of energy-related services	53,949	38,772	9,260
Other sales of goods and services	143,511	191,122	86,772
Total	**334,797**	**336,152**	**183,288**

Revenue trends are analysed in the segment reporting section (Note 7).

9. Other operating income and expenses

(in thousands of euros)	2006	2005	2004
Net loss on disposal of consolidated entities (1)	(6,135)	0	(492)
Net carrying amount of non-current assets sold	(2,905)	(24,412)	(2,387)
Other expenses	(2,820)	(948)	(1,573)
Total other operating expenses	**(11,860)**	**(25,360)**	**(4,452)**
Net gain on disposal of consolidated entities (1)	17,710	0	0
Operating subsidies	0	24	107
Proceeds from sale of assets	120	31,157	564
Stored production	1,740	(1,836)	(68)
Capitalized production (2)	15,292	16,126	16,197
Other income	9,421	6,864	5,757
Total other operating income	**44,283**	**52,335**	**22,557**

(1) Net gains/(losses) on disposal of consolidated entities resulted primarily from:

- the sale of facilities in Spanish, which had an impact of €4,918,000.
- the deconsolidation of the Brazilian subsidiary, which had an impact of €4,523,000.

(2) The change in capitalized production during 2006 incorporated the cancellation of two projects in the United States, which had an impact of €6,225,000.

10. Personnel expenses

(in thousands of euros)	2006	2005	2004
Wages and salaries	21,823	19,638	16,167
Social security and tax charges	6,278	5,935	5,035
Total	**28,101**	**25,573**	**21,202**
Stock options and bonus shares	0	0	0
Matching contributions	422	0	0
Charges linked to share-based payments	**422**	**0**	**0**

Average headcount

Average headcount	2006	2005	2004
Employees	288	274	273
Managers and engineers	174	150	113
Total	**462**	**424**	**386**

11. Net financial income/(expense)

(in thousands of euros)	2006	2005	2004
Cost of gross debt	(22,028)	(17,166)	(11,317)
Other financial expenses	(14,102)	(13,068)	(10,890)
Total financial expenses	**(36,130)**	**(30,234)**	**(22,207)**
Income from cash and cash equivalents	0	0	0
Other financial income	10,594	19,243	5,937
Total financial income	**10,594**	**19,243**	**5,937**
Discount effect	**1,694**	**(77)**	**0**
Net financial income/(expense)	**(23,842)**	**(11,067)**	**(16,270)**

Other financial expenses comprised €2,311,000 reflecting the net carrying amount of the financial assets sold, with a corresponding entry of €1,991,000 under other financial income reflecting the proceeds received.

Other financial expenses also include foreign exchange losses excluding foreign exchange gains on debt of €9,136,000, offset by foreign exchange gains excluding foreign exchange gains on debt of €1,942,000 recognized as other financial income.

In terms of operations excluding debt, the net effect was negative at €7,194,000 (i.e. €9,136,000-€1,942,000). Taking into account the foreign exchange impact related to positive debt of €6,025,000, total foreign exchange losses all operations combined came to €1,169,000.

Other financial expenses also include €676,000 in financial charges on bank overdrafts.

Cost of gross debt

(in thousands of euros)	2006	2005	2004
Interest charges on financing operations (1)	(27,386)	(17,321)	(14,346)
Ineffective portion of cash flow hedges	(667)	(1,224)	1,022
Changes in fair value of cash flow hedges recognized in income statement	0	0	0
Proceeds from sale of cash flow hedge assets	0	0	0
Net foreign exchange gains on debt (2)	6,025	1,379	2,007
Total	**(22,028)**	**(17,166)**	**(11,317)**

(1) The interest charges on financing operations correspond to interest, borrowing charges and interest on the EDEV loan, which was repaid in full at the end of the year.

(2) Net foreign exchange gains on debt include foreign exchange gains on bank balances and on borrowings in US dollars.

12. Income tax

(in thousands of euros)	**2006**	**2005**	**2004**
Income tax payable	(11,990)	(2,770)	(71)
Deferred taxes	1,223	(4,527)	1,447
Total	**(10,767)**	**(7,297)**	**1,376**

13. Earnings per share

(€)	2006	2005	2004
Consolidated net income	27,477,763	21,848,801	9,781,015
Earnings attributable to holders of ordinary shares	21,907,199	16,609,758	5,436,267
Number of shares	44,717,065	43,107,880	43,097,880
Earnings per share attributable to holders of ordinary shares (€)	0.49	0.39	0.13

The total number of shares increased from 4,310,788 at year-end 2005 to 62,054,734 at year-end 2006. This increase derived from the ten-for-one stock split on 1 January 2006 and the capital increases carried out during the second half of 2006 (see Note 23 on the Share capital).

For the 2006 calculation in line with IAS 33, the number of shares used as a denominator, i.e. 44,717,065, is the weighted average of 43,107,880 shares for 334 days and 62,054,734 shares for 31 days. The number of shares used for the 2004 and 2005 calculations was multiplied by 10 to adjust the denominator retrospectively in accordance with IAS 33 § 65.

Since no dilutive instruments were outstanding in 2004, 2005 and 2006, there is no reason to present diluted earnings per share separately because it would be identical to earnings per share attributable to holders of ordinary shares.

14. Property, plant and equipment

(in thousands of euros)	**At 31 December 2006**	**At 31 December 2005**	**At 31 December 2004**
Land	2,343	3,064	3,850
Machinery, plant and equipment	602,211	468,060	365,990
Other property, plant and equipment	4,564	3,514	2,848
Assets in progress	288,043	130,983	80,110
Property, plant and equipment, net	**897,161**	**605,621**	**452,798**

(in thousands of euros)	**1 Jan. 2006**	**Increase**	**Decrease**	**Translation difference**	**Other movements (1)**	**31 Dec. 2006**
Land	3,397	157	(1)	(18)	(1,192)	2,343
Machinery, plant and equipment	552,150	9,994	(63)	(12,138)	151,383	701,326
Other property, plant and equipment	7,596	1,949	(191)	(446)	2,961	11,869
Assets in progress (2) (3)	133,932	315,005	(2,853)	(5,687)	(152,354)	288,043
Gross	**697,075**	**327,105**	**(3,108)**	**(18,289)**	**798**	**1,003,581**
Depreciation and impairment losses	(91,454)	(29,036)	338	2,442	11,290	(106,420)
Net	**605,621**	**298,069**	**(2,770)**	**(15,847)**	**12,088**	**897,161**

(1) Other movements primarily reflect:

- an impact of €162 million from the commissioning of assets, including €142 million in wind energy facilities and €20 million in other renewable energy plants (chiefly biomass),

- the recognition of €19 million in property, plant and equipment in Greece held under finance leases,

- the disposal of three hydro power plants in Spain, leading to a reduction of €25 million,
- the allocation of the goodwill arising on the wind energy facilities in service acquired in Greece: impact of €21 million from fair value adjustments after business combinations,
- changes in scope of consolidation: €16 million related to the Hawi plant in the United States and (€43 million) on the do Centro plant in Portugal,
- changes in the percentage used for consolidation purposes: impact of €6 million related to Oasis in the United States.

(2) Of the increase in assets in progress, €310 million was attributable to assets under construction and €5 million to assets under development:
- increase in assets under construction: €104 million in the United States (Fenton), €76 million in Greece, €43 million of which was held under finance leases (Aioliki Energiaki Peloponnisou, Aioliki Hellas, Aioliki Karistou, Aioliki Didimon), €49 million in the United Kingdom (Red Tile, Biker, Walkway), €40 million in Italy (principally Sant'Agata and Minervino), €35 million in Portugal (Arada, Espiga, Ventominho) and €6 million in France;
- increase in assets under development: €2 million in France and €2 million in the United Kingdom.

(3) The other movements in assets in progress relate to:
- an impact of (€162 million) from the commissioning of assets
- the impact of the addition of two Italian companies: Fri-el-Campidano (impact of €22 million) and Murgeolica (impact of €4 million)
- allocation of some of the goodwill linked to the acquisitions in Greece: €1 million in fair value adjustments arising from business combinations

(in thousands of euros)	1 Jan. 2005	Increase	Decrease	Translation difference	Other movements (4)	31 Dec. 2005
Land	3,850	92	(71)	13	(487)	3,397
Machinery, plant and equipment	441,706	12,328	(23,698)	17,824	103,990	552,150
Other property, plant and equipment	5,947	1,766	(652)	459	76	7,596
Assets in progress (5)	83,022	167,004	(11,312)	2,725	(107,507)	133,932
Gross	**534,525**	**181,190**	**(35,733)**	**21,021**	**(3,928)**	**697,075**
Depreciation and impairment losses	(81,727)	(25,772)	13,537	(2,680)	5,188	(91,454)
Net	**452,798**	**155,418**	**(22,196)**	**18,341**	**1,260**	**605,621**

(4) They primarily relate to:

- the transfer of assets in progress to plant and equipment;
- changes in the scope of consolidation resulting from Eolenerg's transfer to associate companies and the addition of EEN Hellas to the scope of consolidation.

(5) Assets in progress increased by €67 million in Portugal, €35 million in the United Kingdom, €21 million in Italy and €17.6 million in the United States.

(in thousands of euros)	1 Jan. 2004	Increase	Decrease	Translation difference	Other movements (6)	31 Dec. 2004
Land	3,833	334	(249)	(5)	(63)	3,850
Machinery, plant and equipment	416,631	31,707	(4,406)	(8,482)	6,256	441,706
Other property, plant and equipment	8,223	1,384	(1,427)	(207)	(2,026)	5,947
Assets in progress	62,185	66,806	(1,892)	(1,022)	(43,055)	83,022
Gross	**490,872**	**100,231**	**(7,974)**	**(9,716)**	**(38,888)**	**534,526**
Depreciation and impairment losses	(108,871)	(20,824)	5,117	1,058	41,793	(81,727)
Net	**382,001**	**79,407**	**(2,857)**	**(8,658)**	**2,905**	**452,798**

(6) Including a €34 million transfer to machinery and plant.

15. Intangible assets

(in thousands of euros)	At 31 December 2006	At 31 December 2005	At 31 December 2004
Goodwill	43,921	60,425	39,072
Concessions, patents and similar rights	213	304	423
Other	4,299	3,375	3,267
Gross	**48,433**	**64,104**	**42,762**
Goodwill	(2,738)	(3,224)	(2,880)
Concessions, patents and similar rights	(212)	(231)	(213)
Other	(698)	(1,223)	(774)
Amortisation and impairment losses	**(3,648)**	**(4,678)**	**(3,867)**
Net	**44,785**	**59,426**	**38,895**

Goodwill

(in thousands of euros)	At 31 December 2006	At 31 December 2005	At 31 December 2004
Gross value at beginning of period	60,425	39,072	47,422
Accumulated impairment losses at beginning of p	(3,224)	(2,880)	(8,554)
Net carrying amount at beginning of period	**57,201**	**36,192**	**38,868**
Acquisitions	0	0	0
Disposals	0	0	0
Impairment losses	487	(344)	5,674
Changes in the scope of consolidation	5,240	17,639	(967)
Translation differences	(3,018)	3,892	(1,961)
Other movements	(18,727)	(178)	(5,422)
Net carrying amount at end of period	**41,183**	**57,201**	**36,192**
Accumulated impairment losses at end of period	(2,738)	(3,224)	(2,880)
Gross value at end of period	**43,921**	**60,425**	**39,072**

Significant goodwill relates to:

- Air Inc., which accounts for €28.7 million at 31 December 2005 and €25.9 million at 31 December 2006 (changes attributable to translation differences). Of this goodwill, 20% relates to the company's know-how in Operations and Maintenance business and 80% to its DSSA expertise. Goodwill is tested annually based on projections reviewed as part of the annual budgeting and medium-term planning process, which covers three financial years (work finalized in November each year). The point of reference is a value in use calculated using a weighted average cost of capital reflecting the location of the operations, which in this instance is the United States.

- SIIF Energies Bulgarie SAS (formerly SARL Industrielle de l'Atlantique), which accounts for €4.5 million at 31 December 2006. This corresponds to additional goodwill arising on the buyout of minority investors in SIIF Energies Mecamidi prior to the transfer of all the assets to the holding company.

- Fotosolar, which accounts for €2.4 million at 31 December 2006. This reflects goodwill arising on the acquisition of this Spanish company.

The goodwill arising on the acquisitions in Greece, which amounted to €19.6 million at 31 December 2005, was allocated as follows in 2006:

- asset revaluations (based on a 100% interest), i.e. €21 million to wind farms under construction and €4.2 million to wind farm projects with operating permits,
- €0.5 million to minority investors,
- €5.3 million to deferred taxes.

