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**ANNUAL ACCOUNTS FOR
GROUPE EUROTUNNEL SA
FOR THE YEAR ENDED
31 DECEMBER 2008**

Summary

ANNUAL CONSOLIDATED ACCOUNTS	2
Statutory Auditors' report	2
Income statement	3
Statement of recognised income and expense	3
Balance sheet	4
Cash flow statement	5
Notes	6
ANNUAL PARENT COMPANY ACCOUNTS	36
Statutory Auditors' report	36
Balance sheet	37
Income statement	38
Notes	39

Statutory Auditors' report on the consolidated accounts

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Following our appointment as Statutory Auditors by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2008, on:

- the audit of the consolidated financial statements of Groupe Eurotunnel SA attached to this report;
- the justification of our assessments;
- the specific verifications required by law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis or any other methods of selection, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that the elements obtained are sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities, of the financial position of the Group as at 31 December 2008 and of the results of its operations for the year then ended in accordance with IFRS as adopted by the EU.

2 Justification of our assessments

As indicated in note 2.1 iii of the consolidated financial statements, the estimations underlying the preparation of the annual financial statements at 31 December 2008 were made in a context of uncertainty of economic outlook and of high volatility in the financial markets. It is in this uncertain context that in accordance with the requirements of article L.823-9 of the French Commercial Code ("Code de commerce") relating to the justification of our assessments, we bring to your attention our own assessments :

Valuation of assets

The note 7 of the consolidated financial statements presents the global criteria and approach to evaluate assets in accordance with IAS 36 and indicates that the taking into account of the events of 2008 does not modify the value of the assets. We ensured of the appropriateness of the information given in that note on the Group's position regarding the valuation of its assets.

Attention is however drawn to the fact that these financial projections over the remainder of the Concession are, by their very nature, uncertain, reinforced by the specific context of the preparation of the 2008 consolidated accounts as stated above.

Effect of the fire in September 2008

Note 1.1 of the consolidated financial statements presents the effect of the September 2008 fire on the group consolidated income statement for this year and indicates the accounting treatments used, especially for the recording of indemnities for operating losses and destroyed rolling stock. We ensured the consistency of the accounting treatments used with insurance contracts and reports issued by the experts and their appropriateness with IFRS. We also checked the pertinence of the information given in that note relating to this fire.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verification

In accordance with French law, we have also verified the information given in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense, 3 March 2009
KPMG Audit
Department of KPMG SA
Fabrice Odent
Partner

Statutory Auditors

Paris La Défense, 3 March 2009
Mazars
Thierry de Bailliencourt
Partner

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
CONSOLIDATED ACCOUNTS: INCOME STATEMENT AND STATEMENT OF RECOGNISED INCOME AND EXPENSE

Consolidated income statement		* PRO FORMA		
(€'000)	Note	31 December 2008	31 December 2007	¹ 31 December 2007
Revenue	3	703,881	774,882	401,762
Other income	4	43,942	-	-
Total turnover		747,823	774,882	401,762
Operating expenses		(200,127)	(209,691)	(107,926)
Employee benefit expense	5,6	(127,040)	(126,039)	(62,729)
Depreciation	7	(159,622)	(161,956)	(82,016)
Trading profit		261,034	277,196	149,091
Other operating income / (expenses)	8	28,260	(12,922)	(13,229)
Operating profit		289,294	264,274	135,862
Income from cash and cash equivalents		18,588	13,863	5,410
Gross cost of servicing debt	9	(267,579)	(291,377)	(140,406)
Net cost of financing and debt service		(248,991)	(277,514)	(134,996)
Other financial income	10	36,224	48,770	22,666
Other financial charges	10	(36,255)	(33,668)	(28,724)
Profit arising from the financial restructuring		-	3,322,803	3,322,803
Income tax expense	11	(545)	(318)	(318)
Profit for the year		39,727	3,324,347	3,317,293
Group share: profit:		43,595	3,325,087	3,317,834
Minority interest share: loss	2.1i	(3,868)	(740)	(541)
Profit per share (€)	12	0.34	55.64	55.52
Profit per share after dilution (€)	12	0.08	5.43	5.41

* See 2.3i below.

