



EDF Energies Nouvelles
Consolidated financial statements
at 31 December 2007

Prepared in accordance with IFRSs

Consolidated income statement

<i>(in thousands of euros)</i>	NOTE	2007	2006
Revenues	6	560 507	334 797
Purchases used in generation and other purchases		(350 781)	(178 758)
Personnel expenses	8	(36 793)	(28 523)
External expenses		(77 553)	(59 616)
Taxes other than income taxes		(6 807)	(8 531)
Other operating expenses	7	(11 065)	(11 860)
Other operating income	7	62 393	44 283
Net depreciation and amortization and provisions charges		(44 443)	(30 095)
Impairment losses		-	(23)
Operating income		95 458	61 673
Cost of gross debt	9	(21 572)	(22 028)
Other financial income and expenses	9	(3 064)	(1 814)
Net financial income/(expense)		(24 636)	(23 842)
INCOME BEFORE TAX OF CONSOLIDATED COMPANIES		70 822	37 832
Income tax	10	(18 427)	(10 767)
Share in income of equity affiliates	15	1 282	754
Net income from discontinued operations		-	(341)
CONSOLIDATED NET INCOME		53 677	27 478
Net income, Group share		51 357	21 907
Minority interests		2 320	5 571
Earnings per share attributable to holders of ordinary shares (€)			
- basic earnings per share	11	0,83	0,49
- diluted earnings per share	11	0,83	0,49

Consolidated balance sheet

ASSETS (in thousands of euros)	NOTE	31/12/2007	31/12/2006
Goodwill	12	78 326	41 183
Other intangible assets	13	3 590	3 602
Property, plant and equipment	14	1 303 324	897 161
Investments in equity affiliates	15	32 054	5 327
Non-current financial assets	16	38 022	54 364
Other receivables		44 822	18 794
Deferred tax assets		15 522	13 955
Non-current assets		1 515 660	1 034 386
Inventories and work in progress	19	128 329	121 399
Trade receivables	19	109 519	52 169
Current financial assets	16	65 657	15 584
Other receivables	19	194 818	99 477
Cash and cash equivalents	20	369 303	402 875
Current assets		867 626	691 504
Assets held for sale		(0)	992
Total assets		2 383 286	1 726 882

LIABILITIES AND EQUITY (in thousands of euros)	NOTE	31/12/2007	31/12/2006
Share capital	22	99 288	99 288
Reserves and retained earnings		646 037	610 073
Group shareholders' equity		745 325	709 361
Minority interests		11 983	12 756
Total equity		757 308	722 117
Provisions for employee benefits	27	140	140
Other provisions	27	6 720	4 205
Non-current provisions		6 860	4 345
Non-current financial liabilities	23	543 654	442 187
Other payables		200 627	62 516
Deferred tax liabilities		58 655	36 092
Non-current liabilities		802 936	540 795
Provisions	27	1 955	381
Trade payables	19	54 774	108 704
Current financial liabilities	23	499 044	200 659
Current tax liabilities	19	18 949	5 290
Other payables	19	241 460	143 681
Current liabilities		816 182	458 715
Liabilities related to assets held for sale		-	910
Total liabilities		2 383 286	1 726 882

Consolidated statement of cash flows

<i>(in thousands of euros)</i>	NOTE	2007	2006
Net income of consolidated companies		53 677	27 478
- Share in income of equity affiliates	15	(1 282)	(754)
- Depreciation, amortization and provisions charges	28.1	43 263	28 900
- Unrealized gains and losses on changes in fair value		3 054	(1 036)
- Capital gains/(losses)	28.2	(2 342)	(9 508)
- Dividends received		-	(0)
- Other non-cash income and expenses	28.3	11 535	6 255
- Income tax expense	10	19 347	11 990
- Change in deferred tax		(707)	(1 223)
- Impact of change in working capital requirement generated by operating activities	28.4	(11 247)	12 857
- Unrealized foreign exchange gains and losses on changes in fair value		-	-
- Cost of net debt	9	21 572	22 028
Cash flow from operations before tax and interest		136 870	96 986
- Income tax paid		(3 557)	(7 596)
Net cash flow from operating activities		133 313	89 391
Acquisitions of non-current assets	28.5	(478 841)	(317 395)
Proceeds from sales of property, plant and equipment and intangible assets	28.5	2 678	190
Acquisition of financial assets		(4 582)	-
Proceeds from the sale of financial assets	28.5	671	1 991
Changes in loans and advances		2 041	9
Dividends received		-	116
Investment subsidies received		-	-
Impact of changes in scope of consolidation	28.6	(48 177)	264
Other cash flows related to investing activities		(854)	(52)
Net cash flow from investing activities		(527 064)	(314 877)
Dividends paid by parent company		(6 822)	-
Dividends paid to minority shareholders		(4 162)	(3 522)
Capital increase/(decrease)		1 128	514 901
Increase in borrowings	23.3	725 143	436 635
Repayment of borrowings	23.3	(302 740)	(240 756)
Net interest payments		(16 649)	(20 919)
Other cash flows from financing activities		(51 725)	(103 012)
Net cash flow from financing activities		344 173	583 327
Effect of exchange rate fluctuations		(5 771)	(980)
Impact of assets held for sale		-	4
Effect of changes in accounting principles		-	(12 451)
Net increase in cash and cash equivalents		(55 349)	344 414
Cash and cash equivalents - opening balance	20	345 269	855
Cash and cash equivalents - closing balance	20	289 920	345 269
Net change in cash and cash equivalents		(55 349)	344 414

Statement of changes in equity

<i>(in thousands of euros)</i>	Share capital	Other reserves and earnings	Hedging reserves	Translation differences	TOTAL	Minority interests	Total equity
At 1st January 2006	68 973	96 781	(1 658)	4 090	168 186	14 430	182 616
Cash flow hedges:					0	182	182
- Unrealized gains/(losses) recognized in equity			7 062		7 062		7 062
- Transferred to income upon sale			66		66		66
Translation differences on foreign operations				(6 251)	(6 251)	(133)	(6 384)
Tax on items taken directly to or transferred directly from equity			(2 046)		(2 046)		(2 046)
Other changes		330	(240)	244	334	(3 772)	(3 438)
Income taken directly to equity	0	330	4 842	(6 007)	(835)	(3 723)	(4 558)
Net income for the period		21 907			21 907	5 571	27 478
Total income and expenses recognized in respect of the period	0	22 237	4 842	(6 007)	21 072	1 848	22 920
Dividends paid						(3 522)	(3 522)
Capital increase	30 315	489 788			520 103		520 103
Total transactions with shareholders	30 315	489 788	0	0	520 103	(3 522)	516 581
At 31 December 2006	99 288	608 806	3 184	(1 917)	709 361	12 756	722 117
Cash flow hedges:					0		0
- Unrealized gains/(losses) recognized in equity			11 693	0	11 693	36	11 729
Translation differences on foreign operations			0	(10 306)	(10 306)	53	(10 253)
Treasury shares		142			142		142
Tax on items taken directly to or transferred directly from equity			(4 004)	35	(3 969)		(3 969)
Other changes		(192)	75	(28)	(145)	(148)	(293)
Income taken directly to equity	0	(50)	7 764	(10 299)	(2 585)	(59)	(2 644)
Net income for the period		51 357			51 357	2 320	53 677
Total income and expenses recognized in respect of the period	0	51 307	7 764	(10 299)	48 772	2 261	51 033
Dividends paid		(6 822)			(6 822)	(4 162)	(10 984)
Treasury shares		(5 986)			(5 986)		(5 986)
Capital increase	0				0	1 128	1 128
Total transactions with shareholders	0	(12 808)	0	0	(12 808)	(3 034)	(15 842)
At 31 December 2007	99 288	647 305	10 948	(12 216)	745 325	11 983	757 308

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1. General information

EDF Energies Nouvelles S.A. is a *société anonyme* organized and domiciled in France. Its head office is located at 90 Esplanade du Général de Gaulle – 92933 Paris La Défense Cedex.

The shares of EDF Energies Nouvelles, the Group's parent company, have been traded on the Eurolist by Euronext market since 29 November 2006.

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

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

These consolidated financial statements were approved by the Board of Directors on 21 February 2008.

2. Statement of compliance with IFRSs

In accordance with EC regulation no. 1606/2002 of 19 July 2002, the Group's consolidated financial statements for the year ended 31 December 2007 have been prepared in accordance with IFRS as adopted in the European Union at this date.

All mandatory IFRS standards and interpretations relevant to financial years ended on 31 December 2007 have been applied. They notably include the provisions of IFRS 7 "Financial instruments: disclosures" applicable from 1 January 2007.

The financial statements do not take into account standards and interpretations published by IASB with effect from 31 December 2007 liable to affect the Group, but not yet adopted by the European Union as of this date. This chiefly concerns IFRS 8 "Operating Segments".

Changes in the accounting principles and valuation methods used are stated in note 4.1.2.

3. Changes in the scope of consolidation

Note 34 gives a detailed breakdown of the scope of consolidation and changes over the period.

The most significant changes are as follows:

Additions

- In Italy, with the acquisitions of Fri El Nurri and Fri El Campania, which respectively house the Nurri and Andretta Bisaccia wind farms, and the creation of Solareolica, which is active in the photovoltaic and wind energy sectors.
- In Greece, with the acquisition of development company RETD in the wind energy segment and the addition to the scope of consolidation of the EEN Viotia wind farm.
- In France, with the integration of five companies housing wind farms under construction (Villesèque, Luc sur Orbieu, Chemin d'Ablis, Castanet, Salles-Curan), the acquisition of the equity-accounted Photon Power Technologies group focused on photovoltaic activities, the acquisition of Noréole holding land for a wind farm under construction and the creation of EDFEN Développement.
- In Belgium, the acquisition of the Alco group (bioethanol), which is accounted for under the equity method, and the Verdesis group (biogas), which is fully consolidated.
- In Germany, the acquisition of the REETEC group (maintenance), which is accounted for under the equity method.

Deconsolidations

- In France, with the divestment of the Lou Paou wind farm (DSSA - Development and Sale of Structured Assets).
- In Mexico, with the sale of Empresa Mexicana, which houses the San Rafael hydro project: in 2006, this company was classified among the non-current assets held for sale.
- In the United States, with the disposal of the Tres Vaqueros subsidiary: in 2006, this company was classified among the non-current assets held for sale.

Other changes in the scope of consolidation

- In the United States, with the acquisition of control in the Patterson Pass subsidiary previously accounted for under the equity method and now fully consolidated and with the deconsolidation of 42.24% of the Fenton wind farm, switching from full consolidation to proportional consolidation.
- In Spain, with the acquisition of an additional 3.34% of the shares in development company Fotosolar.
- In Bulgaria, with the divestment of a share in Mecamidi Ogosta.
- In Sweden, with the liquidation of HVS.

4. Accounting principles and valuation methods

4.1 Basis of preparation

The financial statements are presented in thousands of euros, unless otherwise stated.

4.1.1 First-time adoption of IFRSs

The impact of the first-time adoption of IFRSs at 1 January 2004 was documented on page 130 of the 2006 registration document, which presents a reconciliation between the 2004 consolidated income statement, consolidated equity at 1 January 2004 and 31 December 2004 prepared in accordance with IFRSs and those prepared in accordance with the French GAAP applied, as well as the exemptions and other accounting options applied during the transition.

The principal exemptions from IFRS 1 and the other options adopted by the Group as a first-time adopter of IFRSs at 31 December 2005 are stated below:

- business combinations prior to 1 January 2004 were not 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 were 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;
- as the Group did not decide to apply the fair value option, property, plant and equipment and intangible assets are carried at amortized cost.

4.1.2 Changes in accounting principles and valuation methods at 1 January 2007

The accounting methods presented below have been applied consistently to all the periods presented in the consolidated financial statements, with the exception of the mandatory standards, amendments and interpretations with effect from 1 January 2007, which are described below:

- **IFRS 7 “Financial instruments: disclosures”**: this standard states the disclosures to be provided by an entity concerning the financial instruments making it possible to assess their significance in relation to its financial position and performance, as well as the nature and scale of resulting risks.

Application of the provisions of IFRS 7 has led to a description in greater detail of net financial income/(expense) (Note 9), as well as the inclusion of additional information in financial statements (Note 18.2 *Derivatives and hedge accounting*, Note 24 *Financial risk management*, Note 25 *Fair value of financial instruments*).

As far as possible, comparative figures are presented for the 2006 financial year. This said, in certain cases, these comparative figures were not available given the extent of resources that would have been required to produce them.

- **IFRIC 8 “Scope of IFRS 2”**,
- **IFRIC 9 “Reassessment of Embedded Derivatives”**,
- **IFRIC 10 “Interim Financial Reporting and Impairment”**, states the rules applicable to falls in value recognized in goodwill or in available-for-sale securities in the interim period,
- **IFRIC 11 “IFRS 2: Group and Treasury Share Transactions”**, clarifies the accounting treatment of share payments made through the repurchase of treasury shares and the payment in shares into the accounts of a subsidiary in the Group’s equity instruments.
- **Amendment to IAS 1 “Capital disclosures”**.