Following these allocations, residual goodwill related to the acquisitions in Greece came to €0.8 million.

Other intangible assets

(in thousands of euros)	At 31 December 2006		
	Other	**Concessions, patents and similar rights**	**Total**
Gross value at beginning of period	**3,375**	**304**	**3,679**
Acquisitions	2,242	0	2,242
Disposals	(531)	0	(531)
Impairment losses			0
Changes in the scope of consolidation	13	(43)	(30)
Translation differences	(202)	0	(202)
Other movements	(598)	(48)	(646)
Gross value at end of period	**4,299**	**213**	**4,512**
Accumulated amortisation at beginning of period	(1,223)	(231)	(1,454)
Amortisation during the period	104	(4)	100
Other changes	421	23	444
Accumulated amortisation at end of period	(698)	(212)	(910)
Net carrying amount at end of period	**3,601**	**1**	**3,602**

The “Other” column includes MIPS in the United States, intangible rights amortized over ten years.

(in thousands of euros)	At 31 December 2005		
	Other	**Concessions, patents and similar rights**	**Total**
Gross value at beginning of period	**3,267**	**423**	**3,690**
Acquisitions	106	5	111
Disposals	(99)	0	(99)
Impairment losses			0
Changes in the scope of consolidation	(178)	0	(178)
Translation differences	292	0	292
Other movements	(13)	(124)	(137)
Gross value at end of period	**3,375**	**304**	**3,679**
Accumulated amortisation at beginning of period	(774)	(213)	(987)
Amortisation during the period	(449)	(18)	(467)
Accumulated amortisation at end of period	(1,223)	(231)	(1,454)
Net carrying amount at end of period	**2,152**	**73**	**2,225**

(in thousands of euros)	At 31 December 2004		
	Other	**Concessions, patents and similar rights**	**Total**
Gross value at beginning of period	**692**	**1,905**	**2,597**
Acquisitions	2,134	32	2,166
Disposals	(5)	(31)	(36)
Impairment losses			0
Changes in the scope of consolidation	307	(1,111)	(804)
Translation differences	(187)	0	(187)
Other movements	326	(372)	(46)
Gross value at end of period	**3,267**	**423**	**3,690**
Accumulated amortisation at beginning of period	(276)	(550)	(826)
Amortisation during the period	(498)	337	(161)
Accumulated amortisation at end of period	(774)	(213)	(987)
Net carrying amount at end of period	**2,493**	**210**	**2,703**

16. Investments in equity affiliates

Companies	Percentage interest in share capital	Percentage interest in equity at 31 Dec. 2006	Share of net income at 31 Dec. 2006	Percentage interest in share capital	Percentage interest in equity at 31 Dec. 2005	Share of net income at 31 Dec. 2005	Percentage interest in share capital	Percentage interest in equity at 31 Dec. 2004	Share of net income at 31 Dec. 2004
Jacques Giordano Industries	25%	1,511	393	25%	1,118	82	25%	1,037	17
Hidroelectrica de Galicia (1)		0	284	30%	363	104	30%	259	113
Ecogen	29%	47	47	29%	275	116	29%	0	0
C-Power	21%	1,510	4	21%	1,401	(172)	21%	1,573	(60)
Eolica do Centro	32%	247	150						
Eolenerg (1)		0	38	28%	686	395	0%	0	0
Batliboi	50%	286	51	50%	260	52	50%	184	26
Air Inc (2)		1,541	(111)		3,842	(174)		3,803	423
RoW		185	(102)		41	116		102	385
Total		**5,327**	**754**		**7,966**	**520**		**6,958**	**904**

(1) Companies deconsolidated during 2006
(2) Primarily concerns Patterson Pass Wind Farm in the United States at 31 December 2006.
Buena Vista Energy LLC was sold during the second half of 2006 and Tres Vasqueros Wind Farm was reclassified under assets held for sale.

17. Financial assets

(in thousands of euros)	31 Dec. 2006			31 Dec. 2005			31 Dec. 2004		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Financial assets at fair value with changes in fair value recognized in the income statement			0			0			0
Available-for-sale financial assets		4,399	4,399		2,044	2,044		1,712	1,712
Financial assets held to maturity		0	0		0	0		0	0
Positive fair value of hedging derivatives	13	3,735	3,748	13	462	475			0
Positive fair value of trading book derivatives	1,895	155	2,050		28	28			0
Loans and financial receivables	13,676	46,075	59,751	5,035	30,638	35,673	9,131	34,241	43,372
Financial assets	**15,584**	**54,364**	**69,948**	**5,048**	**33,172**	**38,220**	**9,131**	**35,953**	**45,084**

Change in financial assets

(in thousands of euros)	1 Jan. 2006	Increases	Decreases	Changes in fair value	Other	31 Dec. 2006
Financial assets at fair value with changes in fair value recognized in the inc	0					0
Available-for-sale financial assets (1)	2,044	1,085	(1,142)	(1,039)	3,451	4,399
Financial assets held to maturity	0					0
Positive fair value of hedging derivatives (2)	475	0	0	3,212	61	3,748
Positive faire value of trading book derivatives (2)	28	0	0	2,022	0	2,050
Loans and financial receivables	35,673	18,321	184	0	5,573	59,751
Financial assets	**38,220**	**19,406**	**(958)**	**4,195**	**9,085**	**69,948**

(in thousands of euros)	1 Jan. 2005	Increases	Decreases	Changes in fair value	Other	31 Dec. 2005
Financial assets at fair value with changes						
in fair value recognized in the income statement						0
Available-for-sale financial assets (1)	1 712	1 354	(1 932)		910	2 044
Financial assets held to maturity						
Positive fair value of hedging derivatives				475		475
Positive fair value of trading book derivatives				28		28
Loans and financial receivables	43 372	11 748	(20 321)		874	35 673
Financial assets	**45 084**	**13 102**	**(22 253)**	**503**	**1 784**	**38 220**

(in thousands of euros)	1 Jan. 2004	Increases	Decreases	Changes in fair value	Other	31 Dec. 2004
Financial assets at fair value with changes						
in fair value recognized in the income statement						
Available-for-sale financial assets (1)	436	445	0		831	1 712
Financial assets held to maturity						
Positive fair value of hedging derivatives						
Positive fair value of trading book derivatives						
Loans and financial receivables	33 252	15 591	(9 886)		4 415	43 372
Financial assets	**33 688**	**16 036**	**(9 886)**	**0**	**5 246**	**45 084**

(1) A breakdown of changes in available-for-sale financial assets is presented in Note 18.
(2) A breakdown of changes in the fair value of derivatives is presented in Note 19.

18. Available-for-sale financial assets

(in thousands of euros)	**1 Jan. 2006**	**Changes in scope**	**Increase**	**Decrease**	**Changes in fair value**	**Other**	**31 Dec. 2006**
Gross value	2,102	2,089	1,091	(1,142)	(1,039)	1,431	4,532
Impairment losses	(58)	3	(6)	0	0	(72)	(133)
Investments in non-consolidated companies	**2,044**	**2,092**	**1,085**	**(1,142)**	**(1,039)**	**1,359**	**4,399**

(in thousands of euros)	**1 Jan. 2005**	**Changes in scope**	**Increase**	**Decrease**	**Changes in fair value**	**Other**	**31 Dec. 2005**
Gross value	1,855	176	1,479	(2,146)	0	738	2,102
Impairment losses	(143)	(4)	(125)	214	0	0	(58)
Investments in non-consolidated companies	**1,712**	**172**	**1,354**	**(1,932)**	**0**	**738**	**2,044**

(in thousands of euros)	**1 Jan. 2004**	**Changes in scope**	**Increase**	**Decrease**	**Changes in fair value**	**Other**	**31 Dec. 2004**
Gross value	435	4,398	1,070	0	0	(4,048)	1,855
Impairment losses	1	0	(625)	0	0	481	(143)
Investments in non-consolidated companies	**436**	**4,398**	**445**	**0**	**0**	**(3,567)**	**1,712**

The fair value of investments in non-consolidated companies at 31 December 2005 and 2006 is left at acquisition cost in the absence of sufficiently reliable criteria to determine the fair value of these assets. In the case of Brazil, they have been valued at fair value through profit and loss.

The principal movements during the year relate to the transfer to this category of the residual 15% interest in a Brazilian company, following the disposal that became effective in the first half of 2006. The transfer led to an increase of €2.1 million, booked under changes in the scope of consolidation. This amount has since been written down to its fair value of €1 million.

The group has also acquired €1.1 million in investments in various non-consolidated companies. Other movements reflect the reclassification of investments in Buena Vista and Tres Vaqueros in the United States from investments in equity affiliates to available-for-sale assets (impact of the reclassification: €1.9 million), with Buena Vista subsequently being sold (leading to a decrease of €1.1 million) and the value to the Tres Vaqueros securities reclassified under held-for-sale assets.

The Company does not hold any listed securities or any treasury shares.

19. Derivatives

As stated in the section on the management of financial risks, the Group, which operates in the renewable energy sector, is present worldwide, in particular, outside the euro zone (United States, United Kingdom). It is therefore exposed to interest rate and foreign exchange risk relating to financing arranged by the parent companies, as well as financing obtained in local currencies. The Group requires significant use of debt to finance its projects.

To curb and control the consequences of these risks, the Group uses hedging derivatives. Floating rate/fixed rate swaps are the main instruments used.

Hedge accounting is applied in accordance with the principles of IAS 39.

Analysis of the fair value of derivatives

(in thousands of euros)	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004
Derivatives held as assets			
Cash flow hedging derivatives	3,748	475	0
Fair value hedging derivatives	0	0	0
Trading book derivatives	2,050	28	0
Total derivatives held as assets	5,798	503	0
Derivatives held as liabilities			
Cash flow hedging derivatives	525	3,499	264
Fair value hedging derivatives	0	0	0
Trading book derivatives	3	489	487
Total derivatives held as liabilities	528	3,988	751
Total derivatives, net (assets)/liabilities	**(5,270)**	**3,485**	**751**

Derivatives and hedge accounting

Hedge accounting is applied in accordance with the principles of IAS 39 and relates to interest rate and foreign exchange derivatives.

<u>Cash flow hedges</u>

The Group uses cash flow hedges to hedge:

- floating rate debt, for which interest rate swaps are used (floating/fixed rate);
- foreign exchange risk relating to debt in foreign currencies (use of foreign exchange options).

<u>Impact of hedging derivatives recognized in equity and income</u>

In 2004, the impact of hedging derivatives recognized in equity, after deferred taxes, came to:

- €54,000 for interest rate hedging derivatives in Europe and (€351,000) in the United States.

The amount of the ineffective portion of cash flow hedges at 31 December 2004 is not material.

In 2005, the impact of hedging derivatives recognized in equity (Group share), after deferred taxes, came to:

- (€1,177,000) for interest rate hedging derivatives in Europe and €264,000 in the United States;
- (€3,000) for foreign exchange hedging derivatives (relating to sterling).

The ineffective portion of cash flow hedges at 31 December 2005 represented a loss of €1,201,000 in Europe and €23,000 in the United States.

In 2006, the impact of hedging derivatives recognized in equity, after deferred taxes, came to:

- €2,579,000 for interest rate hedging derivatives in Europe and €604,000 in the United States;

The ineffective portion of cash flow hedges generated a gain of €127,000 in Europe and a loss of €795,000 in the United States during 2006.

During 2006, the Group implemented accumulators to hedge a foreign exchange risk in the United States. Their fair value represents an asset of €1,895,000. These instruments are not eligible for hedge accounting under IAS 39. Changes in the fair value of these instruments during 2006 have been recognized under net financial expenses.

Interest rate hedging derivatives

Interest rate hedging derivatives comprise swaps and break down as follows at 31 December 2006:

(in thousands of euros)	Nominal				Fair value
	Up to 1 year	1 to 5 years	More than 5 years	Total	
Interest-rate derivatives, held as liabilities	4,581	28,738	41,324	74,643	525
Interest-rate derivatives, held as assets	21,414	55,158	110,649	187,221	3,748
Interest rate hedging derivatives, net (assets)/liabilities	**25,995**	**83,896**	**151,973**	**261,864**	**(3,223)**

Foreign exchange hedging derivatives

(in thousands of euros)	31 Dec. 2006			31 Dec. 2005		
	GBP	USD	Other	GBP	USD	Other
Foreign exchange options	-21	0	0	13	0	0
Foreign exchange hedging derivatives	**-21**	**0**	**0**	**13**	**0**	**0**

Trading book derivatives

In 2004, in Europe and the United States, certain derivatives have been classified as trading book derivatives as they do not fulfil the strict criteria set out by IAS 39 for the application of hedge accounting. The impact of changes in fair value recognized in the income statement of these derivatives represented a gain of €56,000 in Europe and €969,000 in the United States.