Consolidated statement of recognised income and expense		31 December 2008	¹ 31 December 2007
(€'000)			
Foreign exchange translation differences		462,404	224,050
Impact of exchange differences on overseas investment		-	(26,991)
Movement in fair value of hedging contracts *		(387,471)	(64,586)
Net income recognised directly in equity		74,933	132,473
Profit for the year - Group share		43,595	3,317,834
Recognised income and expense - Group share		118,528	3,450,307
Recognised income and expense - minority interest share		(1,340)	962
Total recognised income and expense		117,188	3,451,269

* Including accrued interest.

The notes on pages 6 to 35 form part of these consolidated accounts.

¹ The consolidated income statement and statement of recognised income and expense include the Group's activities with effect from 1 July 2007.

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
CONSOLIDATED ACCOUNTS: BALANCE SHEET

Consolidated balance sheet (€'000)	Note	31 December 2008	31 December 2007
ASSETS			
Property, plant and equipment			
Concession property, plant and equipment	7	6,886,309	7,012,773
Other property, plant and equipment	7	19	29
Non-current financial assets			
Shares	13,19	77	115
Other financial assets	13,19	2,673	3,420
Total non-current assets		6,889,078	7,016,337
Inventories		-	60
Trade receivables	13,19	48,346	78,377
Other receivables	13,19	67,459	26,268
Other financial assets	13,19	390	602
Cash and cash equivalents	13,19	275,908	154,983
Total current assets		392,103	260,290
Total assets		7,281,181	7,276,627
EQUITY AND LIABILITIES			
Issued share capital	14	75,937	23,914
Share premium account	15	1,136,128	218,127
Other reserves	15	148,253	(2,216,031)
Other equity and similar instruments	15,16	1,226,319	1,472,678
Retained earnings	15	-	(26,991)
Profit for the year	15	43,595	3,317,834
Cumulative translation reserve	2.1ii, 15	407,697	(54,707)
Equity - Group share		3,037,929	2,734,824
Minority interest share	2.1i	2,700	4,040
Total equity		3,040,629	2,738,864
Retirement benefit obligations	17	15,912	15,699
Financial liabilities	13,18	3,557,247	4,120,310
Other financial liabilities	13,19	2,326	3,089
Interest rate derivatives	13,18	455,159	65,033
Total non-current liabilities		4,030,644	4,204,131
Provisions	21	43,890	49,258
Financial liabilities	13,18	22,065	140,229
Other financial liabilities	13,19	419	602
Trade payables	13,22	121,985	115,026
Other payables	13,22	21,549	28,517
Total current liabilities		209,908	333,632
Total equity and liabilities		7,281,181	7,276,627

The notes on pages 6 to 35 form part of these consolidated accounts.

