

Press Release

Paris, October 11th, 2012

FIRST SEMESTER FINANCIAL RESULTS: INCREASING EBITDA AND POSITIVE NET RESULT

	<u>30.06.2012*</u> <u>(6 months)</u>	<u>30.06.2011*</u> <u>(6 months)</u>
Turnover (M€)	2.6	2.8
EBITDA (M€)	0.6	0.5
Net Result (M€)	2.2	-3.4

	<u>30.06.2012*</u>	<u>31.12.2011</u>
Shareholders equity (M€)	131	133
Cash and cash equivalents (M€)	95	97

* Consolidated financial statements (non audited)

The interim financial report, including interim balance sheet and income statement as of June 30th, 2012 (unaudited), will be posted on the websites of Euronext and the Company on October 12th, 2012.

Comments from the Management

- The 2.6m€ turnover is almost entirely consisting in sales of electricity from Rodeio Bonito hydropower plant in Brazil, and is stable compared to first half of 2011. EBITDA is positive, similar to previous year.
- Financial income amounted to 3.4m€, of which 1.8m€ of revenue excluding currency, a significant decrease compared to first half of 2011 (3.8m€), due to the sale of Brazilian government bonds in September 2011. Total forex impact on the Group's shareholders equity is slightly negative with 1.6m€ exchange gains impacting positively the net income and -2.1m€ unrealized negative forex fluctuation of conversion reserves, charged directly to shareholders equity and to total comprehensive income (this loss is mainly due to Brazilian real depreciation and to the impact on the value of intra-group loans which were used to finance Rodeio Bonito Brazilian dam).

- Operational costs are stable compared to first half of 2011. Depreciation of tangible and intangible assets related to Rodeio Bonito hydropower plant amounted to 677k€, provisions related to tangible and intangible current assets on projects under development amounted to 1.4m€, mainly on Cabuy Brazilian project, for which the Group does not see any improvement in the procedures (-700k€). The dispute with minority shareholders of Rodeio Bonito Hidreletrica SA, owner of Rodeio Bonito hydropower plant, was resolved in February 2012. The 900k€ provision was reversed, impacting positively the Group's operating profit. Both parties agreed on the payment of a complement on concession price of 1.5mBRL, in exchange of the minority shareholders waiving to become 5% shareholders of the company.
- In India, the Group continued the development of hydropower concessions obtained in 2007 in Arunachal Pradesh. Teams are working on land acquisition, on obtaining various local and central administrative authorizations, and on finalizing techno-economic studies. Approval of technical studies by the Central Electrical Authority (CEA) and review of environmental licenses applications are still in progress.
- In Laos, the group progressed on technical studies for Nam Ang Tabeng (35 MW) and Nam Phouan (25MW) projects, and should soon be able to decide on technical and economical feasibility (profitability) of Nam Phouan project.

The group also prospects in other emerging countries, including Indonesia, at a more or less advanced stage depending on projects.

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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. Conditions are favourable for this type of plants because:
 - These countries suffer from serious under capacity in electricity production, particularly India where an estimated 650 million people do not have regular access to electricity.
 - Under capacity has led to both Indian and Brazilian national governments liberalizing the state controlled electricity market and allowing increased private and foreign competition.
 - Laos has a strategic position in South-East Asia, and can export to high power-demand growing countries such as Thailand, Vietnam, Cambodia and China.
 - These countries have huge untapped hydroelectric potential; 100,000 MW in India, 190,000 MW in Brazil and 20,000 MW in Laos.

- In October 2012, Velcan Energy :
 - finished building and has put into operation its first hydroelectric concession in Brazil (15 MW),
 - owns rights related to hydroelectric concessions projects amounting to over 600 MW in India, Brazil and Laos (Group share),
 - has an agreement with the Lao PDR Government to co-develop 300 MW,
 - is actively prospecting in new 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 and thermal power plants.
- Velcan Energy is headquartered in Paris, and employs over 50 people divided between its administrative offices (New Delhi, Paris, Vientiane and São 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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