In 2005, the impact recognized in the income statement of trading book derivatives represented €26,000 and concerned only Europe.

In 2006, the impact of trading book derivatives recognized in the income statement represented €126,000 and concerned only Europe.

20. Working capital requirement

(in thousands of euros)	1 Jan. 2006	Movements					31 Dec. 2006
		Change in recurring WCR (1)	Changes in the scope of consolidation	Translation differences	Transfer to discontinued operations	Other movements	
Inventories	6,533	80,401	535	(3,447)		37,377	121,399
Trade receivables	101,941	(29,601)	(262)	(575)		(19,334)	52,169
Tax receivables	519	107	17	(3)		(16)	624
Other current assets	42,151	60,300	(10,145)	(413)		6,960	98,853
Assets	151,144	111,207	(9,855)	(4,438)	0	24,987	273,045
Trade payables	71,780	30,275	4,360	(1,529)		3,818	108,704
Tax liabilities payable	881	4,532	0	(169)		46	5,290
Other current liabilities	76,390	81,855	(5,881)	(4,562)		(4,121)	143,681
Liabilities	149,051	116,662	(1,521)	(6,260)	0	(257)	257,675
Total	**(2,093)**	**5,455**	**8,334**	**(1,822)**	**0**	**(25,244)**	**(15,370)**

(1) see notes to the cash flow statement

(in thousands of euros)	1 Jan. 2005	Movements					31 Dec. 2005
		Change in recurring WCR	Changes in the scope of consolidation	Translation differences	Transfer to discontinued operations	Other movements	
Inventories	5,115	(535)	1,725	416		(188)	6,533
Trade receivables	71,687	9,197	4,858	2,867		13,332	101,941
Tax receivables	801	(327)	(2)	46		1	519
Other current assets	38,204	(1,343)	(1,229)	491	117	5,911	42,151
Assets	115,807	6,992	5,352	3,820	117	19,056	151,144
Trade payables	69,589	(13,616)	(356)	1,815	129	14,219	71,780
Tax liabilities payable	85	791	3	1		1	881
Other current liabilities	70,648	(25,207)	27,532	3,938	(53)	(468)	76,390
Liabilities	140,322	(38,032)	27,179	5,754	76	13,752	149,051
Total	**24,515**	**(45,024)**	**21,827**	**1,934**	**(41)**	**(5,304)**	**(2,093)**

(in thousands of euros)	1 Jan. 2004	Movements					31 Dec. 2004
		Change in WCR generated by operating activities	Changes in the scope of consolidation	Translation differences	Transfer to discontinued operations	Other movements	
Inventories	6,037	5	0	(124)		(803)	5,115
Trade receivables	46,851	26,838	814	(2,414)		(402)	71,687
Tax receivables	374	556	0	(38)		(91)	801
Other current assets	48,736	(11,344)	1,053	(175)		(66)	38,204
Assets	101,998	16,055	1,867	(2,751)	0	(1,362)	115,807
Trade payables	73,810	(727)	584	(1,350)		(2,728)	69,589
Tax liabilities payable	13	(57)	0	0		129	85
Other current liabilities	26,690	29,493	4,140	(2,047)		12,372	70,648
Liabilities	100,513	28,709	4,724	(3,397)	0	9,773	140,322
Total	**(1,485)**	**12,654**	**2,857**	**(646)**	**0**	**11,135**	**24,515**

Inventories and work in progress

(in thousands of euros)	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004
Work in progress	113,188	3,667	2,914
Raw materials and supplies	11,479	3,063	2,349
Gross inventories	**124,667**	**6,730**	**5,263**
Impairment losses	(3,268)	(197)	(148)
Net inventories	**121,399**	**6,533**	**5,115**

Work in progress corresponds primarily to development costs for power plants held for sale, as well as construction costs of projects also held for sale, treated in accordance with IAS 11 when these construction costs correspond to a future activity under the contract. The increase of €109 million during 2006 primarily reflects the construction in progress of turnkey projects in the United States (Goodnoe, PDV, Pomeroy) and in France, as well as the allocation of goodwill linked to acquisitions in Greece of projects under development.

Raw materials and supplies increased by €8.4 million during 2006 compared with 2005 principally owing to the storage of solar panels on behalf of Fotosolar, which contributed an increase of €7.1 million.

Other current assets

(in thousands of euros)	**31 Dec. 2006**	**31 Dec. 2005**	**31 Dec. 2004**
Payments on account	53,368	15,774	12,128
Other receivables	40,501	21,955	22,939
Prepaid expenses	4,752	4,347	2,497
Accruals	232	75	640
Derivatives	0	0	0
Total	**98,853**	**42,151**	**38,204**

Other current liabilities

(in thousands of euros)	**31 Dec. 2006**	**31 Dec. 2005**	**31 Dec. 2004**
Payments received on account	135	5,544	8,998
Tax payables	4,569	5,805	3,532
Social security liabilities	3,537	4,318	1,598
Amounts due on non-current assets	35,006	30,041	18,512
Other current liabilities	96,649	27,969	36,966
Prepaid income	3,785	2,713	1,042
Total	**143,681**	**76,390**	**70,648**

21. Cash and cash equivalents

(in thousands of euros)	1 Jan. 2006	1 Jan. 2005	1 Jan. 2004
Cash and cash equivalents on balance sheet	109,666	88,328	56,328
Reclassification of collateral and blocked cash accounts	(4,901)	(3,517)	(4,368)
Cash and cash equivalents on cash flow statement	104,765	84,811	51,960
Bank overdrafts (1)	103,910	50,907	104
Cash at beginning of period	**855**	**33,904**	**51,856**

Cash at end of period

(in thousands of euros)	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004
Cash and cash equivalents on balance sheet	402,875	109,666	88,328
Reclassification of collateral and blocked cash accounts	(25,459)	(4,901)	(3,517)
Cash and cash equivalents on cash flow statement	377,416	104,765	84,811
Bank overdrafts (1)	32,147	103,910	50,907
Cash at end of period	**345,269**	**855**	**33,904**

(1) These amounts are included in the balance sheet under “current financial liabilities”.

22. Assets and liabilities held for sale

(in thousands of euros)	**31 Dec. 2006**	**31 Dec. 2005**
Assets and liabilities held for sale		
Non-current assets	749	2,812
Other non-current assets	3	790
Current assets (excluding cash)	236	240
Cash	4	22
Total assets held for sale	992	3,864
Liabilities held for sale		
Non-current financial liabilities	-2	5
Other non-current liabilities	-4	62
Current financial liabilities	2	2,448
Other current liabilities	914	484
Total liabilities held for sale	910	2,999

This item includes assets and liabilities held for sale in accordance with IFRS 5. There are no discontinued operations.

In 2005, this concerns assets and liabilities corresponding to an investment in Brazil, as well as an investment in a Mexican company owning a hydropower project. The Group decided to dispose of these two subsidiaries in 2005.

Following the minority buyout of the Brazilian subsidiary, the Group signed a global agreement in November 2005 concerning the immediate sale of 85% of the capital and an option on the remaining 15% to be exercised by 31 December 2008. However, the sale of the 85% stake was not recognized in 2005 because the conditions precedent were not fulfilled at 31 December 2005. These conditions precedent were satisfied in the second quarter of 2006. The remaining 15% is now recognized as available-for-sale financial assets.

Spanish subsidiaries Hidroelectrica Galicia, Hidromedia and Hidroelectrica de Pina were sold during the second half of 2006.

At 31 December 2006, assets and liabilities held for sale related to the following companies:

- Mexican subsidiaries: Empresa Mexicana and San Rafael
- US subsidiary: Tres Vaqueros

23. Share capital

(€)	Number of shares	Par value	Share capital
Share capital at 31 December 2004	**4,309,788**	**16**	**68,956,608**
Capital increase	1,000	16	16,000
Share capital at 31 December 2005	**4,310,788**	**16**	**68,972,608**
After ten-for-one stock split (EGM of 18 September 2006)	43,107,880	1.6	68,972,608
Capital increase	18,946,854	1.6	30,314,966
Share capital at 31 December 2006	**62,054,734**	**1.6**	**99,287,574**

During the 2006 financial year, the par value of the shares was divided by 10, leading to no change at 18 September 2006 in the share capital, which remained €68,972,608, but comprised 43,107,880 shares, each with a par value of €1.6.

The share capital was then increased as a result of the issue of new shares reserved for an existing shareholder (4,798,464 new shares), the public offering of shares upon admission of the Company's shares to the Eurolist by Euronext market (13,960,392 new shares) and lastly the employee share offering (187,998 new shares).

24. Borrowings

Current/non-current breakdown

Borrowings break down into current and non-current financial liabilities as follows:

(in thousands of euros)	31 Dec. 2006			31 Dec. 2005			31 Dec. 2004		
	Non-current	Current (1)	Total	Non-current	Current (1)	Total	Non-current	Current (1)	Total
Borrowings	441,680	168,491	**610,171**	399,456	79,990	**479,446**	288,165	76,384	**364,549**
Negative fair value of trading book derivatives	3	0	**3**	489	0	**489**	487	0	**487**
Negative fair value of hedging derivatives	504	21	**525**	3,499	0	**3,499**	264	0	**264**
Financial liabilities	**442,187**	**168,512**	**610,699**	**403,444**	**79,990**	**483,434**	**288,916**	**76,384**	**365,300**

(1) These amounts are taken from the current financial liabilities heading of the balance sheet, which also includes the bank overdrafts shown in Note 21:

i.e. €200,659,000 for 2006 = €168,512,000 + €32,147,000 (bank overdrafts)

i.e. €183,900,000 for 2005 = €79,990,000 + €103,910,000 (bank overdrafts)

i.e. €127,291,000 for 2004 = €76,384,000 + €50,907,000 (bank overdrafts)

Change in borrowings

(in thousands of euros)	Borrowings from credit institutions	Other financial liabilities	Accrued interest	Total
31 Dec. 2004	**237,446**	**122,593**	**4,510**	**364,549**
Increases	175,400	15,029	520	**190,949**
Decreases	(53,919)	(6,786)	(345)	**(61,050)**
Changes in scope of consolidation	8,160	(2,616)	(1,736)	**3,808**
Translation differences	8,191	506	191	**8,888**
Other	(21,198)	(5,927)	(573)	**(27,698)**
31 Dec. 2005	**354,080**	**122,799**	**2,567**	**479,446**
Increases	436,635	52,911	2,498	**492,044**
Decreases	(240,756)	(116,260)	(2,056)	**(359,072)**
Changes in scope of consolidation	(34,784)	912	0	**(33,872)**
Translation differences	(6,757)	(4,007)	(13)	**(10,777)**
Other	(7,390)	50,764	(972)	**42,402**
31 Dec. 2006	**501,028**	**107,119**	**2,024**	**610,171**

Analysis of the Group's borrowings by country at 31 December 2006:

(in thousands of euro	Borrowings from credit institutions	Other financial liabilities	Accrued interest	TOTAL BORROWINGS	TOTAL FINANCIAL LIABILITIES	Fixed rate borrowings	Floating rate borrowings	Maturity < 1 year	Maturity of 1 to 5 years	Maturity > 5 years	Amount covered by a swap
Germany	1,410	0	0	**1,410**	**1,410**	1,410	0	0	1,410	0	0
Bulgaria	0	5	0	**5**	**5**	0	5	5	0	0	0
Denmark	0	0	0	**0**	**0**	0	0	0	0	0	0
Spain	5,432	3,070	53	**8,555**	**8,555**	2,937	5,617	585	2,708	5,262	21,025
France	158,184	33,816	867	**192,867**	**192,867**	15,068	177,798	40,838	139,935	12,091	9,395
Greece	50,249	62,008	0	**112,257**	**112,257**	0	112,259	58,302	15,759	38,199	56,917
Italy	49,045	1,650	113	**50,808**	**50,808**	2,528	48,279	11,102	24,877	14,827	33,180
Mexico	0	0	0	**0**	**0**	0	0	0	0	0	0
Portugal	70,284	5,280	0	**75,564**	**75,564**	11,272	64,292	5,470	18,826	51,268	40,725
Sweden	0	0	0	**0**	**0**	0	0	0	0	0	0
United Kingdom	85,622	511	586	**86,719**	**86,719**	678	86,042	6,515	24,376	55,829	74,643
United States	80,802	779	405	**81,986**	**81,986**	32,340	49,646	45,674	13,977	22,336	25,980
TOTAL	**501,028**	**107,119**	**2,024**	**610,171**	**610,171**	**66,233**	**543,938**	**168,491**	**241,868**	**199,812**	**261,865**
Bank overdrafts				*32,147*			*32,147*				
Subordinated loan											
Project financing				**578,024**		**66,233**	**511,791**				**261,865**

Fixed rates account for 54% of total borrowings and 57% of borrowings related to project financing.