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
CONSOLIDATED ACCOUNTS: CASH FLOW STATEMENT

Consolidated cash flow statement (€'000)	31 December 2008	² PRO FORMA 31 December 2007	² 31 December 2007
Result for the year: profit	39,727	3,324,347	3,317,293
Income tax expense	545	318	318
Profit arising from the financial restructuring	-	(3,322,803)	(3,322,803)
Other financial charges and (income)	31	(15,102)	6,058
Net cost of financing and debt service	248,991	277,514	134,996
Other operating (income) and expenses	(28,260)	12,922	13,229
Depreciation	159,622	161,956	82,016
Trading profit before depreciation	420,656	439,152	231,107
Exchange adjustment ¹	(31,123)	(12,523)	(3,813)
Decrease / (increase) in trade and other receivables	7,825	(4,370)	7,540
Increase / (decrease) in trade and other payables	18,900	(24,652)	(2,004)
Net cash inflow from trading	416,258	397,607	232,830
Other operating cash flows	(679)	(116,147)	(91,775)
Taxation	(483)	(318)	(318)
Net cash inflow from operating activities	415,096	281,142	140,737
Payments to acquire property, plant and equipment	(37,887)	(38,618)	(20,776)
Sale of property, plant and equipment	3,196	1,133	863
Net cash outflow from investing activities	(34,691)	(37,485)	(19,913)
Issue of SDES	800,000	-	-
Issue costs of SDES	(28,791)	-	-
Capital increase	915,444	225	225
Share issue costs	(40,393)	(17,789)	(10,595)
Redemption and partial buy back of NRS	(1,549,032)	-	-
Interest paid on redeemed NRS	(84,787)	-	-
Drawdown of Term Loan	-	4,010,408	4,010,408
Repayment of old financial instruments	-	(3,914,237)	(3,914,237)
Interest paid on old financial instruments	-	(286,801)	(286,801)
Fees paid for Term Loan	-	(66,145)	(51,476)
Interest paid on old hedging instruments	-	(3,000)	(3,000)
Interest received on cash and cash equivalents	17,646	13,345	4,574
Interest received on new hedging instruments	5,521	2,032	2,032
Other interest received	173	235	113
Interest paid on Term Loan	(201,789)	(104,052)	(104,052)
Interest paid on NRS	(31,039)	-	-
Interest paid on new hedging instruments	-	(2,225)	(2,225)
Proceeds from sale of own shares	1,230	-	-
Purchase of own shares	(45,448)	(714)	(714)
Net cash outflow from financing activities	(241,265)	(368,718)	(355,748)
Increase / (decrease) in cash in year (note 13.3)	139,140	(125,061)	(234,924)

¹ The adjustment relates to the restatement of elements of the income statement at the exchange rate ruling at the year end.

² See 2.3ii below.

The notes on pages 6 to 35 form part of these consolidated accounts.

² The cash flow statement includes the Group's activities from 1 July 2007.

Notes to the accounts

Groupe Eurotunnel SA (GET SA) is the holding company of EGP and the TNU Group and its subsidiaries, which have as their principal purposes the design, financing, construction and operation of the Fixed Link, in accordance with the terms of the Concession.

1 Important events

1.1 Fire in September 2008

The Fire on 11 September 2008 significantly affected the Group's revenues, traffic and operating conditions for 2008. Whilst services resumed a little over one day after the fire, and in the following weeks operating capacity was progressively optimised after the cleaning and the return to service of the two smoke-affected sections of the Tunnel, the fire-damaged section of the Tunnel remained closed until 9 February 2009. After the initial build up of services at the end of September, the number of missions run by the Passenger and Truck Shuttle services was just under half the number in the same period in 2007, whilst priority was given to Eurostar services.

The Eurotunnel Group is insured against operating losses and damage to material up to €900 million, and so the effect of the fire on the Group's results for 2008 is limited.

Effect on the 2008 consolidated income statement:

- As provided for by the insurance contracts, indemnities for operating losses have given rise to the receipt of advances from insurers.
- The Group has accounted in other income for all advances received by the year end totalling €44 million, representing indemnities of €54 million, less the excess of €10 million.
- The cost of repairs resulting from the fire has been offset by insurance indemnities for a corresponding amount, and therefore has no effect on the income statement except for the excess of €0.1 million.
- The indemnity relating to the destroyed rolling stock is made on the basis of a contractually agreed value. Examinations by experts are currently underway. Nevertheless, 17 wagons have been declared beyond repair at 31 December 2008 by all experts, and on this basis, the Eurotunnel Group has accounted for a net profit of approximately €11 million in 2008. The examinations by experts continue on other parts of the shuttle that was involved in the fire in order to determine whether or not they are repairable and to fix definitively the amount of the indemnity. The insurance excess is €0.4 million.

