theolia

Press release

Aix en Provence, April 16, 2013

2012 Annual Results: THEOLIA keeps steady the improvement of its operational performance

- Consolidated EBITDA [(1)]: +28%
- Current operating income [(2)]: +81%
- Net income impacted by non-recurring items
- Decrease in financial debt by 34 million euros

Commenting on the annual results, **Fady Khallouf, THEOLIA's CEO**, said: *"Within a very difficult economic context, THEOLIA delivers another strong improvement in its operational performance. With a similar revenue, the current operating income registers a + 81% growth. The cash flows from operational activities, which also strongly increased, allow us to continue investing at a sustained pace, with the commissioning of two new wind farms, and also to reduce the debt by 34 million euros.*

The implemented strategy, focused on the production of electricity for own account, supported by electricity buy-back contracts over 15 to 20 years, shows its strength and relevance. THEOLIA pursues its profitability target, based on a flexible and balanced business model, and on stringent management.

However, the Group is still penalized by investment decisions made before 2009. Despite our efforts to make them profitable, numerous acquisitions inherited from the past still fail to prove their value and were therefore depreciated. In particular, it includes wind projects in Italy, a country which is still facing an unprecedented crisis. Even if these depreciations have no impact on cash and cash flows, they adversely impact the income.

Excluding non-recurring items related to the past, THEOLIA would have been close to reaching breakeven. We are going to continue and multiply our efforts to reach this goal and therefore address our future challenges."

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(1) *Current operating income before amortization and non-operational risk provisions.*

(2) *Operating income before non-current provisions, other non-current income and expenses, the share of income in companies consolidated according to the equity method and impairments.*

1 Key highlights of the year

- **Development, construction and commissioning**

During 2012, THEOLIA finalized the construction of three wind farms:

- a 10 MW wind farm build for own account in Italy;
- a 15 MW wind farm build for THEOLIA Utilities Investment Company in France; and
- a 12.5 MW wind farm build for a third party in France.

Those three wind farms were commissioned in late 2012.

In Morocco, THEOLIA carries on developing its great 300 MW project, in partnership with the Moroccan *Office National de l'Électricité et de l'Eau Potable*. Pursuant to design and engineering studies, the call for tenders to choose the subcontractor who will supply, install and technically maintain the wind turbines for the first 100 MW phase was launched in April 2012. The five applications received in November 2012 are currently being analyzed. This first repowering phase will bring the installed capacity of the Koudia al Baida wind farm from 50 to 100 MW. An additional 200 MW will then be constructed on sites next to the wind farm.

In the meantime, the Group started selecting wind turbines for a future 21 MW wind farm in France, the building permit of which has been obtained in late 2011.

- **Disposals**

In July 2012, THEOLIA sold the Gargouilles wind farm to THEOLIA Utilities Investment Company. This 18.4 MW wind farm had been commissioned in France between June and September 2011.

With this sale, THEOLIA carries on its co-investment strategy, according to which the Group strikes a balance between wind farms held for own account and wind farms and projects sold to the investment vehicle, of which it holds a 40% interest. This strategy enables the Group to continue its development, while maximizing the use of its cash.

Moreover, within the framework of its operating wind farm purchase-sale activity in Germany, THEOLIA sold 5.2 operating MW during fiscal year 2012.

- **Governance**

The Board of Directors evolved during fiscal year 2012. The General Meeting dated June 1 appointed Lilia Jolibois as Independent Director of THEOLIA. This appointment followed the resignation of Jean-Pierre Mattéi as Director, the mandate of whom was coming to an end, as well as the end of Georgius Hersbach's mandate as Director. Since the end of this General Meeting, THEOLIA's Board of Directors is made up of four members.

- **Transactions on securities**

The General Meeting dated June 1, 2012 authorized the Board of Directors to proceed to a capital reduction by reducing the par value of the shares, as well as to consolidate two shares into one new share.

Hence, on June 25, 2012, the Board of Directors acknowledged the performance of a reduction of the share capital due to losses by means of a reduction of the shares' par value. The par value of each share of THEOLIA's capital was thus reduced by 0.30 euro, from 1 euro to 0.70 euro.

On July 20, 2012, THEOLIA implemented the consolidation of its shares carried out by exchange of two old shares with a par value of 0.70 euro each against one new share with a par value of 1.40 euro. The exchange period for non-consolidated shares will last for two years, i.e. until July 21, 2014.