Maturity schedule

(in thousands of euros)	Borrowings from credit institutions	Other financial liabilities	Accrued interest	Total
Less than one year	97,413	69,054	2,024	168,491
One to five years	213,265	28,603	0	241,868
More than five years	190,350	9,462	0	199,812
Total at 31 Dec. 2006	**501,028**	**107,119**	**2,024**	**610,171**

Analysis of borrowings by type of interest rate before and after swaps

	31 Dec. 2006			**31 Dec. 2005**		
(in thousands of euros)	Initial debt structure	Impact of hedging instruments	Debt structure after hedging	Initial debt structure	Impact of hedging instruments	Debt structure after hedging
Fixed rate borrowings	66,233	261,864	328,097	22,151	164,649	186,800
Floating rate borrowings	543,938	(261,864)	282,074	457,295	(164,649)	292,646
Total borrowings	**610,171**	**0**	**610,171**	**479,446**	**0**	**479,446**

Change in borrowings by currency

(in thousands of euros)	31 Dec. 2006 Initial debt structure	31 Dec. 2005 Initial debt structure
Borrowings denominated in € (EUR)	346,070	376,937
Borrowings denominated in US dollars (USD)	122,684	54,467
Borrowings denominated in sterling (GBP)	141,411	46,202
Borrowings denominated in other currencies	6	1,840
Total borrowings	**610,171**	**479,446**

Borrowings denominated in other currencies include the Bulgarian lev.

Net debt

Net debt corresponds to borrowings less cash and cash equivalents and liquid assets. Liquid assets are financial assets with an initial maturity of more than three months that are readily convertible into cash irrespective of their maturity and managed as part of a liquidity objective (money market mutual funds, government bonds, negotiable debt securities).

(in thousands of euros)	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004
Borrowings	610,171	479,446	364,549
Impact of derivatives held as liabilities	525	3,499	264
Impact of derivatives held as assets	3,748	475	0
Cash and cash equivalents	345,269	855	33,904
Net debt	**261,679**	**481,615**	**330,909**

In addition, liabilities related to assets classified as held for sale include €2,452,000 in debt.

25. Deferred taxes

Analysis of deferred taxes by origin

(in thousands of euros)	31 Dec. 2006	31 Dec. 2005
Deferred tax assets		
Subsidies	1,235	1,184
Elimination of profit/loss on internal transactions	8,323	5,308
Tax loss carryforwards	30,074	21,217
Offset between deferred tax assets and liabilities	(29,900)	(24,266)
Other	4,223	3,611
Sub-total Deferred tax assets - Gross	13,955	7,054
Impairment losses recognized on deferred tax assets		
Total deferred taxes assets - Net	13,955	7,054
Deferred tax liabilities		
Restatement of depreciation (including accelerated depreciation)	(30,854)	(23,415)
Tax credits	0	(7,424)
Fair value adjustments arising from business combinations	(15,211)	(6,834)
Offset between deferred tax assets and liabilities	29,900	24,266
Other	(19,927)	(9,413)
Total deferred tax liabilities	(36,092)	(22,820)
Net deferred taxes	(22,137)	(15,766)

Maturity of deferred taxes

(in thousands of euros)	**2006**	**2005**	**2004**
Deferred tax assets	**13,955**	**7,054**	**9,635**
- recoverable in more than 12 months	13,955	7,054	9,635
- recoverable in less than 12 months	0	0	0
Deferred tax liabilities	**36,092**	**22,820**	**18,771**
- recoverable in more than 12 months	36,092	22,820	18,771
- recoverable in less than 12 months	0	0	0

Change in deferred taxes

(in thousands of euros)	Deferred tax assets	Impairment losses recognized on deferred tax assets	Net deferred tax assets	Deferred tax liabilities	Net deferred taxes
Position at 1 January 2004	5,499	0	5,499	17,921	(12,422)
Change in tax bases	4,494	0	4,494	3,047	1,447
Changes in the scope of consolidation	1,259	0	1,259	(8)	1,267
Translation differences	19	0	19	(534)	553
Impact on reserves	(4)	0	(4)	(24)	20
Offset between deferred tax assets/liabilit	(1,632)	0	(1,632)	(1,632)	0
Position at 31 December 2004	9,635	0	9,635	18,771	(9,135)
Change in tax bases	(585)	0	(585)	3,941	(4,526)
Changes in the scope of consolidation	756	0	756	2,690	(1,934)
Translation differences	31	0	31	862	(831)
Impact on reserves	660	0	660	0	660
Offset between deferred tax assets/liabilit	(3,443)	0	(3,443)	(3,443)	0
Position at 31 December 2005	7,054	0	7,054	22,820	(15,766)
Change in tax bases	13,512	0	13,512	13,246	266
Changes in the scope of consolidation	(340)	0	(340)	1,987	(2,327)
Translation differences	24	0	24	(813)	837
Impact on reserves	(661)	0	(661)	1,580	(2,241)
Other	0	0	0	2,906	(2,906)
Offset between deferred tax assets/liabilit	(5,634)	0	(5,634)	(5,634)	0
Position at 31 December 2006	13,955	0	13,955	36,092	(22,137)

Reconciliation of theoretical tax expense and actual tax expense

(in thousands of euros)	**2006**	**2005**	**2004**
Income before tax and minority interests	**37,832**	**28,626**	**7,502**
Impairment losses on goodwill	0	0	9
Income before tax and minority interests and impairment losses on goodwill	37,832	28,626	7,511
Standard tax rate	34.43%	34.93%	34.43%
Theoretical tax expense	(13,025)	(9,999)	(2,586)
Differences in tax rate	(5,109)	(2,199)	(1,560)
Permanent differences	225	9	(1,279)
Taxes with no base	2,111	(884)	(1,193)
Other	515	372	71
Actual tax expense	**(10,767)**	**(7,297)**	**1,375**

Applied to income before tax of €28,626,000 in 2005 and €37,832,000 in 2006, the figures in the above table imply effective tax rates of 25.49% in 2005 and 28.46% in 2006.

The difference with the standard income tax rate in France of 34.43% for 2006 is attributable chiefly to:

- the following effects, leading to a reduction in the effective tax rate:
    - the lower tax rates in several countries in which the Group operates (chiefly Bulgaria and Portugal);
    - the reduced rate of income tax applicable to earnings generated by operations in the French overseas departments;
    - the taxation of long-term capital gains recorded by French companies at a rate of 8%;
    - gains and losses arising on the deconsolidation of the company housing the wind energy businesses in Brazil following its disposal during first half of 2006 and that of the hydro activities in Spain during the second half;

- the following effects, leading to an increase in the effective tax rate:
    - the non-recognition of deferred tax assets on certain tax losses at year-end 2006 (Mexico, Brazil, Greece);
    - the non-deductibility for tax purposes of certain expenses;
    - a higher current income tax rate in 2006 than the rate used to calculate deferred taxes, since the latter reflects the decisions made for future years in terms of corporate income tax rates (Spain, Bulgaria);

- Effects that can have a positive or negative influence on the effective tax rate. This includes the recognition under translation reserves of translation differences arising on net investments in foreign operations, notably in the United States with respect to the loan made by the Company to its Air Inc. subsidiary to finance the acquisition of enXco. These gains and losses are recognized under translation differences in the consolidated financial statements. As a result, they do not have any impact on the income statement. Conversely, they are taken into account in the calculation of taxable income. Consequently, the depreciation in the US dollar throughout 2006 led to a decline in the carrying amount of the loan. The corresponding capital loss led to a reduction in the tax base, without any impact on the consolidated income statement.

26. Provisions for other liabilities

(in thousands of euros)	31 Dec. 2006			31 Dec. 2005			31 Dec. 2004		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Provisions for employee benefits	0	140	**140**	0	136	**136**	0	136	**136**
Other provisions:									
Provisions for risks relating to investments	0	2,907	**2,907**	0	3,693	**3,693**	33	5,460	**5,493**
Provisions for legal disputes > 1 year	0	0	**0**	0	51	**51**	0	342	**342**
Provisions for asset retirement obligations	0	1,198	**1,198**	0	1,043	**1,043**	0	931	**931**
Other	381	100	**481**	167	270	**437**	56	559	**615**
Total	**381**	**4,345**	**4,726**	**167**	**5,193**	**5,360**	**89**	**7,428**	**7,517**

(in thousands of euros)	Provisions for employee benefits	Provisions for risks relating to investments	Provisions for legal disputes	Provisions for asset retirement obligations	Other	Total
Provisions at 1 January 2004	**37**	**776**	**550**	**881**	**1,153**	**3,397**
Changes in the scope of consolidation	0	1,032	0	0	0	1,032
Provisions used	0	0	(5)	0	(2,010)	(2,015)
Surplus or unused provisions	0	0	0	0	1,035	1,035
Charges to provisions	89	3,885	(31)	40	517	4,500
Translation differences	0	0	0	0	0	0
Other	10	(200)	(172)	10	(80)	(432)
Provisions at 31 December 2004	**136**	**5,493**	**342**	**931**	**615**	**7,517**
Changes in the scope of consolidation	0	(65)	0	196	0	131
Provisions used	0	(1,188)	1,431	0	(2,223)	(1,980)
Surplus or unused provisions	0	0	0	0	(30)	(30)
Charges to provisions	0	0	8	(74)	0	(66)
Translation differences	0	0	0	22	0	22
Other	0	(547)	(1,730)	(32)	2,075	(234)
Provisions at 31 December 2005	**136**	**3,693**	**51**	**1,043**	**437**	**5,360**
Changes in the scope of consolidation	0	0	(51)	0	(104)	(155)
Provisions used	0	0	0	0	(165)	(165)
Surplus or unused provisions	0	(842)	0	0	0	(842)
Charges to provisions	4	0	0	136	370	510
Translation differences	0	0	0	(4)	0	(4)
Other	0	56	0	23	(57)	22
Provisions at 31 December 2006	**140**	**2,907**	**0**	**1,198**	**481**	**4,726**

The balance of €4,726,000 at 31 December 2006 comprises the following items:

- €2,907,000 for the risk relating principally to investments in Mexico. The change since 31 December 2005, i.e. a reversal of €842,000, is attributable to the transfer of a subsidiary to assets held for sale and the trend in the euro/Mexican peso exchange rate.
- €1,198,000 in provisions for asset retirement obligations, with the change resulting chiefly from the time adjustment of the discounted values.
- €140,000 in provisions for employee benefits. This amount corresponds solely to benefits payable upon retirement.
- €481,000 in other provisions. The change since 31 December 2005 is attributable chiefly to the charge to provisions for a tax risk representing €369,000, various reversals of provisions totalling €165,000 and various changes in the scope of consolidation totalling €104,000.

27. Notes to the consolidated cash flow statement

27.1 Depreciation and amortisation, provisions and impairment losses charged to operating income

	Notes	31 Dec. 2006
Intangible assets (1)	15	392
Property, plant and equipment (1)	14	28,939
Financial assets		471
Total depreciation and amortisation on non-current assets		***29,802***
Impairment losses on available-for-sale financial assets		(405)
Total depreciation, amortisation and impairment losses on non-current assets		***29,397***
Employee benefit obligations		4
Other provisions		(501)
Total net charges to provisions	*26*	**(497)**
Total net charges excluding current assets		***28,900***

(1) The difference between the “intangible assets” lines presented above and the change in depreciation and amortisation on intangible assets and on property, plant and equipment in Notes 14 and 15 derives from disposals in an amount of €491,000 and €241,000 respectively.

27.2 Elimination of capital gains/(losses)

	31 Dec. 2006
Capital gains/(losses) on the sale of intangible assets	0
Capital gains/(losses) on the sale of property, plant and equipment	2,785
Capital gains/(losses) on the sale of financial assets	320
Capital gains/(losses) on the sale of investments in non-consolidated companies (1)	(12,613)
TOTAL	***(9,508)***

(1) Of the difference with Note 9, €1,038,000 is attributable to the fair value of the investments in Brazil presented on the "Capital gains/(losses)" line.

27.3 Other non-cash income and expenses

	31 Dec. 2006
- Borrowings from credit institutions	(1,497)
- Other trade payables (1)	9,175
- Financial receivables (2)	(2,002)
- Other receivables and other payables	579
Total	**6,255**

(1) Other non-cash income and expenses relating to trade payables derive from foreign exchange gains and losses on payables and receivables denominated in the US dollar.