With the exception of IFRS 7 and the amendment to IAS 1, the provisions of these standards, amendments and interpretations have no impact on the Group’s financial statements.

Furthermore, the Group has decided against early adoption of the following standards, amendments and interpretations, which have not yet been approved by the European Union:

Standard, amendment or interpretation	Applicable in financial years beginning on:	Estimate of the potential impact on the Group's consolidated financial statements:
IFRS 8, "Operating segments" (Replacement for IAS 14)	1 Jan. 2009	Impact of the presentation yet to be measured.
IFRIC 12 "Service concession arrangements"	1 Jan. 2008	Since the Group is not involved in service concession arrangements, it is not affected by this interpretation.
IFRIC 13 "Customer loyalty programmes"	1 July 2008	The Group's business activities are not concerned by this interpretation.
IFRIC 14 "IAS 19 - Limit on a defined benefit asset minimum funding requirements and their interaction"	1 Jan. 2008	The Group is not concerned by this interpretation.
Amendment to IAS 23 "Borrowing costs"	1 Jan. 2009	Since the Group has already elected to recognize borrowing costs directly attributable to construction in the cost of the qualifying assets, the Group is not concerned by this Amendment.
Amendment to IAS 27 "Consolidated and individual financial statements"	1 July 2009	Impact on the consolidated financial statements yet to be measured.
Amendment to IFRS 3 "Business combinations"	1 July 2009	Impact on the consolidated financial statements yet to be measured.

4.1.3 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 analyzed below.

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 4.7. 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 "Operation and Maintenance" business. These calculations require the use of estimates, in particular, estimated future earnings.

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.

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 percentage of completion of projects at the end of the period may therefore have a material impact and requires judgment.

4.2 Methods of consolidation

Consolidated companies are listed in Note 34.

4.2.1 [Subsidiaries](#)

A subsidiary is an entity controlled by the Company. Control is assumed 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 Energia 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.

4.2.2 [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 as in its own financial statements, from the date at which it obtains joint control until the date at which joint control ceases.

4.2.3 [Associated companies](#)

Associated companies are entities in which the Company exercises 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 in the affiliate, the carrying amount is written off 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.

4.2.4 [Transactions eliminated in the consolidated financial statements](#)

Balance sheet items, 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.

4.3 Translation of foreign currency transactions

4.3.1 [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”). For the presentation of the consolidated financial statements, the profits and losses, and the financial position of each unit are translated into euros, the Group’s functional and presentation currency.

Balance sheet items (including goodwill and fair value adjustments arising from consolidation) of units operating outside the euro zone are translated into euros at the exchange rate effective at the closing date. Income statement items are translated at the average exchange rate ruling during the financial year. Gains and losses resulting from translation are recognized under translation differences as a separate component of equity.

In connection with the preparation of the opening IFRS balance sheet at the transition date (1 January 2004) and under IFRS 1, translation differences presented under “translation differences” in equity were reset to zero with a corresponding adjustment in consolidation reserves.

4.3.2 [Foreign currency transactions](#)

Foreign currency transactions are recognized in the functional currency applying the exchange rate effective 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 effective at this date. Any translation differences are recognized in the income statement.

4.3.3 [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.

4.4 Property, plant and equipment

4.4.1 [Acquisition or construction cost](#)

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

The cost of property, plant and equipment produced internally includes direct and indirect development costs, excluding prospecting and marketing 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 considered satisfactory,
- a grid connection is possible,
- environmental impact studies are favourable,
- the likelihood of obtaining a Power Purchase Agreement in countries where there is no obligation to buy is realistic; 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’ commercial date and are depreciated over the useful life of these facilities.

4.4.2 [Depreciation](#)

Land is not depreciated. Other property, plant and equipment is depreciated on a straight-line basis in order to write off 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
Photovoltaic installations	20 to 25 years
Gas cogeneration plants	12 to 20 years, depending on the type of installation
Thermal power stations	15 years
Hydroelectric power plants	40 years unless specific legal conditions apply

The residual value and useful life of assets are reviewed and adjusted if necessary for each close..

When items of property, plant and equipment have different useful lives, they are recognized as separate assets.

4.4.3 [Impairment and asset retirements](#)

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 the selling price with the carrying amount of the asset sold. These gains or losses are recognized in the income statement.

4.4.4 [Leases](#)

Leases that transfer substantially all the risks and rewards of ownership to the Group are accounted for as finance leases. An item with the characteristics of property, plant and equipment used by the Group and acquired under a finance lease is recognized as property, plant and equipment at the lower of the fair value of the leased property and the present value of minimum lease payments, less accumulated depreciation and impairment losses.

4.5 Business combinations and goodwill

Business combinations are accounted for using the purchase method.

The cost of an acquisition 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, at the date of exchange, plus any costs directly attributable to the combination.

4.5.1 [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 acquisition agreement provides for an adjustment to the purchase consideration contingent on one or more future events, the amount of the adjustment should be included in the cost of the acquisition as at the date of acquisition if the adjustment is probable and the amount can be measured reliably.

When initial recognition of a business combination can be determined only temporarily, any adjustments to provisional values must be made within twelve months of the acquisition date to finalize the recognition of the relevant business combination.

Goodwill is allocated to cash generating units and is not amortized but is tested annually for impairment. Goodwill impairment losses cannot be reversed.

The details of how these impairment tests are conducted are presented in section 4.7 “Impairment losses on non-financial assets”.

Proceeds from the sale of an entity take account into the carrying amount of goodwill of the entity sold.

4.5.2 Step acquisitions through successive 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 identifiable assets and liabilities acquired and for determining the amount of the resulting goodwill.

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 identifiable assets and liabilities determined at the time of the additional purchase. An entry corresponding to this revaluation is taken to equity.

4.5.3 Minority interests

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

For acquisitions of minority interests, given there is no relevant IFRS, the Group has elected to adopt the accounting treatment for which no additional revaluation is performed of identifiable assets and liabilities, when an additional interest is acquired in the shares of an already fully consolidated subsidiary. 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 IASB revision of IFRS 3 may lead to different accounting treatment from the one presented above.

4.6 Other intangible assets

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

Accumulated amortization is calculated on a straight-line basis over the estimated useful life of the corresponding assets.

4.7 Impairment losses on non-financial assets

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

In the case of the 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 into account 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 mid-term plan.

Assets subject to depreciation or amortization are tested for impairment whenever there is an indication 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 useful value. 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, market values may be used.

For impairment test, the 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 corresponding to the 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 closing 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 Group:

Nearly all the Group's property, plant and equipment comprises energy generation assets and primarily wind farms. Assets in progress also relate to these facilities.

With a few exceptions, all of these assets are part of 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 sharing common assets, such as the line connecting the wind farms to the electricity grid, or which are managed by the same operating and maintenance team).

As a result of this decision 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 parameters are likely to 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 power 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 where the cash generating unit is located.

4.8 Financial assets and liabilities

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.

4.8.1 [Financial assets and liabilities at fair value through the income statement](#)

Financial assets at fair value through the income statement are designated as such at inception since:

- 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 purchase costs. At each closing date, they are measured at fair value.

Changes in fair value are recorded under net financial income/(expense).

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.

4.8.2 [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.

4.8.3 [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 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 “Interest and dividends received from 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.

4.8.4 Financial assets recognized at amortized cost

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

Interest recognized at the effective interest rate is accounted for under “Interest and dividends received from financial assets” in net financial income/(expense).

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.

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 “Net impairment of financial assets” in net financial income/(expense). If the loss decreases in a subsequent period, it is reversed and transferred to the income statement.

4.8.5 Borrowings and trade payables

Borrowings are 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 the “Cost of gross debt” over the term of the debt.

4.8.6 Commitments to buy out minority interests

Other financial liabilities notably include commitments entered into by the Group to buy out minority interests.

In the specific case of the puts on minority interests and given the lack of stipulations in the IFRSs, the Group has adopted the following accounting treatment for these commitments:

- Following implementation of the put, the present value of the exercise price is accounted for as a financial liability with a corresponding adjustment in the form of a reduction in minority interests. When the value of the commitment exceeds the amount of minority interests, the remainder is accounted for in goodwill.
- At each balance sheet date, the amount of the financial liability is revalued and changes in the liability are recognized, with a corresponding adjustment in goodwill, except for the impact of decapitalization of the liability, which is recognized in net financial income/(expense).

For puts at a fixed price, the liability is recognized at the present value of the exercise price.

For puts at fair value or at a variable price, the liability is valued based on an estimate of the fair value at the balance sheet date or application of the contractual arrangements at the exercise price based on the latest information available.

4.8.7 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 linked to the 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 with consequent to substantially different terms, the Group recognizes a new liability.

4.9 Derivatives

4.9.1 [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 of 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 or sold under these contracts correspond to the Group's operating requirements;
- the contracts cannot be treated as option sales 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 intended to balance 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 analyzes 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.

4.9.2 [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 this case, changes in the value of hedging instruments are recognized directly in equity, excluding the ineffective portion notably resulting from the separation of the time value of a contract, which is recognized under net financial income/(expense).

4.9.3 [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 hedge: instruments 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:** instruments 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, or, when a firm commitment to buy non-financial commitments exists, they are recognized in the cost of this non-financial asset.
- **Net investment hedge:** instruments 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.

4.10 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 raw materials and supplies is calculated using the first-in, first-out method.

The cost of work in progress covers design costs, materials 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.

Provisions are set aside to cover any known losses to completion on contracts.

4.11 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.

4.12 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 “Current financial liabilities”.

4.13 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.

4.14 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 closing 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.

4.15 Employee benefits

4.15.1 [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.

4.15.2 Benefits payable on retirement

Benefits payable on 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 (mortality, staff turnover) and financial parameters (future salary increases, discount rate).

4.15.3 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.

4.16 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.

4.16.1 Asset retirement obligations and liabilities

For wind farms, 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 lease terms concerning the condition of the land when returned and on the probable cost when the obligation becomes the responsibility of the Group.

For thermal power plants, asset retirement obligations and liabilities are recorded on the basis of the installed power generating capacity.

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

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

4.16.2 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.

4.17 Revenue recognition

4.17.1 [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 by reference to the work performed. 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.

4.17.2 [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 by reference to the work already performed and costs to completion reviewed at the balance sheet date. Any expected loss is immediately recognized in the income statement.

4.17.3 [Government grants](#)

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.

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.

4.17.4 [Interest income](#)

Interest income is recognized in net financial income/(expense) on a *pro rata* 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.

4.17.5 [Dividends paid](#)

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

4.17.6 [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.

4.17.7 Finance lease payments

Minimum finance lease payments are apportioned between the finance charge and the amortization of the 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.

4.17.8 Net financial income/(expense)

Net financial income/(expense) comprises interest payable on borrowings calculated using the effective interest rate method, interest income due on investments, 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 acquired under the effective interest rate method.

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

4.18 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.

4.19 Assets and liabilities held for sale

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 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 the objective to be sold.

An operation is classified as discontinued at the date the entity has actually disposed of the operation, or when the operation meets the criteria for classification as held for sale. A disposal group may also meet the criteria to be classified as discontinued.

5. Segment reporting

5.1 Geographical segment reporting

A segment is a distinguishable component of the Group that is engaged either in the supply of products or services (business segment), or in the supply of 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.

5.1.1 Financial year ended on 31 December 2007

<i>(in thousands of euros)</i>	EUROPE	AMERICAS	ELIMINATIONS	TOTAL
Revenues				
External revenues	186,534	373,973	-	560,507
Other operating income	37,517	24,876	-	62,393
Total revenues	224,051	398,849	-	622,900
Operating income by segment	37,586	57,872	-	95,458
Other income statement items				
Depreciation and amortization and operating provision charges	(31,845)	(12,598)	-	(44,443)
Impairment losses	-	-	-	-
Share in income of equity affiliates	1,282	-	-	1,282
Income taxes	(6,724)	(11,703)	-	(18,427)
Consolidated net income	27,451	26,226	-	53,677
Other information				
Segment assets	2,011,003	508,552	(136,269)	2,383,286
Segment liabilities	1,874,735	644,820	(136,269)	2,383,286
Associated companies	32,054	-	-	32,054
Acquisitions of property, plant and equipment and intangible assets	344,806	166,509	-	511,315

5.1.2 Financial year ended on 31 December 2006

<i>(in thousands of euros)</i>	EUROPE	AMERICAS	ELIMINATIONS	TOTAL
Revenues				
External revenues	163,310	171,487	-	334,797
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 amortization and operating provision charges	(21,488)	(8,607)	-	(30,095)
Impairment losses	(23)	-	-	(23)
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 assets	224,133	105,214	-	329,347

5.2 Business segment reporting

5.2.1 [Financial year ended on 31 December 2007](#)

<i>(in thousands of euros)</i>	Generation	Operations & Maintenance	Development and sale of structured assets	Eliminations	Total
External revenues	175,006	23,675	397,975	(36,149)	560,507
Carrying amount of assets	1,432,974	35,764	1,377,212	(462,664)	2,383,286
Acquisitions of property, plant and equipment and intangible assets	275,279	2,296	234,775	(1,035)	511,315

5.2.2 [Financial year ended on 31 December 2006](#)

<i>(in thousands of euros)</i>	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

5.3 Revenue information

The Group's revenues rose by 67.4% to €560.5 million in the year ended 31 December 2007, up from €334.8 million in the year ended 31 December 2006. At constant exchange rates, the increase in revenues is 77%.