The conversion/exchange ratio applicable in case of bond conversions has been automatically modified. Up to the seventh business day prior to December 31, 2013, it will be equal to 4.32 shares for 1 OCEANE and to 3.46 shares for 1 OCEANE from January 1, 2014, up to the seventh business day prior to December 31, 2014.

2 2012 annual results

On April 15, 2013, the Board of Directors approved the 2012 consolidated financial statements. The audit procedures have been carried out. The approval certificate of the Statutory auditors is being issued.

It should be noted that the consolidated financial statements disclosed in this press release do not integrate the recent acquisition of the control of the Breeze Two Energy German company, which is consolidated in THEOLIA's financial statements since January 31, 2013.

CONSOLIDATED INCOME STATEMENT

- **Revenue**

THEOLIA's consolidated annual revenue amounted to 67.7 million euros in 2012. This revenue, similar to the one of 2011, includes an increase in the Sales of electricity for own account activity. The sale of the Gargouilles wind farm (18.4 MW in France) to THEOLIA Utilities Investment Company ("TUIC") is not recognized as revenue.

	Wind activities			**Non-wind activity (1)**	**Consolidated total (1)**
(in thousand euros)	Sales of electricity for own account	Operation	Development, construction, sale		
2012	49,314	6,260	10,786	1,376	67,736
2011	47,109	6,243	12,563	1,564	67,480
Change	+ 5 %	-	- 14 %	- 12 %	-

(1) Excluding Environment activities.

The revenue from the **Sales of electricity for own account** activity reached 49.3 million euros in 2012. Despite the sale of a few wind turbines to third parties, the Sales of electricity for own account activity kept growing. Its revenue increased by + 5% in 2012 compared to 2011.

The implementation of the co-investment strategy through TUIC enabled the Group to quickly commission (in late November 2012) the Magremont wind farm (15 MW in France), whose electricity production will contribute to the increase in the 2013 revenue.

The Sales of electricity for own account activity, which relies on 15- to 20-year electricity buy-back contracts, benefits from a predictable and recurring revenue, as well as from significant margins over the long term. This secure activity accounts for 73% of the 2012 consolidated revenue.

The revenue from the **Operation** activity amounted to 6.3 million euros in fiscal year 2012, at the same level as in 2011. The effect of the increase in capacities managed for third parties in France, namely the operation of the Gargouilles and

Magremont wind farms for TUIC, was offset by the impact of less favorable wind conditions in Germany in 2012 than in 2011.

The revenue for the **Development, construction, sale** activity reached 10.8 million euros in 2012. During the year, THEOLIA sold 5.2 operating MW in Germany, whereas in 2011, the Group had sold a 4 MW wind farm in Germany and a 12 MW wind project in France. The fees for developing and constructing wind farms for third parties in France are similar in 2011 and 2012. It is reminded that the revenue of this activity does not include the Gargouilles wind farm's sale to TUIC.

Therefore, in 2012, the decrease in the **Development, construction, sale** activity, due to the reduction of disposals, was offset by the + 5% growth of the **Sales of electricity for own account** activity.

- **EBITDA**

The consolidated EBITDA shows a 28% growth between 2011 and 2012. It amounted to 32.9 million euros for fiscal year 2012, compared to 25.8 million euros for fiscal year 2011. The consolidated EBITDA/consolidated revenue margin significantly improved, going from 38% in 2011 to 49% in 2012.

	Wind activities			**Non-wind activity**	**Corporate**	**Consolidated total**
(in thousand euros)	Sales of electricity for own account	Operation	Development, construction, sale			
2012	35,374	3,368	(5,927)	1,248	(1,185)	32,877
2011	33,531	901	(7,494)	1,162	(2,331)	25,769
Change	+ 6%	+ 274%	n/a	+ 7%	n/a	+ 28%

The EBITDA from the **Sales of electricity for own account** activity keeps growing. It amounted to 35.4 million euros in 2012, compared to 33.5 million euros in 2011, up by 6%. The EBITDA/revenue margin for the Sales of electricity for own account activity also keeps improving. It reached 72% in 2012, compared to 71% in 2011 and 66% in 2010.

The EBITDA from the **Operation** activity registered a very strong increase in 2012, going from 0.9 million euros in 2011 to 3.4 million euros in 2012. In 2012, some old trade receivables related to this activity, which were fully depreciated, were abandoned and others were cashed. The balance between the reversal of provisions on these trade receivables and the adverse effect of trade receivables' abandonment shows a positive impact on this activity's EBITDA amounting to 2.6 million euros.