(2) Financial receivables relate to translation differences on net investments in foreign operations.

27.4 Impact of the change in the working capital requirement on current and non-current items

	31 Dec. 2006			
	Change in WCR generated by operating activities	**Change in WCR generated by investing activities (1)**	**Change in WCR generated by financing activities**	**TOTAL**
Inventories	(80,401)			**(80,401)**
Trade receivables	29,601			**29,601**
Tax receivables	(107)			**(107)**
Other current assets	(72,910)	70		**(72,840)**
Assets	***(123,817)***	***70***	***0***	***(123,747)***
Trade payables	(30,275)			**(30,275)**
Tax liabilities payable	(4,532)			**(4,532)**
Other current liabilities	(106,292)	(13,226)		**(119,518)**
Liabilities	***(141,099)***	***(13,226)***	***0***	***(154,325)***
TOTAL (assets - liabilities) (2)	***17,282***	***13,296***	***0***	***30,578***
Current tax assets and liabilities (classified under income tax paid in the cash flow statem	***4,425***	***0***		***4,425***
Total excluding current tax assets and liabilities	**12,857**	**13,296**	**0**	**26,153**

27.5 Acquisitions and disposals of non-current assets

	Notes	31 Dec. 2006
Acquisitions of intangible assets	15	(2,242)
Acquisitions of property, plant and equipment	14	(327,105)
Total acquisitions of intangible assets and property, plant and equipment		***(329,347)***
Amounts payable on acquisitions of intangible assets		(1,734)
Amounts payable on acquisitions of property, plant and equipment		13,686
payable on acquisitions of property, plant and equipment and intangible assets		***11,952***
Total acquisitions of non-current assets		**(317,395)**

	Notes	31 Dec. 2006
Proceeds from the sale of intangible assets		39
Proceeds from the sale of property, plant and equipment	9	81
proceeds from the sale of property, plant and equipment and intangible assets		***120***
Proceeds due from sales of property, plant and equipment		70
eeds due from the sale of property, plant and equipment and intangible assets		***70***
Proceeds from the sales of non-current financial assets		1,991
Proceeds due from sales of non-current financial assets		0
Change in proceeds due from sales of non-current assets		***1,991***
Total sales of non-current assets		**2,181**

27.6 Impact of changes in scope of consolidation

	31 Dec. 2006		
	Acquisitions	**Disposals**	**Net**
Acquisitions			
- Acquisition cost (1)	(10,726)		(10,726)
- Cash acquired	(5,412)		(5,412)
Impact of additions to the scope of consolidation	(16,138)		(16,138)
Disposals			0
- Sale proceeds (2)		17 710	17 710
- Cash transferred out of Group		(1,307)	(1,307)
Impact of deconsolidations		16 403	16 403
Net impact of changes in scope of consolidation			**265**

(1) Reflects the acquisition of shares in SIIF Energies Mecamidi, SIIF Portugal, Fotosolar and Fri El Murge

(2) Reflects the sale of Eole 79, Sico, Eolica do Centro, SIIF do Brazil, Hidromedia and Hidroelectrica de Pina

28. Contingent asset and liabilities

As part of its Development business, the Group signs success fee and partnership agreements with third parties. These agreements can take a variety of forms requiring different accounting treatments. They may include:

1) Lump sum payments that are either fixed or proportional (e.g., to the MW developed, construction costs) and are made at a key development milestone (e.g., grant of various permits, licences or financing, construction start). The accounting treatment adopted for this type of payment depends principally on the progress made by the relevant projects at the balance sheet date:

   - If progress is not deemed sufficient to guarantee proper completion of the project, no liability is recognized;
   - If the project's progress makes completion likely because it triggers a payment, especially where preliminary milestones have already been reached, a liability may be disclosed in the notes to the financial statements;
   - Where it becomes certain that the payment will be made, especially where progress makes it highly unlikely that the project will be abandoned (owing to the start-up of construction, for instance), the liability is recognized. Depending on the nature of the services provided, the liability is either recognized as an expense or capitalized as part of the project cost.

   At 31 December 2006, contingent liabilities for this type of contract amounted to:
   €0.1 million in France
   €0.6 million in success fees will fall due in Mexico upon the sale of the hydro project. For wind energy projects, €1.6 million in success fees will be payable to project partners and to an intermediary, should a wind farm with 105 MW in capacity enter service.
   €5.1 million in Greece in relation to a set of projects with 60 MW in combined capacity and in respect of which €4 million has already been paid.

2) A percentage of the future revenue (or earnings) generated by a project over a given period (royalties).

   These amounts are very difficult to measure, as they themselves depend on the level of future earnings and thus relate to operating events that are taken into account as soon as they effectively occur. A contingent liability is recognized where it is probable that these royalties will have to be paid in the future, and its amount is assessed based on the earnings projections prepared by the Group and discounted at a rate of 6%. At 31 December 2006, contingent liabilities for this type of contract amounted to €3.2 million in relation to a project in France.

3) Acquisition of an equity investment in a project company.

   Certain agreements provide for the grant to third parties of investments or options on shares in project companies. Assuming that options are used to pay for services provided by third parties, the Company applies IFRS 2 relating to share-based payments. At 31 December 2006, no options granted by the Group fell into this category. In the absence of a service rendered and depending on whether the number of shares and the strike price of these shares are fixed, these options are recognized as either equity (IAS 32) or debt instruments (IAS 39). These types of instruments have been granted on projects in Mexico, Greece, France and Italy. The analysis performed by the Group came to the conclusion that the recognition of these instruments at their fair value has no impact on the consolidated financial statements either because no premium was paid by the third parties to acquire them or because the progress made by the corresponding projects is not sufficient to guarantee their intrinsic value.

29. Scope of consolidation

29.1 2005-2006 scope

Companies			39,082 % Interest	39,082 % Control	39,082 Method	38,717 % Interest	38,717 % Control	38,717 Method	SIREN No.
EDF Energies Nouvelles SA									
EDF Energies Nouvelles France	France	(1)	100.00%	100.00%	FC	100.00%	100.00%	FC	434.689.915
Parc Eolien d'Antifer	France		100.00%	100.00%	FC	100.00%	100.00%	FC	434.518.999
Parc Eolien d'Oupia	France		96.00%	96.00%	FC	96.00%	96.00%	FC	434.518.437
Parc Eolien de la Cote de Jade	France		90.00%	90.00%	FC	90.00%	90.00%	FC	438.147.456
Parc Eolien des Polders du Dain	France		100.00%	100.00%	FC	100.00%	100.00%	FC	438.147.324
Parc Eolien de La Conque	France		100.00%	100.00%	FC	100.00%	100.00%	FC	441.054.186
Scite Peristyle	France		100.00%	100.00%	FC	100.00%	100.00%	FC	387.498.926
Electrique de l'Atlantique	France		100.00%	100.00%	FC	100.00%	100.00%	FC	403.460.355
Starsept	France	(3)	-	-	-	100.00%	100.00%	FC	414.273.177
Hydroélectrique du Canal Saint Louis	France		100.00%	100.00%	FC	100.00%	100.00%	FC	401.470.380
SIIF Ghana	France		100.00%	100.00%	FC	100.00%	100.00%	FC	424.132.587
TREE	France		100.00%	100.00%	FC	100.00%	100.00%	FC	439.959.412
TAC Martinique (ex EnXco SAS)	France		100.00%	100.00%	FC	100.00%	100.00%	FC	439.420.738
Jacques Giordano Industries	France		25.00%	25.00%	EM	25.00%	25.00%	EM	351.193.347
Energie Solaire de France	France		51.00%	51.00%	FC	51.00%	51.00%	FC	431.692.813
SIIF Energies Outre Mer	France		100.00%	100.00%	FC	100.00%	100.00%	FC	389.475.294
SDES Services	France		100.00%	100.00%	FC	100.00%	100.00%	FC	433.719.242
Eolienne Sainte Rose	France		100.00%	100.00%	FC	100.00%	100.00%	FC	445.088.990
SIIF Guadeloupe Services	France		100.00%	100.00%	FC	100.00%	100.00%	FC	438.147.910
Réunion 1	France		100.00%	100.00%	FC	100.00%	100.00%	FC	422.092.841
Petit Canal 1	France		50.00%	50.00%	PC	50.00%	50.00%	PC	453.931.693
Petit Canal 2	France		100.00%	100.00%	FC	100.00%	100.00%	FC	435.266.473
Petit Canal 3	France		100.00%	100.00%	FC	100.00%	100.00%	FC	443.664.065
Petit François	France		100.00%	100.00%	FC	100.00%	100.00%	FC	435.266.929
Lou Paou	France	(2)	100.00%	100.00%	FC	-	-	-	491.249.819
Plein Vent Lou Paou	France	(2)	100.00%	100.00%	FC	-	-	-	491.473.682
EEN Hellas	Greece		100.00%	100.00%	FC	100.00%	100.00%	FC	
Creta Hydrowind SA	Greece		90.15%	90.15%	FC	90.15%	90.15%	FC	
Aioliki Didimon	Greece		99.00%	99.00%	FC	99.00%	99.00%	FC	
Aioliki Energy Peloponnisou	Greece		100.00%	100.00%	FC	100.00%	100.00%	FC	
Aioliki Karystou	Greece		100.00%	100.00%	FC	100.00%	100.00%	FC	
Aioliki Energy Lakonias	Greece		100.00%	100.00%	FC	100.00%	100.00%	FC	
Aioliki Lira	Greece		99.00%	99.00%	FC	99.00%	99.00%	FC	
Aioliki Malea	Greece		99.00%	99.00%	FC	99.00%	99.00%	FC	
Aioliki Peleta	Greece		99.00%	99.00%	FC	99.00%	99.00%	FC	
Aioliki Lafkoy	Greece		95.00%	95.00%	FC	95.00%	95.00%	FC	
Aioliki Erateinis	Greece		95.00%	95.00%	FC	95.00%	95.00%	FC	
Ktistor Aioliki	Greece		90.00%	90.00%	FC	90.00%	90.00%	FC	
Aioliki Hellas	Greece		90.00%	90.00%	FC	90.00%	90.00%	FC	
Viota Aiolos	Greece		99.95%	99.95%	FC	99.95%	99.95%	FC	
Trizina Aiolos	Greece		99.95%	99.95%	FC	99.95%	99.95%	FC	
Taranara Aiolos	Greece		99.95%	99.95%	FC	99.95%	99.95%	FC	
Argolida Aiolos	Greece		99.95%	99.95%	FC	99.95%	99.95%	FC	
Argos Aiolos	Greece		99.95%	99.95%	FC	99.95%	99.95%	FC	
Niata Aiolos	Greece		99.95%	99.95%	FC	99.95%	99.95%	FC	
Risiori Aiolos	Greece		99.95%	99.95%	FC	99.95%	99.95%	FC	
Lekka Aiolos	Greece		99.95%	99.95%	FC	99.95%	99.95%	FC	
Leontio Aiolos	Greece		99.95%	99.95%	FC	99.95%	99.95%	FC	
Livadia Aiolos	Greece		99.95%	99.95%	FC	99.95%	99.95%	FC	
Drambala Aiolos	Greece		99.95%	99.95%	FC	99.95%	99.95%	FC	
Aktina Lakonias	Greece	(2)	99.95%	99.95%	FC	-	-	-	
Aktina Argolidas	Greece	(2)	99.95%	99.95%	FC	-	-	-	
Aktina Kristis	Greece	(2)	99.95%	99.95%	FC	-	-	-	
Aktina Aigaiou	Greece	(2)	99.95%	99.95%	FC	-	-	-	
Aktina Hanion	Greece	(2)	99.95%	99.95%	FC	-	-	-	
Goritsa Aiolos	Greece	(2)	99.95%	99.95%	FC	-	-	-	
Maliaza Aiolos	Greece	(2)	99.95%	99.95%	FC	-	-	-	
Pournari Aiolos	Greece	(2)	99.95%	99.95%	FC	-	-	-	
Folea Aiolos	Greece	(2)	99.95%	99.95%	FC	-	-	-	
Antillion Aiolos	Greece	(2)	99.95%	99.95%	FC	-	-	-	
Lithos Aiolos	Greece	(2)	99.95%	99.95%	FC	-	-	-	
Pigadia Aiolos	Greece	(2)	99.95%	99.95%	FC	-	-	-	
Aries Aiolos	Greece	(2)	99.95%	99.95%	FC	-	-	-	
SIIF Energies Portugal	Portugal		100.00%	100.00%	FC	95.00%	95.00%	FC	
Ecogen	Portugal		29.00%	29.00%	EM	29.00%	29.00%	EM	
Eolenerg	Portugal	(3)	-	-	-	28.50%	30.00%	EM	
Eolica do Centro	Portugal		31.65%	31.65%	EM	70.68%	74.40%	FC	
Eolica de Montemuro	Portugal		100.00%	100.00%	FC	94.24%	99.20%	FC	
Eolica da Arada	Portugal		100.00%	100.00%	FC	95.00%	100.00%	FC	
SICO	Portugal	(3)	-	-	NI	27.55%	29.00%	PC	
E E V M	Portugal		49.99%	50.00%	PC	47.50%	50.00%	PC	
Eolicos de Cerveirenses	Portugal		42.50%	42.50%	PC	40.38%	42.50%	PC	
Eolicos da Espiga	Portugal		42.50%	42.50%	PC	40.38%	42.50%	PC	
Ventominho	Portugal	(2)	42.50%	42.50%	PC	-	-	-	
Empreendimentos Eolicos do Vale do Minho	Portugal	(2)	49.99%	50.00%	PC	-	-	-	
HV S AB	Sweden		100.00%	100.00%	FC	100.00%	100.00%	FC	
Scite International	Spain	(3)	-	-	-	49.00%	49.00%	EM	
Hidromedia	Spain	(3)	-	-	-	68.00%	68.00%	FC	
SIIF Energies Iberica	Spain		100.00%	100.00%	FC	100.00%	100.00%	FC	
Bio Energia Santa Maria	Spain		70.00%	70.00%	FC	70.00%	70.00%	FC	
Fotovoltaico Solar y Energias Renovables Fotosolar	Spain	(2)	42.50%	42.50%	PC	-	-	-	
Siif Servizi	Italy		95.00%	95.00%	FC	95.00%	95.00%	FC	
Fri El Puglia	Italy		47.50%	50.00%	PC	47.50%	50.00%	PC	
Fri-El Sant'Agata	Italy		47.50%	50.00%	PC	47.50%	50.00%	PC	
Fri-El Murge	Italy	(2)	47.50%	50.00%	PC	-	-	-	
Fri-El Ichnusa	Italy	(2)	47.50%	50.00%	PC	-	-	-	
Fri-El Campidano	Italy	(2)	47.50%	50.00%	PC	-	-	-	
Murgeolica	Italy	(2)	47.50%	50.00%	PC	-	-	-	
Inversiones Eolicas	Mexico		99.38%	99.38%	FC	99.38%	99.38%	FC	
Electrica del Valle de Mexico	Mexico		99.18%	99.80%	FC	99.18%	99.80%	FC	
Empresa Mexicana de Energia	Mexico		99.50%	99.50%	FC	99.50%	99.50%	FC	
Generadora Electrica San Rafael	Mexico		99.39%	98.89%	FC	99.39%	98.89%	FC	
Energia del Istmo	Mexico		99.04%	99.04%	FC	99.04%	99.04%	FC	
EnXco A/S	Denmark	(6)	100.00%	100.00%	FC	100.00%	100.00%	FC	
Westbury Windfarms Ltd	United Kingdom	(4)	100.00%	100.00%	FC	100.00%	100.00%	FC	
Fenland Windfarms Ltd	United Kingdom		100.00%	100.00%	FC	100.00%	100.00%	FC	
Cumbria Wind Farms	United Kingdom	(4)	100.00%	100.00%	FC	100.00%	100.00%	FC	
First Windfarm Holdings	United Kingdom	(4)	100.00%	100.00%	FC	-	-	-	
Wind Prospect Developments	United Kingdom	(4)	70.00%	70.00%	FC	-	-	-	
EnXco GmbH	Germany		100.00%	100.00%	FC	100.00%	100.00%	FC	
EnXco Vermögensverwaltung	Germany		100.00%	100.00%	FC	100.00%	100.00%	FC	
DK Windpark Verwaltungs	Germany		100.00%	100.00%	FC	100.00%	100.00%	FC	
DK Windpark Beteiligungs	Germany		100.00%	100.00%	FC	100.00%	100.00%	FC	
DK Windpark Kröpelin	Germany		100.00%	100.00%	FC	100.00%	100.00%	FC	
Bürgerwindpark Kröpelin	Germany		70.59%	70.59%	FC	70.59%	70.59%	FC	
A.I.R. of America, EnXco Inc (Group)	United States	(5)	100.00%	100.00%	FC	100.00%	100.00%	FC	
C-Power	Belgium		20.83%	20.83%	EM	20.83%	20.83%	EM	