5.3.1 [Europe](#)

The Group's revenues in Europe grew by 14.2% from €163.3 million in 2006 to €186.5 million in 2007. This increase is attributable to the following factors:

- Generation revenues increased by 24.3% from €106.2 million in 2006 to €132 million in 2007. This increase of €26 million is mainly due to:
 - The full-year impact of wind farms installed during 2006 in Portugal (76 MW, gross), Greece (75.4 MW, gross) and in the United Kingdom (44 MW, gross);
 - The start of operation of new wind farms during 2007 in Greece (36 MW, gross), in the United Kingdom (24 MW, gross), in Italy (72.9 MW, gross) and in France (12 MW, gross);
 - The first-time consolidation of the Nurri (22.1 MW, gross) and Andretta (70 MW, gross) wind farms in Italy;
 - The negative impact of the change in the method of consolidation used for do Centro (40 MW, gross) in Portugal from full consolidation to the equity method.
- Development and sale of structured asset revenues slipped from €56.2 million in 2006 to €53.7 million in 2007. 2006 revenues chiefly comprised the remainder of the revenues linked to the completion of the Kessfeld project (27.9 MW), that was developed and built by the Group. 2007 revenues derived from the sale of the Kirf project (8 MW) in Germany and the sale of two projects (15.6 MW) at the development stage in France, as well as the business qualifying for tax relief in the French overseas departments.
- Revenues from the Operations & Maintenance business varied from €0.9 million in 2006 to €0.8 million in 2007.

5.3.2 [Americas](#)

The Group posted revenues of €171.5 million in 2006 in the Americas. During 2007, they grew to €374 million in the region. This substantial increase of €202.5 million breaks down as follows:

- Generation revenues moved up from €32 million in 2006 to €42.6 million in 2007, representing an increase of €10.6 million (33.1%). This rise was chiefly attributable to the full-year impact of the start of operation of the Hawi (10.6 MW) and enXco 5 Repower (9 MW) wind farms in May and June 2006 respectively, the increase in the Group's shareholding in Patterson Pass (21.8 MW) in January 2007 and the commissioning of the Fenton project (205.5 MW) in November 2007.
- The revenues for the Development and sale of structured assets business moved up from €129.7 million in 2006 to €321.2 million in 2007, representing an increase of €191.5 million. The key contributors were as follows:
 - In 2006, revenues derived chiefly from the Spearville project, which was developed and built by enXco (100.5 MW).
 - In 2007, revenues posted on a percentage-of-completion basis flowed primarily from the Pomeroy project (198 MW) at the end of the year, as well as the Goodnoe project (94 MW), which delivery is scheduled during the first half of 2008.
- The revenues recorded by the Operations & Maintenance division grew by 4%, moving up from €9.8 million in 2006 to €10.2 million in 2007. This is mainly due to the signature of a contract during this summer with MidAmerican Energy.

5.4 Operating income trends

The Group's operating income came to €95.5 million in 2007, compared with €61.7 million in 2006, representing an increase of 54.8%.

5.4.1 [Europe](#)

Operating income from the Group's business activities in Europe increased by €3 million from €34.6 million in 2006 to €37.6 million in 2007. This increase was driven by the Generation business, firstly thanks to the full-year impact of parks which started operation during 2006 (Arga in Portugal, Rovas and Profitis Ilias in Greece, Glassmoor, Deeping and Red House in the United Kingdom), and secondly to the start of operation of wind farms in 2007 (Sant'Agata in Italy, Red Tile in England, Perdikovouni and Kaliva in Greece, Luc sur Orbieu in France), as well as acquisitions (Nurri and Andretta in Italy).

The increase in wind energy generation revenues was masked to some extent by lower hydro generation revenues and negative changes in the scope of consolidation.

5.4.2 [Americas](#)

The operating income generated by the Group's operations in the Americas region raised from €27.1 million in 2006 to €57.9 million in 2007, representing an increase of €30.8 million. This performance was driven by the increase in operating income posted by the DSSA and Generation divisions.

6. Revenues

<i>(in thousands of euros)</i>	2006	2007
Energy sales	173,855	137,337
Sales of energy-related services	12,660	53,949
Other sales of goods and services	373,992	143,511
Total	560,507	334,797

Revenue trends are analysed in the segment reporting section (Note 5).

7. Other operating income and expenses

<i>(in thousands of euros)</i>		2007	2006
Net gain on disposal of consolidated entities	(1)	27,715	11,575
Net loss on disposal of non-current assets		(3,964)	(2,785)
Work in progress and capitalization	(2)	20,650	17,031
Operating subsidies	(3)	4,106	-
Other income		(4,498)	(2,820)
Other expenses		7,319	9,421
Total other operating income and expenses		51,328	32,422
o/w other operating expenses		(11,065)	(11,860)
o/w other operating income		62,393	44,283

- (1) Net gains/(losses) on the disposal of consolidated entities derived primarily from:
- the switch to proportional consolidation of the Fenton wind farm in the United States, following the acquisition of a stake in its capital by external investors.
 - the sale of the Lou Paou facility by the DSSA business
- (2) Production transferred to inventory and capitalized derived predominantly from the development of new wind farms in France, namely the Fierville and Fonds de la Plaine projects.
- (3) At 31 December 2006, operating subsidies were shown under other income and represented to €2.5 million.

8. Personnel

8.1 Personnel expenses

Personnel expenses break down as follows:

<i>(in thousands of euros)</i>	2007	2006
Wages and salaries	30,370	21,823
Social security and tax charges	6,075	6,278
Total	36,445	28,101
Total bonus shares and related grants	348	-
Matching contributions	-	422
Charges linked to share-based payments	348	422
Personnel expenses	36,793	28,523

8.2 Share-based payments

At its meeting on 5 November 2007, the Board of Directors decided to grant a total of 24,550 bonus shares to certain company officers and employees in France. The fair value of the plan is based on the share price on the same date. An amount corresponding to this charge was recognized in equity.

For foreign subsidiaries, a similar mechanism was put in place, which consisted in granting beneficiaries a number of units according to the same principle as the bonus share plan. At the end of the vesting period, the beneficiary will not receive bonus shares, but an equivalent amount in cash instead. In accordance with IFRS 2, the cost of this plan is measured based on the closing price of the share on 31 December 2007 and does not include expected dividends. An amount corresponding to this charge was recognized in debt.

The bonus shares or units vest over a period of 2 or 3 years and are in part subject to the attainment of operational targets.

8.3 Average headcount

<i>Average headcount</i>	2007	2006
Employees	390	288
Managers and engineers	238	174
Total	628	462

9. Net financial income/(expense)

9.1 Cost of debt

<i>(in thousands of euros)</i>	2007	2006
Interest charges on financing operations (1)	(38,775)	(27,386)
Net ineffective portion of cash flow hedges (3)	(950)	(667)
Net foreign exchange gains on debt (2)	18,153	6,025
Cost of debt	(21,572)	(22,028)

(1) The interest charges on financing operations correspond to interest and bank borrowing charges.

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

9.2 Other financial income and expenses

<i>(in thousands of euros)</i>	2007	2006
Net income from investments	17,087	3,801
Interest and dividends received from financial assets	3,538	1,869
Change in the fair value of trading assets (3)	(1,947)	126
Net ineffective portion of cash flow hedges on operating activities (3)	(1,588)	-
Net foreign exchange gains (excl. debt)	(18,587)	(7,194)
Gain/(loss) on disposal of available-for-sale assets	292	(320)
Net impairment in financial assets	33	(38)
Discounting costs	(46)	1,694
Other financial income and expenses	(1,846)	(1,752)
Other financial income and expenses	(3,064)	(1,814)

In 2007, proceeds from the sale of financial assets derived from the investment of cash raised through the IPO carried out in November 2006.

Other financial expenses include net foreign exchange losses and net unrealized foreign exchange losses (excluding foreign exchange gains and losses on debt) representing €18,587K. Taking into account the positive currency effect of €18,153K, the net currency loss all operations combined came to €434K.

(3) These figures are commented in Note 18 Derivatives.

10. Income tax

<i>(in thousands of euros)</i>	2007	2006
Income tax payable	(19,347)	(11,990)
Deferred taxes	920	1,223
Total	(18,427)	(10,767)

11. Earnings per share

(€)	2007	2006
Consolidated net income	53,676,614	27,477,763
Earnings attributable to holders of ordinary shares	51,356,498	21,907,199
Number of shares	61,951,961	44,717,065
Basic earnings per share attributable to holders of ordinary shares (€)	0.83	0.49
Fully-diluted earnings per share attributable to holders of ordinary shares (€)	0.83	0.49

The total number of shares comprising the share capital remained stable between year-end 2006 and year-end 2007 at 62,054,734. In 2007, the number of shares used as a denominator for the calculation of earnings per share, i.e. 61,951,961, takes into account the deduction of the weighted average of 102,773 shares held by the Group in treasury in connection with the liquidity programme and the share repurchase programme to cover the bonus shares plan introduced in 2007.

The bonus shares granted by the Group have an accretive impact on earnings per share and are thus excluded from the calculation of fully-diluted earnings per share.

For the 2006 calculation in line with IAS 33, the number of shares used as a denominator, i.e. 44,717,065, was the weighted average of 43,107,880 shares for 334 days and 62,054,734 shares for 31 days.

12. Goodwill

<i>(in thousands of euros)</i>	31 Dec. 2007	31 Dec. 2006
Gross value	80,565	43,921
Accumulated impairment losses	(2,239)	(2,738)
Carrying amount, net	78,326	41,183

Changes in the carrying amount of goodwill were as follows:

<i>(in thousands of euros)</i>	31 Dec. 2007	31 Dec. 2006
Net carrying amount at beginning of period	41,183	57,201
Increases	39,377	5,240
Impairment losses	499	487
Translation differences	(2,732)	(3,018)
Other movements	(1)	(18,727)
Total change	37,143	(16,018)
Net carrying amount at end of period	78,326	41,183

The principal changes in goodwill derived from Greece, with the early buyout of minority interests in EEN Hellas and the addition to the scope of consolidation of RETD, plus the addition of the Verdesis group in Belgium and the acquisition of Noréole in France.

This goodwill is calculated based on the initial acquisition price, as well as on an estimate of future earn-out payments or commitments to buy out minority shareholders provided for in the agreement (see Note 31 on business combinations). These estimates are subject to future revision, automatically leading to subsequent changes in the value of the related goodwill.

13. Intangible assets

Changes in the carrying amount of intangible assets were as follows:

<i>(in thousands of euros)</i>	31/12/2007	31/12/2006
Gross value	5 567	4 512
Amortization and impairment losses	(1 977)	(910)
Carrying amount, net	3 590	3 602

<i>(in thousands of euros)</i>	31/12/2007	31/12/2006
Net carrying amount at beginning of period	3 602	2 225
Acquisitions	723	2 242
Disposals	(5)	(39)
Amortization	(553)	(392)
Changes in the scope of consolidation	16	(11)
Translation differences	(136)	(174)
Other movements	(57)	249
Total change	(12)	1 377
Net carrying amount at end of period	3 590	3 602

Intangible assets principally include software and MIPS in the United States (intangible rights amortized over ten years).

14. Property, plant and equipment

<i>(in thousands of euros)</i>	31 Dec. 2007	31 Dec. 2006
Land	4,337	2,343
Machinery, plant and equipment	840,372	602,211
Other property, plant and equipment	9,044	4,564
Assets in progress and payments on account	449,571	288,043
Property, plant and equipment, net	1,303,324	897,161

<i>(in thousands of euros)</i>	1 Jan. 2007	Increase	Decrease	Translation difference	Other movements	31 Dec. 2007
Land	2,343	976	(39)	(141)	1,198	4,337
Machinery, plant and equipment (1)	701,326	2,263	(5,417)	(29,622)	308,139	976,689
Other property, plant and equipment	11,869	4,735	(461)	(661)	2,683	18,165
Assets in progress and prepayments (2) (3)	288,043	502,618	(21,605)	(8,768)	(310,717)	449,571
Gross value	1,003,581	510,592	(27,522)	(39,192)	1,303	1,448,762
Depreciation and impairment losses	(106,420)	(40,837)	3,209	4,716	(6,106)	(145,438)
Net value	897,161	469,755	(24,313)	(34,476)	(4,803)	1,303,324

- (1) Other movements primarily reflect:
- the commissioning of wind energy assets with a value of €48 million in Greece (Perdikovouni and Kalyva wind farms, which started operating in July 2007), €26 million in the UK (Fenlands - Red Tile project), €13 million in France (Luc sur Orbieu wind farm), as well as photovoltaic installations related to the start of operation of the Bosco solar farm in Italy with a value of €2 million.
 - the start of operation of the Fenton project in the United States: pursuant to the terms of the agreement, investors acquired an interest in the capital, causing the project to be consolidated proportionally rather than fully on the balance sheet. The Fenton wind farm entered service in 2007. The total value of the wind farm is €259 million, less its partial deconsolidation for €142 million, leading to a net impact of €117 million,
 - additions to the scope of consolidation in Italy: €74 million related to the Andretta project and €21 million to the Nurri project,
 - the switch from equity accounting to full consolidation of the Patterson Pass project in the United States, with an impact of €6 million.
- (2) Of the increase in assets in progress, €443 million is attributable to wind farms under construction as follows: €166 million in the United States (Fenton and Shiloh II projects); €102 million in Portugal (€87 million related to the Ventominho project and €14 million to the Arada project); €112 million in France (Chemin d'Ablis, Salles-Curan, Luc sur Orbieu, Villesèque and Castanet); €25 million in Greece (Perdikovouni, Kaliva, Imerovigli and Viotia projects); €26 million in the United Kingdom (Walkway, Red Tile); €12 million in Italy (principally Murgeolica). This increase also derived from prepayments for non-current assets, with €60 million related to future wind farms located in Greece, United States and Italy.
- (3) The other movements in assets in progress are mainly related to:
- the commissioning of assets, leading to a negative impact of €348 million.
 - the impact of the addition of three French companies, namely Luc sur Orbieu (impact of €2.5 million), Castanet (impact of €1 million) and Villesèque (impact of €1 million),
 - €32 million in prepayments.