1.2 Early cash redemption of NRS II

In order to finance the early cash redemption of all NRS II, the board of directors of GET SA decided, on 5 February 2008 and 14 February 2008, to increase capital in two phases by the issue of (i) the subordinated deferred equity shares (the "SDES") and (ii) New Ordinary Shares upon exercise of share warrants (the "BSA"), allotted for free to all GET SA shareholders.

i. During the first phase of the transaction, GET SA issued 800,000 SDES at a nominal value of 1,000 euros each on 6 March 2008 (see note 16.2 below), the terms and conditions of which are described in the Securities Note approved by the *Autorité des marchés financiers* (AMF) under visa number 08-032 on 20 February 2008. On 10 April 2008, the proceeds of the issue of the SDES, being a total principal amount of €800,000,000, were used to finance the early redemption in cash of 6,011,109 of the 11,539,914 NRS II issued on 28 June 2007 at 140% of their nominal value, for a total of £258,999,907 and €461,790,000.

ii. During the second phase of the transaction, GET SA allocated 59,784,111 free BSA to its shareholders on 30 April 2008, giving them the right to subscribe for 104,622,189 New Ordinary Shares at a price of €8.75 per share. This rights issue was fully underwritten by a banking syndicate, and the terms and conditions of this transaction are described in the Securities Note approved by the AMF under visa number 08-077 on 28 April 2008. The New Ordinary Shares resulting from this transaction were issued on 4 June 2008, and the proceeds amounted to €915,444,153.75. On 10 July 2008, Eurotunnel Group completed the early cash redemption of the remaining NRS II with the proceeds from this transaction: 5,528,805 NRS II were redeemed at 140% of their nominal value for a total amount of £234,538,790.64 and €430,134,180.

1.3 Partial cash buy back of NRS I

On 23 June 2008, the Eurotunnel Group carried out a buy back of 150,000 NRS I (see notes 15 and 16.1i below).

Following the redemption of all the NRS II and the partial buy back of the NRS I, the amount of interest to be paid on the NRS has been reduced to €16 million in 2009 and €13 million in 2010 (at the exchange rate at 31 December 2008 of £1=€1.050).

1.4 Contractual redemption of NRS I Tranche I

On 28 July 2008, the Eurotunnel Group carried out the contractual redemption of the first tranche of the NRS I with GET SA shares. This transaction resulted in the redemption of 977,545 NRS I and the issue of 25,435,615 GET SA ordinary shares (see note 16.1i below).

1.5 Arbitration

Following the disturbances caused to its business by the intrusion of illegal migrants coming from the Sangatte centre between 2000 and 2002, Eurotunnel petitioned the international ad hoc Tribunal at the International Court of Justice on 17 December 2003, to seek compensation for damages suffered. In its ruling of 30 January 2007 published on 23 February 2007, the ad hoc Arbitration Tribunal recognised Eurotunnel's right to compensation, the amount of which to be determined by the Tribunal at a later date.

Following this decision, Eurotunnel entered into negotiations with the French government, and an agreement was reached whereby the French government would make a full and final settlement of €24 million, payable over three years. This agreement was ratified by the French government and the settlement accounted for in 2008. Following this agreement, Eurotunnel has withdrawn its claim against the French government.

The British government has also accepted the principle of an amicable agreement to the litigation, and negotiations are underway.

1.6 Safeguard Plan

The Safeguard Plan for the TNU group companies was approved on 15 January 2007 by the Paris Commercial Court, who on 23 December 2008 recognised the complete execution of the Plan.

1.7 Litigation

The implementation of the Safeguard Plan continued during the period, under the supervision of the Commissioners for the Execution of the Plan, as did certain legal proceedings. Concerning the proceedings instigated in Paris by the Resurgence Group relating to the opening and conduct of Eurotunnel's Safeguard Procedure, Resurgence has formally and irrevocably withdrawn its claims and actions and renounced its rights in relation to these proceedings. However, these proceedings continue with other parties. They are not considered likely to challenge the validity, the continuation and the completion of the Safeguard Plan. Should the outcome of certain of these proceedings be unfavourable, they could result in the payment of damages and interest. Eurotunnel remains confident of a favourable outcome to these claims.