FC = Full consolidation   PC = Proportionally consolidation   EM = Equity method

Companies			31 Dec. 2006 % Interest	31 Dec. 2006 % Control	31 Dec. 2006 Method	31 Dec. 2005 % Interest	31 Dec. 2005 % Control	31 Dec. 2005 Method	SIREN No.
SIIFELEC - France	France		100.00%	100.00%	FC	100.00%	100.00%	FC	
Hydroélectrique de Couzon	France		100.00%	100.00%	FC	100.00%	100.00%	FC	331.100.438
Electrique de Seclin	France		100.00%	100.00%	FC	100.00%	100.00%	FC	398.318.303
Electrique de la Chabossière	France		65.00%	65.00%	FC	65.00%	65.00%	FC	403.113.368
Electrique de Mulhouse	France		100.00%	100.00%	FC	100.00%	100.00%	FC	414.054.213
Energies Antilles	France		65.00%	65.00%	FC	65.00%	65.00%	FC	414.277.152
Hydroélectrique de Soccia	France		100.00%	100.00%	FC	100.00%	100.00%	FC	412.629.883
Hydroélectrique du Scopamène	France		100.00%	100.00%	FC	100.00%	100.00%	FC	418.265.880
Energies ASCO	France		100.00%	100.00%	FC	100.00%	100.00%	FC	345.172.225
Via Nova	France		100.00%	100.00%	FC	100.00%	100.00%	FC	334.120.318
Energies Saint Martin	France		65.00%	65.00%	FC	65.00%	65.00%	FC	437.682.677
Tenesa	France		100.00%	100.00%	FC	100.00%	100.00%	FC	439.956.160
Cogeri	France		35.00%	35.00%	EM	35.00%	35.00%	EM	420.287.245
SIIF Energies Bulgarie	France		100.00%	100.00%	FC	100.00%	100.00%	FC	403.453.939
SIIF Energies Mecamidi	France	(3)	-	-	-	81.24%	81.24%	FC	428.757.330
Pirinska Bistrita Energuia SA	Bulgaria		50.00%	50.00%	FC	40.62%	50.00%	FC	
Mecamidi Ogosta	Bulgaria		51.00%	51.00%	FC	41.43%	51.00%	FC	
Centrale Hydroélectrique de Bulgarie	Bulgaria		100.00%	100.00%	FC	81.24%	100.00%	FC	
Eolica da Cabreira	Portugal		100.00%	100.00%	FC	100.00%	100.00%	FC	
SIIF do Brasil	Brazil	(3)	-	-	-	100.00%	100.00%	FC	
Hidromedia de Galicia	Spain	(3)	-	-	-	30.00%	30.00%	EM	
Recursos Energeticos	Spain		85.00%	85.00%	FC	85.00%	85.00%	FC	
Hidroelectrica de Pina	Spain	(3)	-	-	-	72.50%	72.50%	FC	

(1) The company was called SIIF Energies France until 2005
(2) Companies that were added to the scope of consolidation in 2006
(3) Companies that left, were deconsolidated or merged during 2006
(4) Until year-end 2005 First Westbury Windfarms Holding was part of Westbury Windfarms Ltd and Wind Prospect Dev was part of Cumbria Wind Farms
(5) A.I.R. of America forms a sub-group housing the following companies in the United States
(6) enXco A/S is a sub-group incorporating Batliboi (India)

Batliboi	India	50.00%	50.00%	EM	50.00%	50.00%	EM

Companies			31 Dec. 2006 % Interest	31 Dec. 2006 % Control	31 Dec. 2006 Method	31 Dec. 2005 % Interest	31 Dec. 2005 % Control	31 Dec. 2005 Method
enXco Development Corp.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
enXco Service Corporation	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
enXco East Coast Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
North East Renewable Energy, LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Alta Mesa Power Corporation	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Alta Mesa Phase III PartnershPC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
enXco Windfarm I, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
enXco Windfarm II, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
enXco Windfarm III, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
enXco Windfarm IV, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
enXco Windfarm V, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
enXco Windfarm VI, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
DifWind Farms II, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
DifWind Farms III, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
DifWind Farms IV, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
DifWind Farms I, Ltd.	United States		99.00%	99.00%	FC	99.00%	99.00%	FC
DifWind Farms II, Ltd.	United States		99.00%	99.00%	FC	99.00%	99.00%	FC
DifWind Farms IV, Ltd.	United States		99.00%	99.00%	FC	99.00%	99.00%	FC
DifWind Farms V,Ltd.	United States		99.00%	99.00%	FC	99.00%	99.00%	FC
DifWind Farms VI,Ltd.	United States		99.00%	99.00%	FC	99.00%	99.00%	FC
DifWind Farms VII,Ltd.	United States		99.00%	99.00%	FC	99.00%	99.00%	FC
DifWind Farms VIII, Ltd.	United States		99.00%	99.00%	FC	99.00%	99.00%	FC
DifWind Farms IX,Ltd.	United States		99.00%	99.00%	FC	99.00%	99.00%	FC
Logan County Land Partners, LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Champepadan Wind Power Partners, LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Moulton Wind Power Partners, LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Chandler Finance 2, LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Chandler Finance 3, LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Chanarambie Land Holdings LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Mojave Land, LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Southwest PowerPartners, LLC	United States	(3)	-	-	-	100.00%	100.00%	FC
Oasis Power Partners, LLC	United States		23.55%	23.55%	PC	13.60%	13.60%	PC
Hawi Renewable DevelopEMnt, LLC	United States		60.00%	60.00%	FC	30.00%	30.00%	EM
Dos Vaqueros Wind Farm, LLC	United States		50.00%	50.00%	PC	50.00%	50.00%	PC
Northern Wind Energy, LLC	United States		50.80%	50.80%	PC	50.80%	50.80%	PC
Buffalo Ridge Wind Farm, LLC	United States		50.80%	50.80%	PC	50.80%	50.80%	PC
Chanarambie Power Partners, LLC	United States		50.80%	50.80%	PC	50.80%	50.80%	PC
Moulton Heights Wind Power Projects, LLC	United States		50.84%	50.80%	PC	50.84%	50.80%	PC
Muncie Power Partners, LLC	United States		50.84%	50.80%	PC	50.84%	50.80%	PC
North Ridge Wind Farm, LLC	United States		50.84%	50.80%	PC	50.84%	50.80%	PC
Vandy South Project, LLC	United States		50.84%	50.80%	PC	50.84%	50.80%	PC
Viking Wind Farm, LLC	United States		50.84%	50.80%	PC	50.84%	50.80%	PC
Viking Wind Holdings, LLC	United States		50.84%	50.80%	PC	50.84%	50.80%	PC
Viking Wind Partners, LLC	United States		50.84%	50.80%	PC	50.84%	50.80%	PC
Vindy Power Partners, LLC	United States		50.84%	50.80%	PC	50.84%	50.80%	PC
Wilson-West Wind Farm, LLC	United States		50.84%	50.80%	PC	50.84%	50.80%	PC
Fenton Power Partners, LLC	United States	(2)	100.00%	100.00%	FC	-	-	-
Northwest Wind Partners, LLC	United States	(2)	50.00%	50.00%	FC	-	-	-
Patterson Pass Wind Farm, LLC	United States		30.00%	30.00%	EM	30.00%	30.00%	EM
Tres Vaqueros Wind Farm, LLC	United States		30.00%	30.00%	EM	30.00%	30.00%	EM