(in thousands of euros)	1 Jan. 2006	Increase	Decrease	Translation difference	Other movements	31 Dec. 2006
Land	3,397	157	(1)	(18)	(1,192)	2,343
Machinery, plant and equipment (4)	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 and prepayments (5) (6)	133,932	315,005	(2,853)	(5,687)	(152,354)	288,043
Gross value	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 value	605,621	298,069	(2,770)	(15,847)	12,088	897,161

- (4) Other movements primarily reflect:
- the commissioning of assets, leading to a negative impact of €162 million: €142 million in wind farms and €20 million in other renewable energy plants (principally 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 the scope of consolidation: an increase of €16 million related to the Hawi facility in the United States and a reduction of €43 million related to the do Centro plant in Portugal,
 - changes in the percentage used for consolidation purposes: an increase of €6 million related to the Oasis facility in the United States.

- (5) Of the increase in assets in progress, €310 million is attributable to assets under construction and €5 million to assets under development:
- increase in assets under construction: €104 million related to the United States (Fenton), €76 million to Greece, including €43 million leases (Aioliki Energiaki Peloponnissou, Aioliki Hellas, Aioliki Karistou, Aioliki Didimon), €49 million to the United Kingdom (Red Tile, Biker, Walkway), €40 million to Italy (Sant Agata and Minervino principally), €35 million to Portugal (Arada, Espiga, Ventominho), and €6 million to France;
 - increase in assets under development: €2 million related to France and €2 million to the United Kingdom.
- (6) The other movements in assets in progress relate to:
- the commissioning of assets, leading to a negative impact of €162 million,
 - the impact of the addition of two Italian companies: Fri-el-Campidano (impact of €22 million) and Murgeolica (impact €4 million),
 - allocation of some of the goodwill linked to the acquisitions in Greece: €1 million in fair value adjustments arising from business combinations.

15. Investments in associated companies

15.1 Breakdown of investments in associated companies

Companies	Percentage interest in share capital	Net value of investments in equity affiliates at 31 Dec. 2007 (1)	Share in income from equity affiliates at 31 Dec. 2007	Percentage interest in share capital	Net value of investments in equity affiliates at 31 Dec. 2006	Share in income from equity affiliates at 31 Dec. 2006
Alco group	25%	24,409	575	-	-	-
C-Power	21%	2,661	(57)	21%	1,510	4
Jacques Giordano Industries	25%	1,511	-	25%	1,511	393
Eolica Do Centro	32%	894	646	32%	247	150
Batliboi	50%	378	89	50%	286	51
Photon Power Technology (2)	20%	1,440	-	-	-	-
Reetec (2)	28%	509	-	-	-	-
Other	-	252	28	-	1,773	156
Total		32,054	1,282		5,327	754

- (1) including €3,459K in goodwill (excluding goodwill included in local financial statements).
- (2) These companies were acquired at year-end 2007, therefore no earnings were recognized for the year.

15.2 Additional information about associated companies

The following information is quoted based on 100% ownership, irrespective of the Group's percentage of interest. It relates to the financial year ended on 31 December 2007.

<i>(in thousands of euros)</i>	ASSETS	LIABILITIES (Excluding equity)	REVENUES	NET INCOME
TOTAL	299,287	190,838	238,612	4,591

The principal contributor among the associated companies is the Alco group (bioethanol), in which the Group acquired a 25% interest in late 2007.

16. Financial assets

16.1 Breakdown of financial assets by asset category

<i>(in thousands of euros)</i>	31 Dec. 2007			31 Dec. 2006		
	Current	Non-current	Total	Current	Non-current	Total
Available-for-sale financial assets (Note 17)	-	5,443	5,443	-	4,399	4,399
Positive fair value of hedging derivatives (Note 18)	14,687	5,661	20,348	13	3,735	3,748
Positive fair value of trading book derivatives (Note 18)	-	189	189	1,895	155	2,050
Loans and financial receivables	50,970	26,729	77,699	13,676	46,075	59,751
Financial assets	65,657	38,022	103,679	15,584	54,364	69,948

16.2 Guarantees

The Group has not pledged or given any financial assets as collateral for guarantees.

16.3 Change in financial assets

<i>(in thousands of euros)</i>	1 Jan. 2007	Increases	Decreases	Changes in fair value	Other	31 Dec. 2007
Available-for-sale financial assets (Note 17)	4,399	2,034	(981)	-	(10)	5,443
Positive fair value of hedging derivatives	3,748	1,459	-	15,053	88	20,348
Positive fair value of trading book derivatives	2,050	-	-	(1,786)	(74)	189
Loans and financial receivables	59,751	54,482	(25,008)	-	(11,524)	77,699
Financial assets	69,948	57,975	(25,989)	13,267	(11,520)	103,679

<i>(in thousands of euros)</i>	1 Jan. 2006	Increases	Decreases	Changes in fair value	Other	31 Dec. 2006
Available-for-sale financial assets (Note 17)	2,044	1,085	(1,142)	(1,039)	3,451	4,399
Positive fair value of hedging derivatives	475	-	-	3,212	61	3,748
Positive fair value of trading book derivatives	28	-	-	2,022	-	2,050
Loans and financial receivables	35,673	18,321	184	-	5,573	59,751
Financial assets	38,220	19,406	(958)	4,195	9,085	69,948

16.4 Financial assets by maturity

At 31 December 2007

<i>(in thousands of euros)</i>	Less than one year	One to five years	More than five years	Total
Available-for-sale financial assets (Note 17)	-	-	5,443	5,443
Positive fair value of hedging derivatives	14,687	5,661	-	20,348
Positive fair value of trading book derivatives	-	189	-	189
Loans and financial receivables	50,970	14,628	12,101	77,699
Total at 31 Dec. 2007	65,657	20,478	17,544	103,679

At 31 December 2006

<i>(in thousands of euros)</i>	Less than one year	One to five years	More than five years	Total
Available-for-sale financial assets (Note 17)	-	-	4,399	4,399
Positive fair value of hedging derivatives	13	3,735	-	3,748
Positive fair value of trading book derivatives	1,895	155	-	2,050
Loans and financial receivables	13,676	8,083	37,992	59,751
Total at 31 Dec. 2006	15,584	11,973	42,391	69,948

17. Available-for-sale financial assets

<i>(in thousands of euros)</i>	1 Jan. 2007	Changes in scope	Increase	Decrease	Changes in fair value	Other	31 Dec. 2007
Gross value	4,532	29	2,048	(981)	-	32	5,660
Impairment losses	(133)	(70)	(14)	-	-	-	(217)
Investments in non-consolidated companies	4,399	(41)	2,034	(981)	-	32	5,443

<i>(in thousands of euros)</i>	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)	-	-	(72)	(133)
Investments in non-consolidated companies	2,044	2,092	1,085	(1,142)	(1,039)	1,359	4,399

The fair value of investments in non-consolidated companies at 31 December 2006 and 2007 is left at acquisition cost in the absence of sufficiently reliable criteria to determine the fair value of these assets.

During the 2007 financial year, the Group acquired shares in various non-consolidated companies representing €2 million and also sold shares with a total value of €1 million.

The Company does not hold any listed securities.

18. 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 in the local currency. The Group needs to raise significant debt-finance to execute its plans.

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

18.1 Analysis of the fair value of derivatives

<i>(in thousands of euros)</i>	31 Dec. 2007	31 Dec. 2006
Derivatives held as assets		
Cash flow hedging derivatives	20,348	3,748
Fair value hedging derivatives	-	-
Trading book derivatives	189	2,050
Total derivatives held as assets	20,537	5,798
Derivatives held as liabilities		
Cash flow hedging derivatives	6,444	525
Fair value hedging derivatives	-	-
Trading book derivatives	107	3
Total derivatives held as liabilities	6,551	528
Total derivatives, net assets/(liabilities)	13,986	5,270

18.2 Derivatives and hedge accounting

Cash flow hedge accounting is applied in accordance with the principles of IAS 39, notably for the following transactions:

- floating rate debt, which is hedged by using interest rate swaps (floating/fixed rate);
- hedging future turbine purchases in currencies other than the functional currency of the purchasing unit (EUR or USD) through options or forward purchases.

Interest rate hedging derivatives

Interest rate hedging derivatives comprise swaps and break down as follows:

<i>(in thousands of euros)</i>	31 Dec. 2007		31 Dec. 2006	
	Fair value	Nominal amount hedged	Fair value	Nominal amount hedged
Interest-rate derivatives, held as assets	5,663	275,962	3,748	187,221
Interest-rate derivatives, held as liabilities	(6,209)	212,828	(525)	74,643
Interest rate hedging derivatives, net assets/(liabilities)	(546)	488,790	3,223	261,864

Foreign exchange hedging derivatives

<i>(in thousands of euros)</i>	31 Dec. 2007		31 Dec. 2006	
	EUR	USD	GBP	USD
Foreign exchange instruments, held as assets	14,685	-	-	-
Options	3,531	-	-	-
Forward purchases	11,154	-	-	-
Foreign exchange instruments, held as liabilities	-	(235)	(21)	-
Options	-	(91)	(21)	-
Forward purchases	-	(144)	-	-
Foreign exchange hedging derivatives, net	14,685	(235)	(21)	-

The Group's foreign exchange derivatives are taken principally on behalf of the US subsidiary to hedge purchases of turbines denominated in euros.

Impact of hedging derivatives recognized in equity and income

In 2007, the impact of hedging derivatives recognized in equity came to €7,689 million, breaking down as follows:

- €267K for Europe,
- €7,422K for the United States.

The ineffective portion of cash flow hedges recorded in net financial income/(expense) during 2007 represents an expense of €2,538K, resulting from a gain of €1,033K for Europe and an expense of €3,571K for the United States.

In 2006, the impact of hedging derivatives recognized in equity, after deferred taxes, came to €2,579K for interest rate hedging derivatives in Europe and €604K for the United States.

The ineffective portion of cash flow hedges recorded in net financial income/(expense) during 2006 represented a gain of €127K for Europe and an expense of €795K for the United States.

The periods during which the interest flows hedged will affect the income statement are as follows:

<i>(in thousands of euros)</i>	Projected cash flows	Less than one year	Between one and five years	Over five years
At 31 December 2007	(205,727)	(24,654)	(108,049)	(73,025)
At 31 December 2006	(50,907)	(6,259)	(27,997)	(16,651)

In most cases, the foreign exchange derivatives have a maturity of less than one year.

18.3 Trading book derivatives

This section includes the derivatives taken by the Group in connection with its interest rate and foreign exchange hedging policy, but are not eligible for hedge accounting as defined in IAS 39.

In 2007, the impact recognized in the income statement represented a charge of €1,947K (prior to tax effects) and related to the unwinding of derivative transactions taken during the 2006 financial year. This amount is split between €126K charge in Europe and €1,821K charge in the United States.

During 2006, the Group implemented FX accumulators to hedge a foreign exchange risk in the United States. Their fair value represented an asset of €1,895K. Changes in the fair value of these instruments during 2006 were recognized in income. These derivative transactions were unwound during the 2007 financial year.

The impact on the income statement of the other trading book derivatives was a gain of €126K and related solely to Europe.