The EBITDA from the **Development, construction, sale** activity showed a loss of 4.8 million euros during the first half of 2012. During the second half of 2012, margins generated by the development-construction for third party activities and the sales of wind farms allowed to almost offset structure costs of the activity. In total, for 2012, the EBITDA from the Development, construction, sale activity is a loss of 5.9 million euros, compared to a loss of 7.5 million euros in 2011.

As part of a complete review of its pipeline of projects, the Group decreased the value accounted in inventories of some of its projects under development by a net amount of 1.3 million euros, mostly in France.

The EBITDA from the **Corporate** activity kept improving in 2012. It recorded a loss of 1.2 million euros during fiscal year 2012, compared to a loss of 2.3 million euros in 2011. In 2012, the Group mainly pursued the reduction of the headquarters' structure costs, mainly by decreasing external expenses and personnel costs.

In total, all the Group's activities significantly improved their EBITDA, which contributed to the strong growth of the consolidated EBITDA and the EBITDA/revenue margin.

- **Current operating income**

Despite the increase in amortization, the Group's current operating income recorded a strong growth of + 81%, from 10.4 million euros in 2011 to 18.8 million euros in 2012. It benefitted, in 2012, from the aforementioned strong increase in the consolidated EBITDA and from a reversal of provision of 1.8 million euros, further to a dispute resolution.

- **Operating income**

The Group's operating income almost reached breakeven, recording a loss of 0.5 million euros in 2012, compared to a loss of 18.2 million euros in 2011, which represents a strong improvement. In 2012, the operating income was impacted by depreciations for 23.3 million euros, compared to 28.3 million euros in 2011.

Conditions for wind project development in Italy are still difficult. The significant decrease in the electricity buy-back tariff, taken into account by the Group in its financial statements closed on December 31, 2011, was confirmed by a decree issued in July 2012. The economic, financial and political crisis faced by this country is still ongoing, which significantly restricts access to financing and increases credit cost.

This unfavorable background, associated to the worsening of the situation of some projects and wind farms, led to a significant amount of depreciations, notably:

- Italian authorities cancelled the building permits of two projects. The associated costs were entirely depreciated for a total amount of 6.8 million euros;
- the Group decided to give up a 20 MW gross capacity wind farm, whose construction site is in escrow since 2007. The associated costs, i.e. 4.6 million euros, were depreciated. THEOLIA had purchased wind turbines for this project in 2008. Impairment tests performed on those wind turbines highlighted an impairment of 7.4 million euros;
- the valuation of a project having obtained a building permit and of the operating Giunchetto wind farm highlighted an aggregated impairment of 4.5 million euros.

All wind farms and projects affected by those depreciations were part of the project portfolio acquired when THEOLIA purchased Maestrale Green Energy in 2007.

Moreover, further to the sale of securities, the deconsolidation of the Asset Electrica company in Spain, formerly consolidated according to the equity method, impacted positively by 3.6 million euros the "Share in income of associates" item.

In total, the Group performs another year of very strong operational improvement, with an EBITDA up by + 28%, a current operating income growth of + 81%, an almost breakeven of the operating income, despite significant depreciations.

- **Financial income**

The Group's financial income represented a net loss of 32.0 million euros in 2012, compared to a net loss of 18.0 million euros in 2011. This loss included non-recurring items in 2012 for an aggregated amount of 9.8 million euros.

(in thousand euros)	**2012**	**2011**
Interest cost related to the convertible bond (effective interest rate)	(12,504)	(8,021)
Net interest cost related to project financing debt held by operating wind farms	(8,701)	(9,071)
Non-recurring items	(9,764)	n/a
Other	(1,021)	(909)
Financial income	**(31,990)**	**(18,001)**

The net annual interest cost related to the convertible bond is strongly increasing. In 2012, it comes back to nromal levels, after having benefited from the positive impact, in 2011, of a 4.1 million euro interest reversal related to significant bond conversions performed over the period.

This interest cost includes, in 2012, accrued interest at December 31, 2012 paid in January 2013 for 4.3 million euros, an interest reversal of 0.3 million euros related to bond conversions performed during the year, as well as an additional interest cost of 8.5 million euros, with no cash impact, recorded due to the convertible nature of the bond, in compliance with IFRS standards.