2 Basis of preparation and significant accounting policies

Statement of compliance

The consolidated accounts have been prepared in accordance with those IFRS standards as adopted by the European Union up to 31 December 2008. Standards and interpretations published by the IASB for which the application is not obligatory in 2008, have not been anticipated in the 2008 accounts and will not have a significant impact on GET SA's financial statements.

2.1 Basis of preparation and presentation

The consolidated accounts consist of the consolidation of the accounts of GET SA and its subsidiaries as set out in the table on page 8.

Eurotunnel has control over the nature and price of the services it provides, and therefore does not meet the criteria set out in IFRIC 12 relating to concession contracts. GET SA applies IAS 16 on property, plant, and equipment, and IAS 37 on provisions.

i. Basis of consolidation

The accounting periods of Eurotunnel companies run from 1 January to 31 December. Companies acquired or formed during the year are consolidated as from their date of acquisition or formation. Two subsidiaries of GET SA with no activity during 2008 have not been consolidated. These companies had no contingent liabilities.

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
 CONSOLIDATED ACCOUNTS: NOTES

For the purposes of consolidation, GET SA comprises the following companies at 31 December 2008:

	Country of registration or incorporation	% interest	% control
Groupe Eurotunnel SA (GET SA)	France	Holding company	Holding company
Eurotunnel Group UK PLC (EGP)	England	100	100
Sub-Group TNU SA / TNU PLC (TNU Group):			
TNU SA (formerly Eurotunnel SA)	France	99.32	100
TNU PLC (formerly Eurotunnel P.L.C.)	England	99.32	100
France Manche SA (FM, the French concessionaire)	France	99.32	100
The Channel Tunnel Group Limited (CTG, the British concessionaire)	England	99.32	100
Europorte 2 SAS	France	99.32	100
Eurotunnel Finance Limited (EFL)	England	99.32	100
Eurotunnel SE (ETSE)	Belgium	99.32	100
Eurotunnel Services GIE (ESGIE)	France	99.32	100
Eurotunnel Services Limited (ESL)	England	99.32	100
EurotunnelPlus BV	Netherlands	99.32	100
EurotunnelPlus GmbH ¹	Germany	99.32	100
EurotunnelPlus Limited	England	99.32	100
Gamond Insurance Company Limited (GICL)	Guernsey	99.32	100
Cheriton Leasing Limited, Cheriton Resources 1, 2, 3, 6, 7, 8, 9, 10, 11, 13, 15, 16, Limited ¹	England	99.32	100
Cheriton Resources 12 and 14 Limited	England	99.32	100
Eurotunnel Agent Services Limited ¹	England	99.32	100
Eurotunnel Developments Limited (EDL) ¹	England	99.32	100
Eurotunnel Trustees Limited (ETRL) ¹	England	99.32	100
Eurotunnel Financial Services Limited ^{1,3}	England	99.32	100
Le Shuttle Limited ²	England	99.32	100
London Carex Limited ¹	England	99.32	100
Orbital Park Limited (OPL) ¹	England	99.32	100

¹ These companies had no significant activity during 2008.

² On 19 December 2008, Cheriton Resources 17 Limited changed its name to Le Shuttle Limited.

³ On 13 November 2008, Le Shuttle Holidays Limited changed its name to Eurotunnel Financial Services Limited.

All the companies listed above are fully consolidated.

As part of the simplification of the group, all the assets and liabilities of EurotunnelPlus SAS and EurotunnelPlus SL were transferred to EurotunnelPlus Distribution SAS, followed by the transfer of all EurotunnelPlus Distribution SAS's assets and liabilities to Eurotunnel SE. As a consequence of these operations, the aforementioned subsidiaries were dissolved.

ii. Exchange rates

GET SA and EGP's company accounts and GET SA's consolidated accounts are prepared in euros.