19. Working capital requirement

19.1 Composition and changes in the working capital requirement

<i>(in thousands of euros)</i>	1 Jan. 2007	Change in recurring WCR (1)	Movements Changes in the scope of consolidation	Translation differences	Other movements	31 Dec. 2007
Inventories	121,399	41,655	(20,276)	(7,544)	(6,905)	128,329
Trade receivables	52,169	48,884	4,762	(2,815)	6,519	109,519
Tax receivables	624	361	-	-	(29)	956
Other current assets	98,853	141,306	3,943	(9,887)	(40,353)	193,862
Assets	273,045	232,206	(11,571)	(20,246)	(40,768)	432,666
Trade payables	108,704	(29,658)	5,239	(3,098)	(26,413)	54,774
Tax liabilities payable	5,290	16,150	50	(1,470)	(1,071)	18,949
Other current liabilities	143,681	123,090	(35,944)	(13,000)	23,633	241,460
Liabilities	257,675	109,582	(30,655)	(17,568)	(3,851)	315,183
Total	(15,370)	(122,624)	(19,084)	2,678	36,917	(117,483)

(1) See notes to the consolidated cash flow statement (Note 28).

The balance of trade receivables showed an increase of €57.4 million between 31 December 2006 and 31 December 2007, predominantly owing to billings for the Fierville wind farm currently under construction, as well as the trade receivables of the Verdesis group, which entered into the scope of consolidation in 2007.

<i>(in thousands of euros)</i>	1 Jan. 2006	Change in recurring WCR (1)	Movements			31 Dec. 2006
			Changes in the scope of consolidation	Translation differences	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)	24,987	273,045
Trade payables	71,780	30,275	4,360	(1,529)	3,818	108,704
Tax liabilities payable	881	4,532	-	(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)	(257)	257,675
Total	(2,093)	5,455	8,334	(1,822)	(25,244)	(15,370)

(1) See notes to the consolidated cash flow statement (Note 28).

19.2 Inventories and work in progress

<i>(in thousands of euros)</i>	31 Dec. 2007	31 Dec. 2006
Work in progress	94,652	113,188
Raw materials and supplies	37,374	11,479
Gross inventories	132,026	124,667
Impairment losses	(3,697)	(3,268)
Net inventories	128,329	121,399

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, recognized in accordance with IAS 11 when these construction costs correspond to a future activity under the contract and for which the revenue recognition criteria are not satisfied at the closing date based on the percentage of completion at this date.

The change in work in progress between 31 December 2006 and 31 December 2007 is attributable to the sale of the Plein Vent Lou Paou wind farm, as well as the construction of new wind farms in France and Spain and progress made on the Goodnoe and Pomeroy projects in the United States.

Raw materials and supplies increased between 31 December 2006 and 31 December 2007 due to the purchase of solar panels in connection with the development and sale of photovoltaic facilities.

19.3 Other current assets

<i>(in thousands of euros)</i>	31 Dec. 2007	31 Dec. 2006
Payments on account	125,635	53,368
Other receivables	60,616	40,501
Prepaid expenses	5,229	4,752
Accruals	2,382	232
Total	193,862	98,853

19.4 Other current liabilities

<i>(in thousands of euros)</i>	31 Dec. 2007	31 Dec. 2006
Payments received	39,234	135
Tax receivables	8,592	4,569
Social security liabilities	4,674	3,537
Amounts due on non-current assets	44,396	35,006
Other current liabilities	97,677	96,649
Prepaid income (1)	46,887	3,785
Total	241,460	143,681

(1) The increase in prepaid income between 31 December 2006 and 31 December 2007 derived primarily from the disposal of the Fierville and Fonds de la Plaine wind farms.

20. Cash and cash equivalents

<i>(in thousands of euros)</i>	1 Jan. 2007	1 Jan. 2006
Cash and cash equivalents on balance sheet	402,875	109,666
Reclassification of pledging and held cash	(25,459)	(4,901)
Cash and cash equivalents on cash flow statement	377,416	104,765
Bank overdrafts	(32,147)	(103,910)
Cash at beginning of period	345,269	855

Cash at end of period

<i>(in thousands of euros)</i>	31 Dec. 2007	31 Dec. 2006
Cash and cash equivalents on balance sheet	369,303	402,875
Reclassification of pledging and held cash	(44,675)	(25,459)
Cash and cash equivalents on cash flow statement	324,628	377,416
Bank overdrafts	(34,708)	(32,147)
Cash at end of period	289,920	345,269

21. Assets and liabilities held for sale

This item includes assets and liabilities held for sale as defined in accordance with IFRS 5. At 31 December 2007, no group of assets and liabilities was classified as being held for sale.

<i>(in thousands of euros)</i>	31 Dec. 2006
Assets classified as held for sale	
Non-current assets	749
Other non-current assets	3
Current assets (excluding cash)	236
Cash	4
Total assets held for sale	992
Liabilities related to assets classified as held for sale	
Non-current financial liabilities	(2)
Other non-current liabilities	(4)
Current financial liabilities	2
Other current liabilities	914
Total liabilities held for sale	910

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.

These three companies were sold during the 2007 financial year, with no material capital gains.

22. Shareholders' equity

22.1 Share capital

(€)	Number of shares	Par value	Share capital
Share capital at 31 December 2005	4,310,788	16	68,972,608
Following the ten-for-one stock split (AGM 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
Share capital at 31 December 2007	62,054,734	1.6	99,287,574

There were no changes affecting the share capital during the 2007 financial year.

During 2006, 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. However, it comprised 43,107,880 shares, each with a par value of €1.6.

The increases in the share capital were the 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).

22.2 Treasury shares

In connection with the share buyback programme covered by a liquidity agreement complying with the provisions laid down by the *Autorité des Marchés Financiers* (AMF), a total of 1,248,154 shares were purchased for an amount of €58.1 million and 1,150,154 shares were sold for an amount of €53.5 million during the 2007 financial year.

At 31 December 2007, the Group held 120,910 treasury shares, 98,000 of which under the liquidity agreement and 22,910 to cover the bonus share plan set up by the Group in 2007 with a total value of €6 million.

22.3 Dividends

[22.3.1 Dividends paid in respect of the 2006 financial year](#)

At the Annual General Meeting of shareholders on 24 May 2007, a decision was made to pay out a dividend of €6.8 million, or €0.11 per share. This amount was paid on 15 June 2007.

On the date of payment, the number of treasury shares held by EDF EN was 34,016 out of a total of 62,054,734 shares. The dividend corresponding to these treasury shares amounted to €3,741.72. This amount was transferred to ordinary reserves.

[22.3.2 Dividends proposed in respect of the 2007 financial year](#)

At the Annual General Meeting of the Group called to approve the financial statements at 31 December 2007, payment of a dividend of €0.26 per share, representing a total payout of €16.1 million, will be proposed.

23. Financial liabilities

23.1 Current/non-current breakdown

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

<i>(in thousands of euros)</i>	31 Dec. 2007			31 Dec. 2006		
	Current	Non-current	Total	Current	Non-current	Total
Borrowings from credit institutions	432,025	456,461	888,486	99,435	403,617	503,052
Other borrowings	31,969	80,984	112,953	69,056	38,063	107,119
Bank overdrafts	34,708	-	34,708	32,147	-	32,147
Negative fair value of hedging derivatives	235	6,209	6,444	21	504	525
Negative fair value of trading book derivatives	107	-	107	-	3	3
Financial liabilities	499,044	543,654	1,042,698	200,659	442,187	642,846

23.2 Maturity schedule of borrowings at net carrying amount

At 31 December 2007

<i>(in thousands of euros)</i>	Borrowings	Other borrowings	Accrued interest	Total
Less than one year	426,659	31,969	5,366	463,994
One to five years	158,554	66,465	-	225,019
More than five years	297,907	14,519	-	312,426
Total at 31 Dec. 2007	883,120	112,953	5,366	1,001,439

At 31 December 2006

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

23.3 Change in borrowings

<i>(in thousands of euros)</i>	Borrowings from credit institutions	Other borrowings	Accrued interest	Total
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	-	(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
Increases	725,143	44,435	10,876	780,454
Decreases	(302,740)	(25,428)	(8,233)	(336,401)
Changes in scope of consolidation	(18,510)	(14,300)	21	(32,789)
Translation differences	(16,370)	(205)	(95)	(16,670)
Other	(5,431)	1,332	773	(3,326)
31 Dec. 2007	883,120	112,953	5,366	1,001,439

23.4 Analysis of borrowings by country

At 31 December 2007

Analysis of the Group's borrowings by country at 31 December 2007:

(in thousands of euros)	Borrowings	Other borrowings	Accrued interest	TOTAL BORROWINGS	Fixed rate	Floating rate	Maturity < 1 year	Maturity 1 to 5 years	Maturity > 5 years	Amount covered by a swap
Germany	1,150	-	-	1,150	1,150	-	260	890	-	-
Belgium	129	1,897	-	2,026	2,026	-	-	129	1,897	-
Spain	5,224	3,227	50	8,501	3,511	4,990	1,068	2,596	4,837	18,849
France	400,908	40,635	2,349	443,892	49,965	393,927	353,376	70,266	20,250	101,383
Greece	92,671	57,443	1,159	151,273	-	151,273	52,832	36,777	61,664	73,353
Italy	78,524	2,397	907	81,828	455	81,373	32,710	35,005	14,113	42,674
Portugal	142,928	5,384	-	148,312	18,280	130,032	11,723	34,623	101,966	118,619
UK	79,445	426	360	80,231	657	79,574	7,476	28,951	43,804	64,649
United States	82,141	1,544	541	84,226	11,612	72,614	4,549	15,782	63,895	69,263
TOTAL	883,120	112,953	5,366	1,001,439	87,656	913,783	463,994	225,019	312,426	488,790
Bank overdrafts				34,708		34,708				
TOTAL				1,036,147	87,656	948,491	498,702	225,019	312,426	488,790

At 31 December 2007, fixed-rate borrowings accounted for 58% of total borrowings (excluding bank overdrafts).

At 31 December 2006

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

(in thousands of euros)	Borrowings	Other borrowings	Accrued interest	TOTAL BORROWINGS	Fixed rate	Floating rate	Maturity < 1 year	Maturity 1 to 5 years	Maturity > 5 years	Amount covered by a swap
Germany	1,410	-	-	1,410	1,410	-	-	1,410	-	-
Spain	5,432	3,070	53	8,555	2,937	5,617	585	2,708	5,262	21,025
France	158,184	33,816	867	192,867	15,068	177,798	40,838	139,935	12,091	9,395
Greece	50,249	62,008	-	112,257	-	112,259	58,302	15,759	38,199	56,917
Italy	49,045	1,650	113	50,808	2,528	48,279	11,102	24,877	14,827	33,180
Portugal	70,284	5,280	-	75,564	11,272	64,292	5,470	18,826	51,268	40,725
UK	85,622	511	586	86,719	678	86,042	6,515	24,376	55,829	74,643
United States	80,802	779	405	81,986	32,340	49,646	45,674	13,977	22,336	25,980
TOTAL	501,028	107,119	2,024	610,171	66,233	543,938	168,491	241,868	199,812	261,865
Bank overdrafts				32,147		32,147				
TOTAL				642,318	66,233	576,085	200,638	241,868	199,812	261,865

Fixed-rate borrowings accounted for 54% of total borrowings (excluding bank overdrafts).

23.5 Analysis of borrowings by currency

(in thousands of euros)	31 Dec. 2007	31 Dec. 2006
Euros (EUR)	665,696	346,070
US dollar (USD)	214,945	122,684
Pound sterling (GBP)	120,798	141,411
Other currencies	-	6
Total	1,001,439	610,171

23.6 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 easily 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. 2007	31 Dec. 2006
Borrowings	1,001,439	610,171
Impact of derivatives held as liabilities	6,444	525
Impact of derivatives held as assets	(20,348)	(3,748)
Net cash at end of period	(289,920)	(345,269)
Net debt	697,615	261,679

24. Financial risk management

24.1 Interest-rate risk

The financing of projects developed by the Group, in particular windfarms, requires a significant use of debt. A significant increase in interest rates may thus impact the profitability of the Group's future projects.

To limit this risk, the Group has implemented an interest rate hedging policy employing interest rate swaps. From an economic standpoint, use of these swaps helps to convert floating rate into fixed rate borrowings and to protect against fluctuations in interest payments.

Accordingly, generation operating power stations benefit from long-term fixed rates. In general, the arranging banks require a hedge covering 70 to 100% of the amount financed for 80-100% of its duration. The part of financing that continues to carry a floating rate, the risk is managed depending on the market trends (and on the free cash flow generated by the project).

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

<i>(in thousands of euros)</i>	31 Dec. 2007			31 Dec. 2006		
	Initial debt structure	Impact of hedges	Debt structure after hedging	Initial debt structure	Impact of hedges	Debt structure after hedging
Fixed rate	87,656	488,790	576,446	66,233	261,864	328,097
Floating rate	913,783	(488,790)	424,993	543,938	(261,864)	282,074
Total	1,001,439	-	1,001,439	610,171	-	610,171

Sensitivity tests

Based on the Group's financial position at 31 December 2007 and at 31 December 2006, sensitivity tests were performed to show the estimated impact on income and on equity of a +/-100 basis point fluctuation (i.e. 1%) in interest rates.

<i>(in thousands of euros)</i>	Income statement		Shareholders' equity	
	+100 bps	-100 bps	+100 bps	-100 bps
31 December 2007	415	(479)	32,189	(35,317)
31 December 2006	2,658	(2,746)	9,114	(9,883)

24.2 Foreign exchange risk

The Group makes a significant percentage of its business outside the euro zone. It is therefore exposed to foreign exchange risk deriving from its various exposures to different currencies and principally the US dollar and pound sterling.