The net interest cost related to project financing debt held by operating wind farms, as part of the Group's regular activities, slightly decreased, pursuant to wind farm disposals carried out over the period.

Non-recurring items which had an adverse effect on the 2012 financial income, for an aggregated amount of 9.8 million euros, are as follows:

- optimization of the debt structure of the main operating wind farms in France, with the aim to improve financial ratios of those wind farms (covenants), for 2 million euros;
- depreciation of financial assets (non-consolidated securities and trade receivables on proportionally consolidated subsidiaries) for an aggregated amount of 7.8 million euros, including:
    - depreciation of the Ecolutions GmbH & Co KGaA's securities, based on public information available as regards this company (4.8 million euros);
    - depreciation of the securities of the company holding an Italian project whose building permit was cancelled (1.3 million euros); and
    - depreciation of the intercompany accounts of the company holding an Italian project which was given up (1.7 million euros).

- **Net income of the consolidated Group**

The net income of the consolidated Group for 2012 is a loss of 34.2 million euros, compared to a loss of 38.5 million euros in 2011.

In 2012, the Group carried on improving significantly its operational performance (EBITDA +28%, current operating income +81%). The net income has nevertheless been penalized by various non-recurring items, described in the above sections, for an aggregated amount of 25.5 million euros. The net income excluding those non-recurring items would have been a loss of 8.8 million euros for fiscal year 2012:

(in thousand euros)	**2012**	**Of which main non-recurring items**
Revenue	67,736	
EBITDA	32,877	2,559
Current operating income	18,763	1,445
Operating income	(545)	(23,307) 3,582
Financial income	(31,990)	(1,987) (7,777)
Net income	**(34,238)**	**(25,485)**
Net income excluding main non-recurring items	**(8,753)**	

All non-recurring items which had an impact on the 2012 consolidated financial statements are related to investment decisions made before 2009.

NET FINANCIAL DEBT

Net financial debt decreased from 243.8 million euros at December 31, 2012 to 224.7 million euros at December 31, 2012, representing a decrease of 19.1 million euros.

(in thousand euros)	**2012/12/31**	**2011/12/31**
Project financing	(172,647)	(214,824)
Convertible bond	(109,358)	(103,390)
Other financial liabilities of which:	(16,445)	(13,865)
Derivative financial instruments (interest rate swap)	*(11,192)*	*(10,026)*
Other	*(5,253)*	*(3,838)*
Financial debt	**(298,450)**	**(332,079)**
Cash and cash equivalents	69,171	87,831
Current financial assets	4,569	487
Net financial debt	**(224,710)**	**(243,761)**

- **Financial debt**

Financial debt amounted to 298.5 million euros at December 31, 2012, compared to 332.1 million euros at December 31, 2011, i.e. a decrease of 33.6 million euros, mainly due to the significant reduction of project financing.

Project financing debt decreased from 214.8 million euros at December 31, 2011 to 172.6 million euros at December 31, 2012, a 42.2 million euro decrease over the year. Indeed, loan repayments performed during the year (financing normal amortization and early repayment) were superior to project financing take-outs, for a net amount of 23 million euros. Project financing was also reduced by 13.9 million euros, further to disposals performed during the year (net sale of 60% of the Gargouilles wind farm in France and sale of 5.2 operating MW in Germany).

It is reminded that project financing debt is non-recourse or with limited recourse to the parent company. Each special purpose vehicle holding a wind farm directly takes out financing with the bank and ensures reimbursement through cash flows generated while operating the wind farm.

The convertible bond amounted to 109.4 million euros at December 31, 2012, compared to 103.4 million euros at December 31, 2011. That increase is mainly due to an interest cost with no cash impact, recorded because of the convertible nature of the bond for 8.5 million euros, offset by a reduction of 2.5 million euros pursuant to bond conversions performed over the period.

- **Cash, cash equivalents and current financial assets**

In June 2012, THEOLIA implemented, with Credit Suisse, a swap contract relating to its OCEANEs. THEOLIA assigned 5 million euros to guarantee this mechanism, which were reclassified, in compliance with the IFRS standards, from cash to "Current financial assets".

At December 31, 2012, given the OCEANEs' stock price at this date and movements which have occurred since this mechanism was implemented, the market value of Credit Suisse's position showed an unrealized loss of 0.5 million euros, recognized as a depreciation of current financial assets.