FC = Full consolidation   PC = Proportionally consolidation   EM = Equity method

29.2 2004-2005 scope

Companies			31 Dec. 2005 % Interest	31 Dec. 2005 % control	31 Dec. 2005 Method	31 Dec. 2004 % Interest	31 Dec. 2004 % control	31 Dec. 2004 Method	SIREN No.
EDF Energies Nouvelles SA									
EDF Energies Nouvelles France	France		100.00%	100.00%	FC	99.99%	99.99%	FC	434.689.915
Parc Eolien d'Antifer	France		100.00%	100.00%	FC	99.99%	100.00%	FC	434.518.999
Parc Eolien d'Oupia	France		96.00%	96.00%	FC	95.99%	96.00%	FC	434.518.437
Parc Eolien de la Cote de Jade	France		90.00%	90.00%	FC	89.99%	90.00%	FC	438.147.456
Parc Eolien des Polders du Dain	France		100.00%	100.00%	FC	99.99%	100.00%	FC	438.147.324
Parc Eolien de La Conque	France		100.00%	100.00%	FC	100.00%	100.00%	FC	441.054.186
Parc Eolien de Fecamp	France	(2)	-	-	-	99.99%	100.00%	FC	438.539.918
Scite Peristyle	France		100.00%	100.00%	FC	99.97%	100.00%	FC	387.498.926
Electrique de l'Atlantique	France		100.00%	100.00%	FC	100.00%	100.00%	FC	403.460.355
Starsept	France		100.00%	100.00%	FC	100.00%	100.00%	FC	414.273.177
Hydroélectrique du Canal Saint Louis	France		100.00%	100.00%	FC	100.00%	100.00%	FC	401.470.380
SIIF Ghana	France		100.00%	100.00%	FC	99.00%	99.00%	FC	424.132.587
TREE	France		100.00%	100.00%	FC	100.00%	100.00%	FC	439.959.412
TAC Martinique (ex EnXco SAS)	France		100.00%	100.00%	FC	100.00%	100.00%	FC	439.420.738
Jacques Giordano Industries	France		25.00%	25.00%	EM	24.99%	25.00%	EM	351.193.347
Energie Solaire de France	France		51.00%	51.00%	FC	51.00%	51.00%	FC	431.692.813
SIIF Energies Outre Mer	France		100.00%	100.00%	FC	99.97%	100.00%	FC	389.475.294
SDES Services	France		100.00%	100.00%	FC	100.00%	100.00%	FC	433.719.242
Eolienne Sainte Rose	France		100.00%	100.00%	FC	100.00%	100.00%	FC	445.088.990
SIIF Guadeloupe Services	France		100.00%	100.00%	FC	100.00%	100.00%	FC	438.147.910
Réunion 1	France		100.00%	100.00%	FC	100.00%	100.00%	FC	422.092.841
ELSAD	France	(2)	-	-	-	29.62%	23.70%	EM	424.985.414
GT1	France	(2)	-	-	-	50.00%	50.00%	PC	419.845.706
GT2	France	(2)	-	-	-	50.00%	50.00%	PC	419.745.771
GT3	France	(2)	-	-	-	50.00%	50.00%	PC	419.836.572
Petit Canal 1	France	(1)	50.00%	50.00%	PC	-	-	-	453.931.693
Petit Canal 2	France		100.00%	100.00%	FC	100.00%	100.00%	FC	435.266.473
Petit Canal 3	France		100.00%	100.00%	FC	100.00%	100.00%	FC	443.664.065
Petit François	France		100.00%	100.00%	FC	100.00%	100.00%	FC	435.266.929
EEN Hellas	Greece	(1)	100.00%	100.00%	FC	-	-	-	
Creta Hydrowind SA	Greece	(1)	90.15%	90.15%	FC	-	-	-	
Aioliki Didimon	Greece	(1)	99.00%	99.00%	FC	-	-	-	
Aioliki Energy Peloponnisou	Greece	(1)	100.00%	100.00%	FC	-	-	-	
Aioliki Karystou	Greece	(1)	100.00%	100.00%	FC	-	-	-	
Aioliki Energy Lakonias	Greece	(1)	100.00%	100.00%	FC	-	-	-	
Aioliki Lira	Greece	(1)	99.00%	99.00%	FC	-	-	-	
Aioliki Malea	Greece	(1)	99.00%	99.00%	FC	-	-	-	
Aioliki Peleta	Greece	(1)	99.00%	99.00%	FC	-	-	-	
Aioliki Lafkoy	Greece	(1)	95.00%	95.00%	FC	-	-	-	
Aioliki Erateinis	Greece	(1)	95.00%	95.00%	FC	-	-	-	
Ktistor Aioliki	Greece	(1)	90.00%	90.00%	FC	-	-	-	
Aioliki Hellas	Greece	(1)	90.00%	90.00%	FC	-	-	-	
Viota Aiolos	Greece	(1)	99.95%	99.95%	FC	-	-	-	
Trizina Aiolos	Greece	(1)	99.95%	99.95%	FC	-	-	-	
Taranara Aiolos	Greece	(1)	99.95%	99.95%	FC	-	-	-	
Argolida Aiolos	Greece	(1)	99.95%	99.95%	FC	-	-	-	
Argos Aiolos	Greece	(1)	99.95%	99.95%	FC	-	-	-	
Niata Aiolos	Greece	(1)	99.95%	99.95%	FC	-	-	-	
Risiori Aiolos	Greece	(1)	99.95%	99.95%	FC	-	-	-	
Lekka Aiolos	Greece	(1)	99.95%	99.95%	FC	-	-	-	
Leontio Aiolos	Greece	(1)	99.95%	99.95%	FC	-	-	-	
Livadia Aiolos	Greece	(1)	99.95%	99.95%	FC	-	-	-	
Drambala Aiolos	Greece	(1)	99.95%	99.95%	FC	-	-	-	
SIIF Energies Portugal	Portugal		95.00%	95.00%	FC	95.00%	95.00%	FC	
Ecogen	Portugal		29.00%	29.00%	EM	29.00%	29.00%	EM	
Eolenerg	Portugal		28.50%	30.00%	EM	52.25%	55.00%	FC	
Eolica do Centro	Portugal		70.68%	74.40%	FC	70.68%	74.40%	FC	
Eolica de Montemuro	Portugal		94.24%	99.20%	FC	94.24%	99.20%	FC	
Eolica da Arada	Portugal		95.00%	100.00%	FC	95.00%	100.00%	FC	
SICO	Portugal		27.55%	29.00%	PC	27.55%	29.00%	EM	
E E V M	Portugal		47.50%	50.00%	PC	47.50%	50.00%	PC	
Eolicos de Cerveirenses	Portugal		40.38%	42.50%	PC	40.38%	42.50%	PC	
Eolicos da Espiga	Portugal		40.38%	42.50%	PC	40.38%	42.50%	PC	
Airicole AB	Sweden	(2)	-	-	-	65.00%	65.00%	FC	
HV S AB	Sweden		100.00%	100.00%	FC	90.00%	90.00%	FC	
Scite International	Spain		49.00%	49.00%	EM	49.00%	49.00%	EM	
Hidromedia	Spain		68.00%	68.00%	FC	68.00%	68.00%	FC	
SIIF Energies Iberica	Spain		100.00%	100.00%	FC	100.00%	100.00%	FC	
Bio Energia Santa Maria	Spain		70.00%	70.00%	FC	70.00%	70.00%	FC	
Alcoléa	Spain	(2)	-	-	-	20.00%	20.00%	EM	
Siif Servizi	Italy		95.00%	95.00%	FC	95.00%	95.00%	FC	
Fri El Puglia	Italy	(1)	47.50%	50.00%	PC	-	-	-	
Fri-El Sant'Agata	Italy	(1)	47.50%	50.00%	PC	-	-	-	
Inversiones Eolicas	Mexico		99.38%	99.38%	FC	75.00%	75.00%	FC	
Electrica del Valle de Mexico	Mexico		99.18%	99.80%	FC	74.85%	100.00%	FC	
Empresa Mexicana de Energia	Mexico		99.50%	99.50%	FC	99.50%	99.50%	FC	
Generadora Electrica San Rafael	Mexico		99.39%	98.89%	FC	98.10%	98.60%	FC	
Energia del Istmo	Mexico		99.04%	99.04%	FC	34.00%	34.00%	EM	
EnXco A/S	Denmark	(4)	100.00%	100.00%	FC	100.00%	100.00%	FC	
Westbury Windfarms Ltd	United Kingdom		100.00%	100.00%	FC	100.00%	100.00%	FC	
Fenland Windfarms Ltd	United Kingdom	(1)	100.00%	100.00%	FC	-	-	-	
Cumbria Wind Farms	United Kingdom		100.00%	100.00%	FC	100.00%	100.00%	FC	
Seascape	United Kingdom	(2)	-	-	-	50.00%	50.00%	PC	
EnXco GmbH	Germany		100.00%	100.00%	FC	100.00%	100.00%	FC	
EnXco Vermögensverwaltung	Germany		100.00%	100.00%	FC	100.00%	100.00%	FC	
DK Windpark Verwaltungs	Germany		100.00%	100.00%	FC	100.00%	100.00%	FC	
DK Windpark Beteiligungs	Germany		100.00%	100.00%	FC	100.00%	100.00%	FC	
DK Windpark Kröpelin	Germany		100.00%	100.00%	FC	100.00%	100.00%	FC	
Bürgerwindpark Kröpelin	Germany		70.59%	70.59%	FC	70.59%	70.59%	FC	
A.I.R. of America, EnXco Inc (Group)	United States	(3)	100.00%	100.00%	FC	100.00%	100.00%	FC	
C-Power	Belgium		20.83%	20.83%	EM	20.83%	20.83%	EM	

FC = Full consolidation PC = Proportionally consolidation EM = Equity method

Companies			31 Dec. 2005 % Interest	31 Dec. 2005 % control	31 Dec. 2005 Method	31 Dec. 2004 % Interest	31 Dec. 2004 % control	31 Dec. 2004 Method	SIREN No.
SIIFELEC - France			100.00%	100.00%	FC	100.00%	100.00%	FC	
Hydroélectrique de Couzon	France		100.00%	100.00%	FC	100.00%	100.00%	FC	331.100.438
Electrique de Bellignat	France	(2)	-	-	-	100.00%	100.00%	FC	392.447.170
Electrique de Seclin	France		100.00%	100.00%	FC	100.00%	100.00%	FC	398.318.303
Electrique de la Chabossière	France		65.00%	65.00%	FC	65.00%	65.00%	FC	403.113.368
Electrique de Mulhouse	France		100.00%	100.00%	FC	100.00%	100.00%	FC	414.054.213
Energies Antilles	France		65.00%	65.00%	FC	65.00%	65.00%	FC	414.277.152
Hydroélectrique de Soccia	France		100.00%	100.00%	FC	75.00%	75.00%	FC	412.629.883
Hydroélectrique du Scopamène	France		100.00%	100.00%	FC	75.00%	75.00%	FC	418.265.880
Energies ASCO	France		100.00%	100.00%	FC	100.00%	100.00%	FC	345.172.225
Via Nova	France		100.00%	100.00%	FC	100.00%	100.00%	FC	334.120.318
Energies Saint Martin	France		65.00%	65.00%	FC	65.00%	65.00%	FC	437.682.677
Tenesa	France		100.00%	100.00%	FC	100.00%	100.00%	FC	439.956.160
Cogeri	France		35.00%	35.00%	EM	35.00%	35.00%	EM	420.287.245
SIIF Energies Bulgarie	France		100.00%	100.00%	FC	100.00%	100.00%	FC	403.453.939
SIIF Energies Mecamidi	France		81.24%	81.24%	FC	81.24%	81.24%	FC	428.757.330
Pirinska Bistrita Energuia SA	Bulgaria		40.62%	50.00%	FC	40.62%	50.00%	FC	
Mecamidi Ogosta	Bulgaria		41.43%	51.00%	FC	41.43%	51.00%	FC	
Centrale Hydroélectrique de Bulgarie	Bulgaria		81.24%	100.00%	FC	81.84%	100.00%	FC	
Eolica da Cabreira	Portugal		100.00%	100.00%	FC	100.00%	100.00%	FC	
Siif Do Brasil	Brazil		100.00%	100.00%	FC	90.00%	90.00%	FC	
Hidromedia de Galicia	Spain		30.00%	30.00%	EM	30.00%	30.00%	EM	
Recursos Energeticos	Spain		85.00%	85.00%	FC	85.00%	85.00%	FC	
Hidroelectrica de Pina	Spain		72.50%	72.50%	FC	72.50%	72.50%	FC	

(1) Companies that were added to the scope of consolidation in 2006
(2) Companies that left, were deconsolidated or merged during 2006
(3) A.I.R. of America forms a sub-group housing various companies in the United States.
(4) enXco A/S is a sub-group incorporating Batliboi (India)