The Group reduces this risk:

- by systematically hedging transactions that may give rise to a foreign exchange difference. This chiefly relates to:
- Equipment purchases (predominantly turbines) in a currency other than the domestic currency used for accounting purposes. To date, only turbine purchases by US and UK subsidiaries from European manufacturers are handled this way.
- Intra-group flows, such as management fees, various charges transferred, loan interest payments, etc.
- By forbidding debt to be arranged in a currency other than the functional currency of the relevant country (except for Bulgaria and Mexico)
- and ensuring that all intra-group financing is provided in the currency of the subsidiary receiving the funding.

The hedging instruments used are swaps, forward purchases and plain vanilla options.

Breakdown of assets and liabilities by currency

- At 31 December 2007

<i>(in thousands of euros)</i>	EUR	GBP	USD	Other	TOTAL
Assets	1,699,301	160,116	507,485	16,384	2,383,286
Liabilities	1,003,195	139,727	480,464	2,591	1,625,977
Net position before hedging	696,106	20,389	27,021	13,793	757,309
Impact of hedging	-	-	-	-	-
Net position after hedging	696,106	20,389	27,021	13,793	757,309

- At 31 December 2006

<i>(in thousands of euros)</i>	EUR	GBP	USD	Other	TOTAL
Assets	1,239,002	142,571	321,061	24,348	1,726,982
Liabilities	571,743	135,633	294,506	3,004	1,004,887
Net position before hedging	667,260	6,938	26,555	21,343	722,096
Impact of hedging	5,495	(5,495)	-	-	-
Net position after hedging	672,755	1,443	26,555	21,343	722,096

Sensitivity tests

To hedge its future purchases of assets in foreign currencies, the Group notably uses futures and options. The sensitivity tests performed on these instruments at 31 December 2007 and at 31 December 2006 show that a shift of +/-10% in exchange rates would have the following impact on its income and equity:

<i>(in thousands of euros)</i>	Income statement		Shareholders' equity	
	+10%	-10%	+10%	-10%
31 December 2007	(1,486)	(333)	39,978	(21,942)
31 December 2006	(1,816)	(1,836)	-	-

24.3 Liquidity risk

Lines of credit

At 31 December 2007, the Group had seven medium-term credit lines repayable during the 2012-2013 period. These lines are not amortizable and have a single end-of-term payment. They cover a total amount of €350 million and are guaranteed by the financial institutions with which they were arranged on fixed and irrevocable terms.

The Group also has overdraft facilities, which, by definition, are not guaranteed (excluding the statutory period for withdrawal by banks).

Since the beginning of 2007, EDF EN SA has arranged back-to-back credit lines complementing the financing facilities it has already put in place. These have been arranged for one year and are renewable once.

The Group has centralized the arrangement and use of these finance facilities and thus management of the corresponding risks.

- At 31 December 2007

<i>(in millions of euros)</i>	Amount	Drawn down	Not used
Medium-term line			
- repayable in 2012	70	64	6
- repayable in 2013	280	140	140
364-day lines renewable			
- repayable in 2008	158	136	22
Bank overdrafts	91	35	56
TOTAL	599	375	224

- At 31 December 2006

<i>(in millions of euros)</i>	Amount	Drawn down	Not used
Medium-term line			
- repayable in 2009	40	-	40
- repayable in 2013	301	-	301
Bank overdrafts	75	32	43
TOTAL	416	32	384

Maturity schedule of financial liabilities based on contractually agreed cash flows

This maturity schedule has been prepared based on contractually agreed cash flows, which have not been discounted and may differ from the amounts shown on the balance sheet at 31 December 2007.

It takes into account the financing of projected expenditure for wind farms under construction if the pre-agreed project financing includes the construction period. The amounts borrowed thus increase through to the commissioning date of the wind farms, which for certain projects is scheduled after 31 December 2007.

The following table shows in the column cash flows in less than one year the proportion of short-term repayments less contractually agreed draw-downs.

<i>(in thousands of euros)</i>	Carrying amount, net			Contractually agreed cash flows			
	Current	Non-current	Total	Less than one year	One to five years	More than five years	Total
Borrowings from credit institutions	432,025	456,461	888,486	230,146	459,914	667,828	1,357,888
Other borrowings	31,969	80,984	112,953	31,970	70,641	15,244	117,855
Bank overdrafts	34,708		34,708	34,708	-	-	34,708
Net interest rate hedging derivatives (liabilities-assets)	546		546	(782)	2,582	(3,771)	(1,970)
Trade payables	54,774		54,774	54,774	-	-	54,774
Other payables (1)	181,307		181,307	181,307	-	-	181,307

- (1) Payments on account received, amounts due on non-current assets and other amounts payable (Note 19.4) are included in other payables in the liquidity risk table.

24.4 Credit risk

In line with IFRS 7, credit risk represents the risk of a financial loss for the Group, should a customer or a financial instrument counterparty breach its contractual obligations.

During 2007, the Group continued to develop and implement a counterparty risk management quantification and management policy. This management policy, which is centralized by the head office for all Group units, is structured around four major pillars: the risk of unpaid invoices, the risk of non-performance of contractual commitments by a third party to the Group, insurance-related risk and, lastly, the risk linked to treasury and financing.

As part of its policy of controlling the risk of unpaid invoices, the Group is careful to work only with major players in the energy market (utilities in the United States, EDP in Portugal, etc.). Specifically in connection with the DSSA activities, the Group is careful not to become or remain dependent on any of its customers. These strategies currently enable it to identify and manage most effectively the exposure inherent in its business activities.

Based on the market's fundamentals, the diversification of procurement sources is regarded as one of the Group's priorities. This contractualization process aimed at key players, which was initiated during 2007, has enabled it to secure its supply chain in an environment characterized by strong demand.

The Group undertakes only to call upon the services of prime institutions in the conduct of its business activities since it is aware that insurance- and financing-related risks currently account for a large proportion of its exposure to counterparty risks, in line with the provisions of its risk management policy.

The carrying amount of financial assets represents the Group's maximum exposure to credit risk.

The Group's maximum exposure to credit risk is €768,752K at 31 December 2007 and €618,861K at 31 December 2006.

25. Fair value of financial instruments

In accordance with IFRS 7, the fair value of financial assets and liabilities, as well as their carrying amount on the balance sheet, is summarized in the following table.

<i>(in thousands of euros)</i>	31 Dec. 2007		31 Dec. 2006	
	Carrying amount	Fair value	Carrying amount	Fair value
ASSETS				
Available-for-sale financial assets	5,443	5,443	4,399	4,399
Positive fair value of hedging derivatives	20,348	20,348	3,748	3,748
Positive fair value of trading book derivatives	189	189	2,050	2,050
Assets at amortized cost	742,772	742,772	608,664	608,664
<i>Loans and financial receivables</i>	77,699	77,699	59,751	59,751
<i>Trade receivables</i>	109,519	109,519	52,169	52,169
<i>Other receivables (1)</i>	186,251	186,251	93,869	93,869
<i>Cash and cash equivalents on balance sheet</i>	369,303	369,303	402,875	402,875
LIABILITIES				
Liabilities at amortized cost	1,272,228	1,264,835	882,812	877,226
<i>Borrowings</i>	1,001,439	994,046	610,171	604,585
<i>Trade payables</i>	54,774	54,774	108,704	108,704
<i>Other payables (2)</i>	181,307	181,307	131,790	131,790
<i>Bank overdrafts</i>	34,708	34,708	(32,147)	(32,147)
Negative fair value of hedging derivatives	6,444	6,444	525	525
Negative fair value of trading book derivatives	107	107	3	3

(1) Other receivables include the prepayments made by the Group and other amounts due (see Note 19.3)

(2) Other payables include payments received, amounts due on non-current assets and other amounts payable. (see Note 19.4).

26. Deferred taxes

26.1 Analysis of deferred taxes by origin

<i>(in thousands of euros)</i>	31 Dec. 2007	31 Dec. 2006
Deferred tax assets		
Subsidies	2,424	1,235
Elimination of profit/loss on internal transactions	19,247	8,323
Tax loss carry forwards	27,579	30,074
Offset between deferred tax assets and liabilities	(43,257)	(29,900)
Other	9,529	4,223
Total, deferred tax assets	15,522	13,955
Deferred tax liabilities		
Restatement of depreciation (including accelerated depreciation)	(61,108)	(30,854)
Fair value adjustments arising from business combinations	(26,264)	(15,211)
Offset between deferred tax assets and liabilities	43,257	29,900
Other	(14,540)	(19,927)
Total deferred tax liabilities	(58,655)	(36,092)
Net deferred taxes	(43,133)	(22,136)

At 31 December 2007, the amount of unrecognized deferred tax assets stood at €5.2 million, including €2.6 million in respect of the 2007 financial year.

26.2 Maturity of deferred taxes

<i>(in thousands of euros)</i>	31 Dec. 2007	31 Dec. 2006
Deferred tax assets	15,522	13,955
- recoverable in more than 12 months	15,522	13,955
- recoverable in less than 12 months	0	0
Deferred tax liabilities	58,655	36,092
- recoverable in more than 12 months	58,655	36,092
- recoverable in less than 12 months	0	0

26.3 Change in deferred taxes

<i>(in thousands of euros)</i>	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
Position at 31 December 2005	7,054	22,820	(15,766)
Change in tax bases	13,512	13,246	266
Changes in the scope of consolidation	(340)	1,987	(2,327)
Translation differences	24	(813)	837
Impact on reserves	(661)	1,580	(2,241)
Other	-	2,906	(2,906)
Offset between deferred tax assets/liabiliti	(5,634)	(5,634)	-
Position at 31 December 2006	13,955	36,092	(22,137)
Change in tax bases	10,819	9,899	920
Changes in the scope of consolidation	1,062	19,247	(18,185)
Translation differences	(40)	(1,449)	1,409
Impact on reserves	3,083	7,162	(4,079)
Other	-	1,061	(1,061)
Offset between deferred tax assets/liabiliti	(13,357)	(13,357)	-
Position at 31 December 2007	15,522	58,655	(43,133)

26.4 Reconciliation of theoretical tax expense to actual tax expense

<i>(in thousands of euros)</i>	2007	2006
Income before tax and minority interests	70,822	37,832
Impairment losses on goodwill	-	-
Income before tax and minority interests and impairment losses on goodwill	70,822	37,832
Standard tax rate	34.43%	34.43%
Theoretical tax expense	(24,384)	(13,025)
Differences in tax rate	(2,486)	(5,109)
Permanent differences	(1,473)	225
Taxes with no base (1)	(1,638)	2,111
Other	(360)	515
Actual tax expense	(18,427)	(10,767)

(1) including unrecognized deferred tax assets

Taking into account income before tax of €70,822K in the financial year to 31 December 2007, the effective tax rate was 26.02%.

The difference with the standard income tax rate in France of 34.43% for 2007 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, Italy and Portugal);
 - the reduction in income tax applicable to earnings generated by operations in the French overseas departments;

- the impact of the reduction in the Italian tax rate (from 37.25% to 30.4%);
- the tax-exempt status of certain products (principally in the United States);
- the impact of using tax credits (principally in the United States)
- the partial taxation of long-term capital gains recorded by companies in France;
- the gains on the disposal of Mexican companies and the disposal of the Lou Paou wind farm;
- 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 2007 (Portugal, Mexico, Greece);
 - the non-deductibility for tax purposes of certain expenses;
- 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;
 - taxes with no impact on the income statement (elimination of treasury shares, tax adjustments).

27. Provisions

<i>(in thousands of euros)</i>	31 Dec. 2007			31 Dec. 2006		
	Current	Non-current	Total	Current	Non-current	Total
Provisions for employee benefits	-	140	140	-	140	140
Other provisions:						
Provisions for risks relating to investments	-	5,400	5,400	-	2,907	2,907
Provisions for legal disputes	-	-	-	-	-	-
Provisions for asset retirement obligations and liabil	-	1,238	1,238	-	1,198	1,198
Other	1,955	82	2,037	381	100	481
Total	1,955	6,860	8,815	381	4,345	4,726

<i>(in thousands of euros)</i>	Provisions for employee benefits	Provisions for risks relating to investments	Provisions for legal disputes	Provisions for asset retirement obligations and liabilities	Other	Total
Provisions at 1 January 2006	136	3,693	51	1,043	437	5,360
Changes in the scope of consolidation	-	-	(51)	-	(104)	(155)
Provisions used	-	-	-	-	(165)	(165)
Surplus or unused provisions	-	(842)	-	-	-	(842)
Charges to provisions	4	-	-	136	370	510
Translation differences	-	-	-	(4)	-	(4)
Other	-	56	-	23	(57)	22
Provisions at 31 December 2006	140	2,907	-	1,198	481	4,726
Changes in the scope of consolidation	-	-	-	-	-	-
Provisions used	-	-	-	-	-	-
Surplus or unused provisions	-	-	-	-	(389)	(389)
Charges to provisions	-	2,500	-	49	2,074	4,623
Translation differences	-	-	-	(9)	(129)	(138)
Other	-	(7)	-	-	-	(7)
Provisions at 31 December 2007	140	5,400	-	1,238	2,037	8,815

In 2007, €370K in provisions for tax risks were recovered. The increase of €4 million is primarily attributable to provisions for investments and an additional provision set aside for a US wind farm under construction on behalf of a third party.