The Group's total cash is 73.8 million euros, of which 19.7 million euros are pledged.

CASH FLOWS

(in thousand euros)	**2012**	**2011**
Cash flow from operational activities	40,602	16,768
Net flow generated by investment activities	(23,104)	(26,950)
Net flow generated by financing activities	(36,150)	(12,322)
Impact of change in cash flow	(8)	(25)
Change in cash and cash equivalents	**(18,661)**	**(22,528)**

In line with the strong growth of the consolidated EBITDA, the gross cash flow increased by 19% in 2012 and reached 29 million euros, compared to 24.4 million euros in 2011. The change in the working capital requirements showed a cash flow generation of 13.9 million euros for fiscal year 2012, mainly related to the reduction of trade receivables and inventories. In total, cash flows generated by operational activities strongly increased and reached 40.6 million euros in 2012, compared to 16.8 million euros in 2011.

In 2012, THEOLIA carried on investing for an amount of 21.2 million euros. In particular, the Group reminds that given the significantly restricted access to financing in Italy and the associated very unfavorable credit terms, the Group financed the Bovino wind farm (10 MW for own account in Italy) with equity. Moreover, the implementation, in June 2012, of a swap contract relating to the OCEANEs generated a 5 million euro disbursement in favor of the bank, to guarantee this mechanism.

Finally, the Group performed repayments of project financing (net of take-outs) for 21.1 million euros and paid 14.9 million euros of interest on borrowings during the year.

In total, cash decreased by 18.7 million euros between 2011 year-end and 2012 year-end, including notably a 5 million euro disbursement linked to the swap contract relating to the OCEANEs and the financing of the Bovino wind farm with equity.

3 Events following December 31, 2012

In late January 2013, THEOLIA took control of Breeze Two Energy GmbH and Co. KG ("Breeze Two Energy"), a German company which holds and operates wind farms for its own account for a total of 337 MW, of which 311 MW are located in Germany and 26 MW in France. Almost all of those farms were commissioned between 2006 and 2008. They all benefit from long-term electricity purchase agreements (20-year contracts in Germany and 15-year contracts in France). Taking control of new wind farms in operation in Germany and France enables THEOLIA to significantly enhance its operational position in its two historical countries. The economic strength of Germany, which decided to phase out nuclear energy and is clearly in favor of renewable energy, permits to develop a long-term strategy.

In 2011, Breeze Two Energy registered a revenue of 47 million euros, entirely generated through sales of electricity.

Breeze Two Energy will be fully consolidated in THEOLIA's financial statements as from January 31, 2013.
Consolidating Breeze Two Energy enables THEOLIA to operate its business model over a doubled scope:

- the Group's installed capacity operated for own account increases from 307 MW to 644 MW;
- based on an annual integration of Breeze Two Energy, THEOLIA's annual consolidated revenue will exceed 100 million euros;
- THEOLIA intends to create significant operational synergies with Breeze Two Energy, in particular by performing the future management of Breeze Two Energy's wind farms, which is today subcontracted to third parties. This new

organization is currently under study as its implementation would require mastering specific constraints for Breeze Two Energy.

Breeze Two Energy is a limited partnership controlled by its General Partner, Breeze Two GmbH. Breeze Two Energy's wind farms were financed through a bond issue, performed in 2006 and divided in three categories: A, B and C, the Class A bond debt being the senior debt.

BGE Investment S.à.r.l. ("BGEI"), a subsidiary wholly owned by THEOLIA, purchased 70% of the Class C bonds of CRC Breeze Finance S.A., a company incorporated under Luxembourg law and a securitization vehicle for Breeze Two Energy's debt, as well as the right to indirectly appoint Breeze Two GmbH's Managing Director. Those bonds and rights used to be held by the International Power group, who had sold them to Loach S.à.r.l.

The main counterpart of THEOLIA and its subsidiaries (BGEI and BGE Management S.à.r.l.), in the framework of the transaction performed on January 31, 2013, was the Loach S.à.r.l. company ("Loach"), a company incorporated under Luxembourg law and a subsidiary entirely held by CRC European Loan Origination Platform Limited ("ELOP"), a vehicle incorporated under Irish law. Christofferson, Robb & Company, LLC, a company incorporated under Delaware law and registered with the Securities and Exchange Commission, does not hold, directly or indirectly, any stake in the share capital of ELOP. ELOP benefits from the services of Christofferson, Robb & Company, LLC under an investment management agreement.

