

Paris, 10 April 2007

## Velcan Energy: results of the first closing period

### Confirmation of the economic model and continuation of the investment strategy

- **A consolidated net loss limited to 0,5 million euros, following important investments having resulted yet in the acquisition of 124 MW of new electrical concessions in India and Brazil, the construction of which will begin in 2007**
- **The net profitability (24% of the revenues) of the 2 first operating powers plants (15 MW) demonstrates the solidity of the business model**
- **53 million euros of net treasury and a portfolio of additional projects in development totalizing 830 MW**

Velcan Energy, independent renewable electricity producer in emerging countries, has ended its first closing period on 31<sup>st</sup> December 2006 (duration 21 months) and publishes its consolidated results in accordance with the IFRS standards, audited by KMPG.

	M€
Total operating revenue	<b>5,2</b>
Net income	<b>- 0,5</b>
Net cash and cash equivalents	<b>53</b>
Shareholder's equity	<b>67</b>

The group's operations historically began in India, and were thereafter extended to Brazil. Consolidated scope includes 17 operating subsidiaries and sub-subsidiaries.

- Velcan Energy is currently in an investment phase, which equates to a net consolidated loss of 0,5 million euros. The first results of this investment phase are:
  1. The acquisition of two electrical power plants of 7.5 MW each, Satya Maharshi Power Corporation and Rithwik Power Projects.
  2. The acquisition of 124 MW of new electrical concessions, of which the construction will begin in 2007, with an objective of production in 2010
  3. A portfolio of additional projects being studied, totalizing 830 MW

The “first western comer” position enables the Velcan Energy group, in a context of increasingly keen competition due to the two emerging countries' growing appeal, to acquire today a portfolio of electrical concessions assuring for a period of 30 to 40 years a significant share of the power generation market, once the plants are constructed.

- The first 2 operational power plants (Satya Maharshi Power Corporation 7,5 MW : 9 months of revenue ; Rithwik Power Projects 7,5 MW : 2 months of revenue) have yet reached, for the first financial closing, a 24% net profitability and an EBITDA of 59,7%. This demonstrates the solidity of the economic model and reinforces the strategy of the group:
  1. The choice of emerging countries as priority investment targets in renewable-energy based electric power generation infrastructures (high growth of electricity price, huge hydro electrical potential)
  2. Harnessing the most competitive and profitable “green electricity” generation technologies which are biomass power plants and hydroelectric dams.

### Overview of the portfolio of Velcan Energy, by steps of progress

	Operational plants	Concessions to build	Projects (studies in progress)
Electrical capacity	<b>15 MW</b>	<b>124 MW</b> (1) (2)	<b>830 MW</b>
Generation commissioning year	2006	2010	<i>Not yet determined</i>
12 month revenue (M€)	5,7 M€	40 M€ (3)	
Profitability (% of revenue)	24%	27% (4)	
EBITDA 12 month M€	2,8 M€	27 M€ (5)	
Net income 12 month M€	1,36 M€	11 M€	

- (1) Of which 74 MW of hydroelectricity in Brazil, 45 MW of biomass in India and 5 MW of hydroelectricity in India.
- (2) A later press release will give the details of the Brazilian hydro electrical concessions recently signed.
- (3) Annual Revenue per MW hydro : 260 k €  
Annual Revenue per MW biomass: 437 k€
- (4) Net Income (hydro), 1<sup>st</sup> year of production: 32% of the revenue  
Net Income (biomass), 1<sup>st</sup> year of production: 24% of the revenue
- (5) EBITDA per MW hydro : 220 k€  
EBITDA per MW Biomass: 210 k€

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**Velcan Energy** is an independent renewable electricity producer, using biomass combustion technologies and hydroelectric power plants. Velcan Energy has two sources of revenue: sale of electricity and sale of carbon credits.

**Velcan Energy** operates in Brazil through its subsidiary Velcan Desenvolvimento Energético do Brasil Ltda and in India through its subsidiary Velcan Renewable Energy Pvt Ltd.

Velcan Energy is listed on the Paris Stock Market (Euronext, MLVEL) and is a member of the Paris carbon credit exchange, Powernext Carbon.

**Shareholders:**

Financière Saint Merri SA (leading shareholder Crédit Agricole)  
Private investment funds in France and UK

**Sites:**

France: Paris (Velcan Energy SA)  
India: Bangalore (Velcan Renewable Energy Pvt Ltd)  
Brazil: Sao Paulo (Velcan Desenvolvimento Energético do Brasil Ltda)

**Average payroll employees:** 120

**Contact details**

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**Velcan Energy** is an independent green electricity producer.

**Velcan Energy** is listed on the Euronext Paris stock market (code MLVEL).

**Disclaimer**

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