

Press Release

Paris, 11th October 2011

FIRST SEMESTER FINANCIAL RESULTS: SIGNIFICANT LOSS DUE TO THE BRAZILIAN OPERATIONS

	<u>30.06.2011*</u> <u>(6 Months)</u>	<u>31.12.2010</u> <u>(12 Months)</u>
Revenues (M€)	2.8	3.8
EBITDA (M€)	0.5	-1.2
Net Income, Group Share (M€)	-3.4	9
Shareholder Equity (M€)	133	139
Cash and marketable securities (M€)	97	98

* Unaudited financial statements

The half-yearly activity report, including the intermediary balance sheet and income statement as of June 30th, 2011 (non audited), will be put on line on the websites of Euronext and the Company in October 2011.

Comments from the management:

- The Group does not see any improvement in the administrative procedures to obtain the necessary authorizations and clearances for its 5 projects under development in Brazil. Depending on the projects, the issues are administrative issues, social issues and/or fierce competition. Furthermore some projects appear not to be profitable anymore in the current context of decreasing energy prices and increasing construction costs. It has led the Group to downgrade the probability of success of its Brazilian portfolio, and depreciate 4 projects (Ibituruna, Pirapetinga, Quebra Dedo and Cabuy) and abandon one (Cachoeira Alegre). It has negatively impacted the net income by 4 242 k€.
- The Group has suffered forex losses during the first semester on its Brazilian government bonds. As of today this bond portfolio has been fully sold. The overall forex losses in the first semester for the Group amounted to -3 202 k€ (including -1 420 k€ of foreign currency translation comprehensive losses).
- During the first semester, one of the three main turbines (4,6MW) of the Rodeio Bonito power plant (Brazil) was stopped because of abnormal vibrations. The issue is expected to be solved by the manufacturer and covered under the warranty provisions. The turbine is scheduled to resume generation in October 2011. This should have no financial impact in 2011 thanks to the Assured Energy mechanism in place in Brazil.

- The Group has pursued the development of its Indian concessions in Arunachal Pradesh (approx. 500MW), aiming at obtaining the final approval of the installed capacity, and then the environmental and technical clearances required for the construction.
- The prospection and development of new projects in Laos and other countries have intensified during the first semester.

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Summary Information on Velcan Energy

- Velcan Energy develops and operates hydro power concessions in emerging markets.
- The Company's strategy is to become a market leader in up to 200 MW hydro power concessions in among others India, Brazil and Laos.
- As of October 2011, Velcan Energy:
 - Has finished the construction and has commissioned its first hydro power concession in Brazil (15 MW)
 - Owns the rights to more than 600 MW of concessions and projects in India, Brazil and Laos (Group share).
 - Has an agreement to develop 300 MW in Laos
 - Is actively prospecting additional emerging markets.
- Velcan Energy's technical team is composed of industry veterans and is one of the most experienced in the world in the construction and operation of hydroelectric plants.
- Velcan Energy is headquartered in Paris, and employs over 60 people, divided between its administrative offices (New Delhi, Paris, and Saõ Paulo) and concession sites.

Disclaimer

This press release contains prospective information about the potential of the projects in progress and/or of the projects of which the development has begun. These information constitute objectives attached to projects and shall, in any case, not be construed as direct or indirect net income forecast of the concerned year. Reader's attention is also drawn on the fact that the performance of these objectives depends on future circumstances and that it could be affected and/or delayed by risks, known or unknown, uncertainties, and various factors of any nature, notably related to economic, commercial or regulatory conjuncture, which occurrence could be likely to have a negative impact on future activity and performances of the Group.

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