This transaction amounts to 35.5 million euros, mostly financed by a vendor loan amounting to 34 million euros, due in 2026, and by cash for 1.5 million euros. This loan was taken out by BGEI and is without recourse towards the parent-company, THEOLIA. A part of that debt could nevertheless be guaranteed by THEOLIA in the future, according to the levels of cash-flows generated by Breeze Two Energy which will be available to THEOLIA.

Moreover, THEOLIA benefits, in the framework of this purchase, from several associated rights, which may be exercised with Loach to the benefit of THEOLIA according to the time schedule and the operational and financial situation of Breeze Two Energy.

Breeze Two Energy's estimated enterprise value, which is reflected in this transaction, amounts to approximately 309 million euros.

Fady Khallouf, THEOLIA's CEO, was also appointed Managing Director of Breeze Two GmbH. These new functions grant him the power to manage Breeze Two Energy.

A presentation of the 2012 annual results will also be available on the Group's Website **www.theolia.com** from April 17, 2013 at 10:00 a.m. Paris time (GMT+2).

About THEOLIA

THEOLIA is an independent producer of wind energy, active over the entire wind value chain. The Group develops, builds and operates wind farms in four countries: France, Germany, Italy and Morocco. In total, the Group operates 1,269 MW for its own account and for third parties.

CONTACT

Elodie Fiorini
Communications & Investor Relations

Tel: +33 (0)4 42 906 596
elodie.fiorini@theolia.com

Appendix

Income statement

Income Statement (in thousand euros)	2012/12/31	2011/12/31
Revenue	**67,736**	**67,480**
Change in inventories of finished goods and work in progress	(11,276)	(11,017)
External expenses	(19,441)	(21,999)
Tax	(1,615)	(1,277)
Employee benefit expenses	(8,824)	(9,938)
Amortization	(16,049)	(13,538)
Current provisions	7,674	(899)
Other operating income and expenses	557	1,571
Current operating income	**18,763**	**10,384**
Non-current provisions	945	-
Other non-current income and expenses	(573)	(127)
Share in income of associates	3,582	(161)
Operating income (before impairment)	**22,717**	**10,096**
Impairment	(23,262)	(28,300)
OPERATING INCOME (after impairment)	**(545)**	**(18,204)**
Net financial debt cost	(21,883)	(17,786)
Other financial income	3,206	1,033
Other financial expenses	(13,314)	(1,248)
Financial income	**(31,990)**	**(18,001)**
Corporate tax expenses	(1,140)	(877)
Net income from continuing operations	**(33,676)**	**(37,082)**
Net income for the year from discontinued operations	(562)	(2,151)
NET INCOME of the consolidated Group	**(34,238)**	**(39,233)**
Of which Group share	(34,206)	(38,520)
Of which non-controlling interest	(32)	(714)
Earnings per share of the consolidated Group (in euro)	(0.53)	(0.44)
Diluted earnings per share of the consolidated Group (in euro)	(0.21)	(0.15)

Balance sheet

ASSETS (in thousand euros)	2012/12/31	2011/12/31
Goodwill	39,489	40,591
Intangible assets	66,209	80,429
Tangible assets	270,735	295,704
Investments in associates	-	9,341
Non-current financial assets	17,928	12,418
Deferred tax assets	2,787	2,172
NON-CURRENT ASSETS	397,148	440,655
Inventories and work in progress	14,934	14,350
Trade and other receivables	21,221	35,912
Other current assets	15,346	19,809
Tax receivables	4,325	5,989
Current financial assets	4,569	487
Cash and cash equivalents	69,171	87,831
CURRENT ASSETS	129,566	164,378
Assets classified as held for sale	11,404	12,291
TOTAL ASSETS	538,118	617,324