The balance of €4,726K at 31 December 2006 comprised the following items:

- €2,907K for the risk relating principally to investments in Mexico. €1,198K in provisions for asset retirement obligations and liabilities, with the change resulting chiefly from the time adjustment of the discounted values.
- €140K in provisions for employee benefits. This amount corresponds solely to benefits payable upon retirement.
- €481K in other provisions.

28. Notes to the consolidated cash flow statement

28.1 Depreciation and amortization, provisions and impairment losses charged to operating income

<i>(in thousands of euros)</i>	2007	2006
Intangible assets	553	392
Property, plant and equipment	40,837	28,939
Financial assets	(2,376)	471
Total depreciation and amortization on non-current assets	39,014	29,802
Impairment losses on available-for-sale financial assets	15	(405)
Total depreciation, amortization and impairment losses on non-current assets	39,029	29,397
Employee benefit obligations	-	4
Other provisions	4,234	(501)
Total net charges to provisions	4,234	(497)
Total net charges excluding current assets	43,263	28,900

28.2 Capital gains/(losses)

<i>(in thousands of euros)</i>	2007	2006
Capital gains/(losses) on the sale of intangible assets	5	-
Capital gains/(losses) on the sale of property, plant and equipment	3,960	2,785
Capital gains/(losses) on the sale of financial assets	(292)	320
Capital gains/(losses) on the sale of investments in non-consolidated companies	(6,015)	(12,613)
Total	(2,342)	(9,508)

28.3 Other non-cash income and expenses

<i>(in thousands of euros)</i>	2007	2006
Borrowings from credit institutions	(1,803)	(1,497)
Other trade payables (1)	13,313	9,175
Financial receivables (2)	25	(2,002)
Other receivables and other payables	-	579
Total	11,535	6,255

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

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

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

<i>(in thousands of euros)</i>	2007			2006		
	Change in WCR generated by operating	Change in WCR generated by investing activities	TOTAL	Change in WCR generated by operating	Change in WCR generated by investing	TOTAL
Inventories	(41,655)		(41,655)	(80,401)		(80,401)
Trade receivables	(48,884)		(48,884)	29,601		29,601
Tax receivables	(361)		(361)	(107)		(107)
Other assets	(152,189)	75	(152,114)	(72,910)	70	(72,840)
Assets	(243,089)	75	(243,014)	(123,817)	70	(123,747)
Trade payables	29,658		29,658	(30,275)		(30,275)
Tax liabilities payable	(16,150)		(16,150)	(4,532)		(4,532)
Other liabilities	(261,139)	(37,011)	(298,150)	(106,292)	(13,226)	(119,518)
Liabilities	(247,631)	(37,011)	(284,642)	(141,099)	(13,226)	(154,325)
TOTAL (assets - liabilities) (2)	4,542	37,086	41,628	17,282	13,296	30,578
Current tax assets and liabilities (classified under income tax paid in the cash flow statement)	15,789	-	15,789	4,425	-	4,425
Total excluding current tax assets and liabilities	(11,247)	37,086	25,839	12,857	13,296	26,153

The difference between the change in the WCR shown in the cash flow statement of negative €11,247K and the change in the WCR shown in Note 19 of negative €122,624 derives principally from the change in non-recurring WCR of €114,247K, which is taken into account in one figure but not in the other.

28.5 Acquisitions and disposals of non-current assets

<i>(in thousands of euros)</i>	2007	2006
Acquisitions of intangible assets	(723)	(2,242)
Acquisitions of property, plant and equipment	(510,350)	(327,105)
New finance lease	(242)	-
Total acquisitions of intangible assets and property, plant and equipment	(511,315)	(329,347)
Amounts payable on acquisitions of intangible assets	(3,332)	(1,734)
Amounts payable on acquisitions of property, plant and equipment	35,806	13,686
Change in amounts payable on acquisitions of property, plant and equipment and intangible assets	32,474	11,952
Total acquisitions of non-current assets	(478,841)	(317,395)

<i>(in thousands of euros)</i>	2007	2006
Proceeds from the sale of intangible assets	-	39
Proceeds from the sale of property, plant and equipment	2,603	81
Total proceeds from the sale of property, plant and equipment and intangible assets	2,603	120
Proceeds due from sales of property, plant and equipment	75	70
Change in proceeds due from the sale of property, plant and equipment and intangible assets	75	70
Proceeds from the sale of non-current financial assets	671	1,991
Change in proceeds due from sales of non-current assets	671	1,991
Total sales of non-current assets	3,349	2,181

28.6 Impact of changes in scope of consolidation

<i>(in thousands of euros)</i>	2007			2006		
	Acquisitions	Disposals	Net	Acquisitions	Disposals	Net
Acquisitions						
- Acquisition cost (1)	(73,299)		(73,299)	(10,726)		(10,726)
- Cash acquired	23,600		23,600	(5,412)		(5,412)
Impact of additions to the scope of consolidation	(49,699)		(49,699)	(16,138)		(16,138)
Disposals						
- Sale proceeds (2)		2,582	2,582		17,710	17,710
- Cash transferred out of Group		(1,060)	(1,060)		(1,307)	(1,307)
Impact of deconsolidations		1,522	1,522		16,403	16,403
Net impact of changes in scope of consolidation			(48,177)			265

- (1) Reflects the acquisition of shares in Patterson Pass, RETD, Viotia, Nurri & Andretta, Alco, Verdesis, Noréole, Reetec, PPT and the first-time consolidation of the Luc sur Orbieu, Castanet, Villesèque, Salles-Curan and Chemin d'Ablis project companies.
- (2) Reflects the disposal of Mexican companies EME and San Rafael, the Lou Paou DSSA project, Tres Vaqueros and the partial sale of a 42.24% interest in the Fenton DSSA project, as well as the liquidation of Swedish company HVS.

29. Contingent assets 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., obtaining 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 judged sufficient to guarantee proper completion of the project, no liability is recognized;
 - If the project's progress makes the trigger for payment probable, 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 2007, contingent liabilities for this type of contract amounted to:

- Mexico: For wind energy projects, €1,743K in success fees will be payable to project partners and to an intermediary, should a wind farm with 105 MW in capacity start operating.
 - Greece: €521K in respect of projects under development.
 - Spain: €430K.
- 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 2007, contingent liabilities for this type of contract amounted to €3.2 million and related 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 2007, no options granted by the Group fell into this category. In the absence of services rendered and depending on whether the number of shares and the exercise price of these instruments are fixed, these

options are recognized either as 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.

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.

<i>(in thousands of euros)</i>	31 Dec. 2006	31 Dec. 2007
Deposits, security and other guarantees given (1)	132,033	109,599
Collateral, mortgages and other security agreements (2)	785,011	443,171
Other commitments given (3)	1,959,442	684,655
Commitments given	2,876,486	1,237,425
Collateral, deposits and other guarantees received	-	-
Other commitments received (3)	2,497,684	1,084,128
Commitments received	2,497,684	1,084,128

(1) Completion guarantees and other guarantees given

The Group regularly works on turnkey 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. At 31 December 2007, in connection with the financing of French wind farms, commitments were made by shareholders to banks in an amount of €35 million. As part of the Kesfeld and Windpark Kirf projects in Germany, guarantees were given by the Group to its customer REH in an amount of €49 million (€39 million for the Kesfeld project and €10 million for the Windpark Kirf project). For wind farms located in the United States, €28.7 million in guarantees were granted in respect of damages and interest.

It is the same for 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.

(2) Concerning security interests granted on debts:

- The shares in Group companies pledged had a value of €54.7 million at 31 December 2006 and €126.2 million at 31 December 2007. Of this amount, the largest proportion is accounted for by the pledge of shares in subsidiaries located in Italy with a value of €103 million.
- Pledges of other assets (wind farms held as assets, receivables held) as collateral for debt amounted to €388.5 million at 31 December 2006 and €658.8 million at 31 December 2007. At this level, assets pledged amounted to €203 million in Portugal, €139.5 million in Greece and €137.2 million in Italy.

(3) Other commitments given and received at 31 December 2007 include mutual commitments relating to orders for non-current assets, with a value of €1,747 million, as well as leases and long-term service contracts, with a value of €51.3 million. The consideration received in return for these commitments is hard to evaluate but significant. It takes the form of warranties covering installations' technical performance with regard to wind energy, water power or fuel quantities. Commitments received also comprised €485.3 million in credit lines (linked to recurring activities and project financing) granted by banks and not yet used.

31. Business combinations

The significant business combinations in 2007 derived from the following transactions:

- The acquisition in Italy of a 50% interest in two companies controlling the Nurri and Andretta wind farms, which are already in service. These companies are proportionally consolidated;
- The acquisition in Greece of a 75% interest in RETD;
- The acquisition in the United States of a 70% share in the Patterson Pass wind farm. The Group already held a 30% interest; following the acquisition of an additional stake during May, this company is now fully consolidated;
- The acquisition of 100% of Verdesis;
- The acquisition of 100% of Noréole.

Goodwill is calculated based on the initial acquisition price, as well as on an estimate of future additional price costs or commitments to buy out minority shareholders provided for in the agreement (see Note 12 on Goodwill). These estimates are subject to future revision, automatically leading to subsequent changes in the value of the related goodwill.

Data concerning these acquisitions is presented below.

Analysis of acquisition cost

<i>(in thousands of euros)</i>	Nurri	Andretta	RETD	Patterson Pass	Verdesis	Noréole
• Acquisition price	8,343	26,081	5,950	2,905	6,894	550
• Debt arising on share acquisitions			5,000			3,995
• Direct costs linked to the acquisition						
• Fair value of shares issued						
Total acquisition cost	8,343	26,081	10,950	2,905	6,894	4,545
• Fair value of net assets acquired	8,343	26,081	779	2,905	1,674	37
• Fair value of net liabilities acquired						
Goodwill arising on the acquisitions			10,171	0	5,220	4,508

<i>(in thousands of euros)</i>	Nurri		Andretta		RETD		Patterson Pass		Verdesis		Noréole	
	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Assets												
• Non-current assets	19,425	10,988	71,704	41,502	27	27	4,532	63	2,605	2,605	218	218
• Cash and cash equivalents	2,479	2,479	11,267	11,267	1,520	1,520	596	596	37	37	2	2
• Inventories	0	0	0	0	0	0	0	0	279	279	0	0
• Other assets (1)	15,508	15,508	12,897	12,897	247	247	236	236	4,422	4,422	52	52
TOTAL ASSETS	37,412	28,975	95,867	65,666	1,794	1,794	5,364	895	7,343	7,343	271	271
Liabilities												
• Borrowings	20,631	20,631	40,180	40,180	2	2	0	0	2,026	2,026	0	0
• Fair value of hedging instruments	0	0	0	0	0	0	0	0	0	0	0	0
• Trade payables	2,307	2,307	6,041	6,041	494	494	75	75	3,592	3,592	0	0
• Other liabilities (2)	6,131	3,566	23,565	14,384	259	259	1,788	0	51	51	235	235
NET ASSETS	8,343	2,471	26,081	5,061	1,039	1,039	3,501	819	1,674	1,674	37	37
Minority interests	0	0	0	0	260	0	0	0	0	0	0	0
Net assets acquired	8,343	2,471	26,081	5,061	779	1,039	3,501	819	1,674	1,674	37	37

(1) including escrow accounts, presented under "Other assets": €5,075K at Nurri and €1,854K at Andretta.

(2) including subsidies shown under "Other liabilities": €1,892K at Nurri and €10,557K at Andretta.

32. Related party transactions

Income statement (in thousands of euros)

Company	Revenues		Operating expenses		Financial income		Financial expenses	
	31 Dec. 2007	31 Dec. 2006	31 Dec. 2007	31 Dec. 2006	31 Dec. 2007	31 Dec. 2006	31 Dec. 2007	31 Dec. 2006
Shareholders	54,513	44,933	2,253	(2,390)	-	-	-	(4,726)
Non-consolidated subsidiaries	-	-	-	-	-	-	-	-
Joint ventures	2,151	-	-	-	1,386	-	(1)	-
Associated companies	-	-	(31)	-	449	37	(329)	(290)
Companies over which the Group's managers have significant influence	-	-	-	-	-	-	-	-
Total	56,664	44,933	2,222	(2,390)	1,835	37	(330)	(5,016)

Balance sheet - ASSETS (in thousands of euros)

Company	Loans and receivables		Trade receivables		Prepaid expenses	
	31 Dec. 2007	31 Dec. 2006	31 Dec. 2007	31 Dec. 2006	31 Dec. 2007	31 Dec. 2006
Shareholders	-	-	5,163	10,395	580	1,039
Non-consolidated subsidiaries	-	-	-	-	-	-
Joint ventures	31,015	10,569	399	1,133	-	-
Associated companies	11,541	7,012	129	-	-	-
Companies over which the Group's managers have significant influence	-	-	-	-	-	-
Total	42,556	17,581	5,691	11,528	580	1,039

Balance sheet - LIABILITIES (in thousands of euros)

Company	Borrowings		Trade payables		Advances from	
	31 Dec. 2007	31 Dec. 2006	31 Dec. 2007	31 Dec. 2006	31 Dec. 2007	31 Dec. 2006
Shareholders	85	85	1,706	1,964	-	-
Non-consolidated subsidiaries	-	-	-	-	-	-
Joint ventures	-	-	-	-	28	-
Associated companies	5,216	6,625	864	599	573	2,212
Companies over which the Group's managers have significant influence	-	-	-	-	-	-
Total	5,301	6,710	2,570	2,563	601	2,212

Transactions between related parties are not offset against each other.