Batliboi	India	50.00%	50.00%	EM	50.00%	50.00%	EM

Companies			31 Dec. 2005 % Interest	31 Dec. 2005 % control	31 Dec. 2005 Method	31 Dec. 2004 % Interest	31 Dec. 2004 % control	31 Dec. 2004 Method
enXco Service Corp.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
enXco Development Corp.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
enXco East Coast Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
North East Renewable Energy, LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Alta Mesa Power Corporation	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Alta Mesa Phase III Partnership	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
enXco Windfarm I, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
enXco Windfarm II, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
enXco Windfarm III, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
enXco Windfarm IV, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
enXco Windfarm V, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
enXco Windfarm VI, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
DifWind Farms II, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
DifWind Farms III, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
DifWind Farms IV, Inc.	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
DifWind Farms I, Ltd.	United States		99.00%	99.00%	FC	99.00%	99.00%	FC
DifWind Farms II, Ltd.	United States		99.00%	99.00%	FC	99.00%	99.00%	FC
DifWind Farms IV, Ltd.	United States		99.00%	99.00%	FC	99.00%	99.00%	FC
DifWind Farms V,Ltd.	United States		99.00%	99.00%	FC	99.00%	99.00%	FC
DifWind Farms VI,Ltd.	United States		99.00%	99.00%	FC	99.00%	99.00%	FC
DifWind Farms VII, Ltd.	United States	(1)	99.00%	99.00%	FC	-	-	-
DifWind Farms VIII, Ltd.	United States		99.00%	99.00%	FC	99.00%	99.00%	FC
DifWind Farms IX, Ltd.	United States	(1)	99.00%	99.00%	FC	-	-	-
Logan County Land Partners, LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Champepadan Wind Power Partners, LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Moulton Wind Power Partners, LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Chandler Finance 2, LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Chandler Finance 3, LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Chanarambie Land Holdings LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Mojave Land, LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Southwest PowerPartners, LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Oasis Power Partners, LLC	United States		13.60%	13.60%	PC	28.10%	28.10%	PC
Hawi Renewable Development	United States		30.00%	30.00%	EM	24.50%	24.50%	EM
Dos Vaqueros Wind Farm LLC	United States		50.00%	50.00%	PC	50.00%	50.00%	PC
Northern Wind Energy LLC	United States		50.80%	50.80%	PC	50.80%	50.80%	PC
Buffalo Ridge Wind Farm LLC	United States		50.80%	50.80%	PC	50.80%	50.80%	PC
Chanarambie Power Partners LLC	United States		50.80%	50.80%	PC	50.80%	50.80%	PC
Moulton Heights Wind Power Projects LLC	United States		50.84%	50.80%	PC	50.84%	50.80%	PC
Muncie Power Partners LLC	United States		50.84%	50.80%	PC	50.84%	50.80%	PC
North Ridge Wind Farm LLC	United States		50.84%	50.80%	PC	50.84%	50.80%	PC
Vandy South Project LLC	United States		50.84%	50.80%	PC	50.84%	50.94%	PC
Viking Wind Holdings LLC	United States		50.84%	50.80%	PC	50.84%	50.94%	PC
Viking Wind Partners LLC	United States		50.84%	50.80%	PC	50.84%	50.94%	PC
Viking Wind Farm LLC	United States		50.84%	50.80%	PC	50.84%	50.94%	PC
Vindy Power Partners LLC	United States		50.84%	50.80%	PC	50.84%	50.94%	PC
Wilson West Wind Farm LLC	United States		50.84%	50.80%	PC	50.84%	50.94%	PC
Patterson Pass Wind Farm, LLC	United States		30.00%	30.00%	EM	30.00%	30.00%	EM
Tres Vaqueros Wind Farm, LLC	United States		30.00%	30.00%	EM	30.00%	30.00%	EM

FC = Full consolidation PC = Proportionally consolidation EM = Equity method

30. Commitments

The Group has implemented specific procedures to identify the various commitments for each consolidated subsidiary. The following items have been identified: long-term leasing commitments, long-term service contract commitments and asset orders.

	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004
Deposits, security and other guarantees given (1)	109,599	123,977	43,792
Collateral, mortgages and other security agreements (2)	443,171	339,720	175,726
Other commitments given (3)	684,655	367,356	147,052
Commitments given	1,237,425	831,053	366,570
Collateral, deposits and other guarantees received			19,511
Other commitments received (3)	1,084,128	650,176	112,101
Commitments received	1,084,128	650,176	131,612

(1) At 31 December 2006, €23,255,000 related to guarantees given in respect of any damages and interest that may be claimed by customers within the framework of "turnkey" wind farm construction contracts in the United States. In connection with the commissioning of wind farms (Freyssenet and Fécamp), completion guarantees were given in an amount of €42,409,000. As part of the Kesfeld project in Germany, guarantees amounting to €33,050,000 were given by the Group to customers.

(2) Concerning security interests granted on debts:

- The shares in Group companies pledged had a value of €48,913,000 at 31 December 2005 and €54,653,000 at 31 December 2006. The latter amount relates primarily to the shares pledged in subsidiaries in Italy, which had a value of €37,975,000;
- Pledges of other assets (non-current assets comprising wind farms, receivables) provided as collateral for debt had a value of €290,807,000 at 31 December 2005 and €388,518,000 at 31 December 2006. At this level, assets worth €92,431,000 in the United Kingdom, €81,208,000 in Portugal and €74,300,000 in Greece were pledged.

(3) Other commitments given and received at 31 December 2006 include reciprocal commitments relating to orders for non-current assets, with a value of €537,491,000, as well as leases and long-term service contracts, with a value of €52,775,000. The consideration received in return for these commitments is hard to evaluate but significant. It takes the form of guarantees covering installations' technical performance with regard to wind energy, water power or fuel quantities. Commitments received of €241,061,000 relate to credit lines granted by banks to finance projects that have not yet been used.

Performance guarantees

The Group regularly works on turn-key wind farm construction contracts in the United States and Europe. Within this framework, customers and/or financial backers require the holding company (in general EDF Energies Nouvelles) to provide completion guarantees as part of major projects. These guarantees for turnkey contracts given to customers on behalf of the subsidiary are treated as the acceptance of penalties on current orders for which the Group has a contractual obligation. This relates primarily to completion guarantees given for the Pomeroy project ($27 million or €21 million) with MidAmerican Energy and the Kesfeld project with REH (€33 million).

The same problem concerns completion guarantees given to customers by a parent company belonging to the Group on behalf of a subsidiary holding a long-term Operations and Maintenance contract. Obligations resulting from such contracts, which correspond to the Group's recurring operations, are part of its normal business activities. The completion guarantee given by a legal entity is therefore merely part of the contractual obligations inherent in the Group's normal business activities.

31. Business combinations

The significant business combinations in 2006 derived from the following transactions:

- The acquisition in the US of a 30% interest in a wind farm in Hawaii. The Group already owned a 30% stake, and following the purchase of this additional interest, it has fully consolidated this company since June 2006. This acquisition had an impact on the 2006 income statement, yielding a gain of $750,360, i.e. €594,112.

- The acquisition in Italy of a 50% interest in two companies controlling two wind farms under construction, namely Fri El Murge and Fri El Ichnusa. These acquisitions at year-end 2006 of facilities under construction had no impact on the income statement. The companies are proportionally consolidated.

- The acquisition in Spain of 42.5% of the shares in Fotosolar, a company specialising in solar energy. This acquisition had no impact on the 2006 income statement.

Data concerning these acquisitions are presented below.

Analysis of acquisition cost
(in thousands of euros)

	Hawi	Fotosolar	Fri-el-Murge	Fri-el-Ichnusa
• Cash outlay	11,484,360	3,412,578	2,093,587	5,000
• Direct costs linked to the acquisition	0	0	0	0
• Fair value of shares issued	0	0	0	0
Total acquisition cost	**11,484,360**	**3,412,578**	**2,093,587**	**5,000**
• Fair value of net assets acquired	11,484,360	971,096	2,093,587	5,000
• Fair value of net liabilities acquired	0	0	0	0
Goodwill arising on the acquisitions	0	2,441,482	0	0

Analysis of assets and liabilities acquired
(in thousands of euros)

	Hawi		Fotosolar		Fri-el-Ichnusa		Fri-el-Murge	
	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Assets								
• Non-current assets	10,279,374	4,828,153	75,136	75,136	22,369,828	14,998,551	3,614,337	323,087
• Cash and cash equivalents	3,537	3,537	776,941	776,941	0	0	3,370,285	3,370,285
• Inventories	0	0	67,381	67,381	0	0	0	0
• Other assets	8,759,022	8,759,022	251,988	251,988	6,259	6,259	73,801	73,801
TOTAL ASSETS	**19,041,933**	**13,590,712**	**1,171,446**	**1,171,446**	**22,376,087**	**15,004,810**	**7,058,423**	**3,767,173**
Liabilities								
• Debt	4,921,720	4,921,720	45,194	45,194	11,647,303	11,647,303	0	0
• Fair value of hedging instruments	0	0	0	0	0	0	0	0
• Trade payables	0	0	107,522	107,522	4,644,852	4,644,852	79,815	79,815
• Other liabilities	2,635,853	619,000	47,634	47,634	6,078,932	3,333,131	4,885,021	3,659,030
NET ASSETS	**11,484,360**	**8,049,992**	**971,096**	**971,096**	**5,000**	**(4,620,476)**	**2,093,587**	**28,328**
Minority interests	0	0	0	0	0	0	0	0
Net assets acquired	11,484,360	8,049,992	971,096	971,096	5,000	(4,620,476)	2,093,587	28,328

32. Related party transactions

Income statement *(in thousands of euros)*

Company	Revenues			Operating expenses			Financial income			Financial expenses		
	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004
Shareholders (1)	44,933	40,418	35,212	(2,390)	(523)	(126)	0	0	0	(4,726)	(4,653)	(4,832)
Non-consolidated subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0
Joint ventures	0	401	922	0	(401)	(922)	0	0	0	0	0	
Associated companies (2)	0	0	0	0	0	0	37	0	0	(290)	(249)	(297)
Companies over which the Group's managers exercise significant influence	0	0	0	0	0	0	0	0	0	0	0	0
Total	**44,933**	**40,819**	**36,134**	**(2,390)**	**(924)**	**(1,048)**	**37**	**0**	**0**	**(5,016)**	**(4,902)**	**(5,129)**

(1) By shareholder, we mean only EDEV, EDF, Pâris Mouratoglou.
(2) Associated companies include equity affiliates, as well as Dalkia and SAPAR Finances.

Balance sheet *(in thousands of euros)*

Company	Loans and receivables			Trade receivables			Prepaid expenses		
	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004
Shareholders (1)	0	0	0	10,395	3,708	3,137	1,039	0	0
Non-consolidated subsidiaries	0	0	0	0	0	0	0	0	0
Joint ventures	10,569	14,029	2,855	1,133	0	0	0	0	0
Associated companies (2)	7,012	1,889	0	0	0	0	0	0	0
Companies over which the Group's managers exercise significant influence	0	0	0	0	0	0	0	0	0
Total	**17,581**	**15,918**	**2,855**	**11,528**	**3,708**	**3,137**	**1,039**	**0**	**0**

(1) By shareholder, we mean only EDEV, EDF, Pâris Mouratoglou.
(2) Associated companies include equity affiliates, as well as Dalkia and SAPAR Finances.

Balance sheet *(in thousands of euros)*

Company	Debt			Trade payables			Advances from shareholders		
	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004	31 Dec. 2006	31 Dec. 2005	31 Dec. 2004
Shareholders (1)	85	93,500	94,710	1,964	279	189	0	0	0
Non-consolidated subsidiaries	0	0	0	0	0	0	0	0	0
Joint ventures	0	0	4,374	0	0	0	0	0	0
Associated companies (2)	6,625	9,554	9,691	599	804	0	2,212	0	
Companies over which the Group's managers exercise significant influence	0	0	0	0	0	0	0	0	0
Total	**6,710**	**103,054**	**108,775**	**2,563**	**1,083**	**189**	**2,212**	**0**	**0**

(1) By shareholder, we mean only EDEV, EDF, Pâris Mouratoglou.
(2) Associated companies include equity affiliates, as well as Dalkia and SAPAR Finances.

Only individual transactions in excess of €1 million have been taken into account.
Transactions between related parties have not been offset against each other.

33. Subsequent events

EDF Energies Nouvelles has sealed a preliminary agreement with Alcofinance SA of Belgium. Upon completion of a reserved issue of shares for €23 million, EDF Energies Nouvelles will own 25% of a newly formed company encompassing Belgium-based Alcofinance's ethanol production and distribution activities. The agreement also provides for an option for EDF Energies Nouvelles to raise its interest to 50% within 24 months subject to certain pre-agreed conditions.

In addition, EDF Energies Nouvelles strengthened its positions in Greece change by acquiring a 75% interest in RETD, which develops wind energy projects on behalf of EDF Energies Nouvelles and solar projects.

Lastly, EDF Energies Nouvelles has acquired an additional 3.3% interest in its Fotosolar subsidiary, giving it a total shareholding of 45.8%.