EQUITIES AND LIABILITIES (in thousand euros)	2012/12/31	2011/12/31
Share capital	90,840	127,591
Share premiums	305,654	305,193
Retained earnings	(196,811)	(196,458)
Net income of the consolidated scope, Group share	(34,206)	(38,520)
Shareholders' equity - Group share	**165,477**	**197,806**
Non-controlling interest	66	(2,822)
SHAREHOLDERS' EQUITY	165,543	194,984
Non-current financial liabilities	250,868	269,139
Provisions - non-current share	13,006	20,231
Retirement benefit obligation	186	150
Deferred tax liabilities	14,126	13,993
Other non-current liabilities	2,833	2,678
NON-CURRENT LIABILITIES	281,019	306,191
Current financial liabilities	47,581	62,940
Provisions - current share	39	363
Trade and other payables	31,872	35,586
Tax and social liabilities	3,697	6,587
Current corporate tax liabilities	565	1,660
CURRENT LIABILITIES	83,754	107,136
Liabilities directly associated with assets classified as held for sale	7,802	9,013
TOTAL EQUITIES AND LIABILITIES	538,118	617,324

Cash flow statement

(in thousand euros)	2012/12/31	2011/12/31
NET INCOME of the consolidated Group	**(34,238)**	**(39,234)**
Net income for the year from discontinued operations	562	2,151
Elimination of amortization, depreciation and provisions	43,858	43,298
Elimination of change in deferred tax	1,140	897
Elimination of capital gains/losses from disposals	(974)	846
Elimination of the share in income of associates	13	161
Financial expenses	22,468	18,571
Other income and expenses with no effect on cash	(3,824)	(2,315)
Gross cash flow	**29,005**	**24,375**
Change in working capital requirements	13,851	(4,665)
Corporate tax paid	(1,721)	(1,122)
Flows related to discontinued activities	(532)	(1,819)
NET FLOW FROM OPERATIONAL ACTIVITIES	**40,602**	**16,768**
Acquisitions of fixed assets	(21,238)	(26,915)
Disposals of fixed assets	2,274	2,347
Change in loans granted	(4,424)	(2,561)
Effect of change in scope of consolidation: subsidiary acquisitions net of cash acquired	284	179
NET FLOW GENERATED BY INVESTMENT ACTIVITIES	**(23,104)**	**(26,950)**
Capital increase (decrease)	(77)	-
Increase in loans and other debt	12,873	41,299
Repayments of loans and other debt	(34,018)	(39,200)
Interest paid	(14,930)	(14,421)
NET FLOW GENERATED BY FINANCING ACTVITIES	**(36,150)**	**(12,322)**
Flows related to discontinued activities		
Effect of change in exchange rates	(8)	(25)
CHANGE IN CASH AND CASH EQUIVALENTS	**(18,661)**	**(22,528)**
Net cash and cash equivalents – opening balance	87,831	110,360
Net cash and cash equivalents – closing balance	69,171	87,831
CHANGE IN CASH AND CASH EQUIVALENTS	**(18,661)**	**(22,529)**

Statement of change in equity

(in thousand euros)	Capital	Premiums	Currency translation adjustments	Change in fair value and others	Consolidated reserves and income	Shareholders' equity - Group share	Non-controlling interest	Total shareholders' equity
At 2010/12/31	110,293	304,948	299	-	(193,272)	222,268	(2,261)	220,007
Expenses and income directly recorded under shareholders' equity			57	(3,572)		(3,515)		(3,515)
Net Income of the consolidated scope, Group share					(38,520)	(38,520)	(714)	(39,234)
Comprehensive income	-	-	57	(3,572)	(38,520)	(42,034)	(714)	(42,748)
Capital increase						-		-
Expenses paid for capital increase						-		-
Bond conversion	17,253	291			-	17,544		17,544
Share-based payment	45	(45)			174	174		174
Treasury shares					59	59		59
Transactions between shareholders					(143)	(143)	143	0
Other reclassifications			62		(122)	(60)	10	(50)
At 2011/12/31	127,591	305,194	419	(3,572)	(231,825)	197,806	(2,822)	194,984
Expenses and income directly recorded under shareholders' equity			325	(1,338)		(1,013)		(1,013)
Net Income of the consolidated scope, Group share					(34,206)	(34,206)	(31)	(34,237)
Comprehensive income	-	-	325	(1,338)	(34,206)	(35,219)	(31)	(35,250)
Capital increase						-		-
Capital reduction	(38,412)				38,412	-		-
Expenses paid for capital increase						-		-
Bond conversion	1,303	897			-	2,200		2,200
Share-based payment	442	(442)			167	167		167
Treasury shares	(83)	5			(107)	(185)		(185)
Transactions between shareholders					102	102	2,916	3,018
Other reclassifications					606	607	3	610
At 2012/12/31	90,841	305,654	743	(4,910)	(226,851)	165,478	66	165,544