33. Subsequent events

The Group acquired a shareholding of 50% in EDF Energies Nouvelles Réparties (alongside EDF), as provided for in the industrial project signed in connection with the shareholders' agreements of July 2006. This company is an industrial and commercial venture intended to design and market extensive offerings including all types of renewable energy (solar thermal and photovoltaic, thermodynamic and wood-fired heating, etc.) and energy control serving the needs of individuals and businesses. EDF Energies Nouvelles Réparties will house all the Group's upstream industrial investments, particularly in the manufacture of photovoltaic equipment.

This company will be fully consolidated by EDF Energies Nouvelles.

A partnership agreement was signed with Renewable Energy Holding (REH) with a view to developing and deploying an innovative wave energy process for electricity generation projects. The agreement has given EDF Energies Nouvelles an exclusive right to use this technology in the northern hemisphere and on Reunion Island.

34. Scope of consolidation

FC = Full consolidation

PC = Proportionally consolidation

EM = Equity

		31 December 2007			31 December 2006			
Companies		% Interest	% Control	Method	% Interest	% Control	Method	SIREN No.
EDF Energies Nouvelles SA								
EDF Energies Nouvelles France	France	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 de Luc sur Orbieux	France	(1) 100.00%	100.00%	FC	-	-	-	434.518.577
Parc Eolien d'Oupia	France	100.00%	100.00%	FC	96.00%	96.00%	FC	434.518.437
Parc Eolien de Castanet	France	(1) 100.00%	100.00%	FC	-	-	-	437.923.402
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 Villeseque	France	(1) 100.00%	100.00%	FC	-	-	-	434.519.088
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
Hydroélectrique du Canal Saint Louis	France	100.00%	100.00%	FC	100.00%	100.00%	FC	401.470.380
SILF 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
SILF 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
SILF 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	100.00%	100.00%	FC	100.00%	100.00%	FC	491.249.819
Noréole	France	(1) 100.00%	100.00%	FC	-	-	-	445.203.128
EDF EN Développement	France	(1) 100.00%	100.00%	FC	-	-	-	493.536.676
Parc Eolien de Salles Curan	France	(1) 100.00%	100.00%	FC	-	-	-	449.597.046
Parc Eolien Chemin d'Abilis	France	(1) 100.00%	100.00%	FC	-	-	-	479.892.812
Plein Vent Lou Paou	France	(2) -	-	-	100.00%	100.00%	FC	491.473.682
Photon Power Technologies	France	(1) 20.00%	20.00%	EM	-	-	-	498.173.905
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	100.00%	100.00%	FC	99.00%	99.00%	FC	
Mpelexeri (formerly Aioliki Malea)	Greece	100.00%	100.00%	FC	99.00%	99.00%	FC	
Aioliki Peleta	Greece	100.00%	100.00%	FC	99.00%	99.00%	FC	
Aioliki Lafkoy	Greece	100.00%	100.00%	FC	95.00%	95.00%	FC	
Aioliki Erateinis	Greece	100.00%	100.00%	FC	95.00%	95.00%	FC	
Ktistor Aioliki	Greece	95.00%	95.00%	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	99.95%	99.95%	FC	99.95%	99.95%	FC	
Aktina Argolidas	Greece	99.95%	99.95%	FC	99.95%	99.95%	FC	
Aktina Kristis	Greece	99.95%	99.95%	FC	99.95%	99.95%	FC	
Aktina Aigaïou	Greece	99.95%	99.95%	FC	99.95%	99.95%	FC	
Aktina Hanion	Greece	99.95%	99.95%	FC	99.95%	99.95%	FC	
Goritsa Aiolos	Greece	99.95%	99.95%	FC	99.95%	99.95%	FC	
Maliaza Aiolos	Greece	99.95%	99.95%	FC	99.95%	99.95%	FC	
Pournari Aiolos	Greece	99.95%	99.95%	FC	99.95%	99.95%	FC	
Folea Aiolos	Greece	99.95%	99.95%	FC	99.95%	99.95%	FC	
Antillion Aiolos	Greece	99.95%	99.95%	FC	99.95%	99.95%	FC	
Lithos Aiolos	Greece	99.95%	99.95%	FC	99.95%	99.95%	FC	
Pigadia Aiolos	Greece	99.95%	99.95%	FC	99.95%	99.95%	FC	
Aries Aiolos	Greece	99.95%	99.95%	FC	99.95%	99.95%	FC	
Aktina Fotos	Greece	(1) 99.95%	99.95%	FC	-	-	-	
Aktina Energias	Greece	(1) 99.95%	99.95%	FC	-	-	-	
Aktina Peloponnisou	Greece	(1) 99.95%	99.95%	FC	-	-	-	
Aktina Iliou	Greece	(1) 99.95%	99.95%	FC	-	-	-	
EDF EN Greece	Greece	(1) 100.00%	100.00%	FC	-	-	-	
RETD	Greece	(1) 75.00%	75.00%	FC	-	-	-	
PPC Renewables - EDF EN Greece	Greece	(1) 51.00%	51.00%	PC	-	-	-	
EEN Veotia	Greece	(1) 52.20%	52.20%	PC	-	-	-	

31 December 2007				31 December 2006			
Companies	% Interest	% Control	Method	% Interest	% Control	Method	SIREN No.
EDF EN Portugal (formerly SIIF Energ	Portugal	100.00%	100.00%	FC	100.00%	100.00%	FC
Ecogen	Portugal	29.00%	29.00%	EM	29.00%	29.00%	EM
Eolica do Centro	Portugal	31.65%	31.65%	EM	31.65%	31.65%	EM
Eolica de Montemuro	Portugal	100.00%	100.00%	FC	100.00%	100.00%	FC
Eolica da Arada	Portugal	100.00%	100.00%	FC	100.00%	100.00%	FC
E E V M	Portugal	49.99%	50.00%	PC	49.99%	50.00%	PC
Eolicos de Cerveirenses	Portugal	42.50%	42.50%	PC	42.50%	42.50%	PC
Eolicos da Espiga	Portugal	42.50%	42.50%	PC	42.50%	42.50%	PC
Ventominho	Portugal	42.50%	42.50%	PC	42.50%	42.50%	PC
Eolica da Cabreira	Portugal	100.00%	100.00%	FC	100.00%	100.00%	FC
S	Sweden	(2)	-	-	100.00%	100.00%	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 Renova	Spain	45.83%	45.83%	PC	42.50%	42.50%	PC
EDF EN Italia (formerly 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 Sardegna	Italy	(1)	47.50%	50.00%	PC	-	-
Fri-El Nurri	Italy	(1)	47.50%	50.00%	PC	-	-
Fri-El Andretta	Italy	(1)	47.50%	50.00%	PC	-	-
Fri-El Campania	Italy	(1)	47.50%	50.00%	PC	-	-
Fri-El Murge	Italy	47.50%	50.00%	PC	47.50%	50.00%	PC
Fri-El Ichnusa	Italy	47.50%	50.00%	PC	47.50%	50.00%	PC
Fri-El Campidano	Italy	47.50%	50.00%	PC	47.50%	50.00%	PC
Solareolica	Italy	(1)	95.00%	95.00%	FC	-	-
Murgeolica	Italy	47.50%	50.00%	PC	47.50%	50.00%	PC
Terni Solar Energy	Italy	(1)	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	(2)	-	-	99.50%	99.50%	FC
Generadora Electrica San Rafael	Mexico	(2)	-	-	99.39%	98.89%	FC
Energia del Istmo	Mexico	99.04%	99.04%	FC	99.04%	99.04%	FC
EnXco A/S	Denmark	(4)	100.00%	100.00%	FC	100.00%	FC
Westbury Windfarms Ltd	United Kingdom	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	100.00%	100.00%	FC	100.00%	100.00%	FC
First Windfarm Holdings	United Kingdom	100.00%	100.00%	FC	100.00%	100.00%	FC
Wind Prospect Developments	United Kingdom	70.00%	70.00%	FC	70.00%	70.00%	FC
Red Tile	United Kingdom	(1)	100.00%	100.00%	FC	-	-
Walkway	United Kingdom	(1)	100.00%	100.00%	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
Reetec	Germany	(1)	28.00%	28.00%	EM	-	-
A.I.R. of America, enXco Inc (Group)	United States	(3)	100.00%	100.00%	FC	100.00%	100.00%
Groupe Alco	Belgium	(1)	25.00%	25.00%	EM	-	-
C-Power	Belgium	20.83%	20.83%	EM	20.83%	20.83%	EM
Verdesis	Belgium	(1)	100.00%	100.00%	FC	-	-

31 December 2007				31 December 2006			
Companies	% Interest	% Control	Method	% Interest	% Control	Method	SIREN No.
SIIFLEC - 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
Electricque de Seclin	France	100.00%	100.00%	FC	100.00%	100.00%	FC
Electricque de la Chabossière	France	65.00%	65.00%	FC	65.00%	65.00%	FC
Electricque de Mulhouse	France	100.00%	100.00%	FC	100.00%	100.00%	FC
Energies Antilles	France	65.00%	65.00%	FC	65.00%	65.00%	FC
Hydroélectrique de Soccia	France	100.00%	100.00%	FC	100.00%	100.00%	FC
Hydroélectrique du Scopamène	France	100.00%	100.00%	FC	100.00%	100.00%	FC
Energies ASCO	France	100.00%	100.00%	FC	100.00%	100.00%	FC
Via Nova	France	100.00%	100.00%	FC	100.00%	100.00%	FC
Energies Saint Martin	France	65.00%	65.00%	FC	65.00%	65.00%	FC
Tenesa	France	100.00%	100.00%	FC	100.00%	100.00%	FC
Cogeri	France	35.00%	35.00%	EM	35.00%	35.00%	EM
SIIF Energies Bulgarie	France	100.00%	100.00%	FC	100.00%	100.00%	FC
Pirinska Bistruta Energuia SA	Bulgaria	50.00%	50.00%	FC	50.00%	50.00%	FC
Mecamidi Ogosta	Bulgaria	50.00%	50.00%	FC	51.00%	51.00%	FC
Centrale Hydroélectrique de Bulgarie	Bulgaria	100.00%	100.00%	FC	100.00%	100.00%	FC
Recursos Energeticos	Spain	85.00%	85.00%	FC	85.00%	85.00%	FC

(1) Companies that were added to the scope of consolidation in 2007

(2) Companies that left, were deconsolidated or merged during 2006

(3) A.I.R. of America forms a sub-group housing the following 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
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		31 December 2007			31 December 2006			
Companies		% Interest	% Control	Method	% Interest	% Control	Method	SIREN No.
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	(2)	-	-	100.00%	100.00%	FC	
Champepadan Wind Power Partners,	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
Lower Imrie Wind Project, LLC	United States	(1)	50.00%	50.00%	PC	-	-	-
Linden Wind Project, LLC	United States	(1)	50.00%	50.00%	PC	-	-	-
Miller Wind Project, LLC	United States	(1)	50.00%	50.00%	PC	-	-	-
Alaska Wind Energy, LLC	United States	(1)	50.00%	50.00%	PC	-	-	-
Mojave Land, LLC	United States		100.00%	100.00%	FC	100.00%	100.00%	FC
Oasis Power Partners, LLC	United States		23.55%	23.55%	PC	23.55%	23.55%	PC
Hawi Renewable DevelopEMnt, LLC	United States		60.00%	60.00%	FC	60.00%	60.00%	FC
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	United States		50.84%	50.80%	PC	50.84%	50.80%	PC
Munice 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		57.76%	57.76%	PC	100.00%	100.00%	FC
Rattlesnake Wind Project, LLC	United States	(1)	50.00%	50.00%	PC	-	-	-
FC Sun Harvest, LLC	United States	(1)	100.00%	100.00%	FC	-	-	-
Northwest Wind Partners, LLC	United States		50.00%	50.00%	FC	50.00%	50.00%	FC
Patterson Pass Wind Farm, LLC	United States		100.00%	100.00%	FC	30.00%	30.00%	EM
Buena Vista, LLC	United States	(2)	-	-	-	25.00%	25.00%	EM
Tres Vaqueros Wind Farm, LLC	United States	(2)	-	-	-	30.00%	30.00%	EM