TNU PLC and its subsidiaries' accounts are prepared in sterling and have been converted into euros as follows:

- Share capital, share premium account, retained reserves brought forward, Concession property, plant and equipment and depreciation at historical rates.
- All other assets and liabilities at the rate ruling at the balance sheet date.
- Income statement items, with the exception of depreciation, at an average rate for the year.
- Exchange differences arising from the application of the above are included in the cumulative translation reserve in the balance sheet.
- The closing and average €/£ exchange rates for 2008 and 2007 are as follows:

€/£	2008	2007
Closing rate	1.050	1.364
Average rate	1.216	1.437

iii. Use of estimates and judgements

The preparation of the consolidated financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the period. The Board periodically reviews its valuations and estimates based on its experience and various other factors considered relevant for the determination of reasonable and appropriate estimates of the assets' and liabilities' carrying value. The estimations underlying the preparation of the annual accounts at 31 December 2008 were made in a context of uncertainty in the economic outlook and of high volatility in the financial markets.

The actual results could differ significantly from these estimates depending on different conditions and hypotheses. The use of estimations concerns mainly the valuation of property, plant and equipment (see note 7), the provisions for restructuring (see note 21), the evaluation of the tax situation (see note 11) and certain elements of the valuation of financial instruments (see note 20).

iv. Segment reporting

The Group operates a single asset which is common to all its activities. This asset and the operating costs arising from it cannot be directly allocated to these activities. Consequently, the Group presents its activities as one reportable segment within the meaning of IAS 14.

2.2 Significant accounting policies

i. Cost and revenue sharing

The Concession requires that the Group's concessionaires (CTG and FM) share equally the cost price of the Project and all revenues and costs relating to the operation of the Fixed Link between the British and French companies.

- Concession property, plant and equipment is shared equally between the concessionaires.
- Operating revenues and costs are accounted for in the income statement of the partnership and are shared equally between the concessionaires. Revenues and costs which do not relate to the operation of the Concession are not subject to these sharing arrangements.

ii. Property, plant and equipment, and depreciation

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated on a systematic basis in order to write down the costs of assets over their expected useful lives as follows:

Tunnels	Concession *
Terminals and related land	10 years – life of Concession *
Fixed equipment and machinery	5 years – life of Concession *
Rolling stock	5 – 60 years
Freehold land	not depreciated
Office equipment	3 – 10 years

* *The Concession expires in 2086.*

The expected useful lives of the assets are kept under review and revised when necessary, according to experience.

Non-renewable Concession property, plant and equipment is depreciated over the life of the Concession on a straight line basis. Depreciation on renewable assets is calculated on a straight line basis.

As all property, plant and equipment will be written down to £nil at the end of the Concession, depreciation of the final renewal cost of renewable assets will be based on the residual duration of the Concession.

iii. Impairment of property, plant and equipment

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of assets is the greater of their net selling price and their value in use. In assessing value in use, the estimated future cash flows of the Concession considered as a whole are discounted to the present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

iv. Retirement liabilities

The Group provides for its contractual obligations for retirement indemnities of employees under French contracts, and for the defined benefit retirement schemes of employees under UK contracts operated by the TNU PLC Group. The current service cost of the period, determined by the projected unit of credit method, is accounted for in operating costs. Actuarial differences are dealt with using the "corridor" approach, with any excess or shortfall outside the corridor being amortised over the average remaining working lives of the beneficiaries, and are shown in operating costs.

v. Provisions

Provisions are recognised when there exists a legal or constructive obligation stemming from a past event and when the future cash flows can be reliably estimated.

vi. Financial instruments

Financial assets

In accordance with IAS 39, the Group's financial assets have been classified in one of the following four categories:

- financial assets at fair value through profit and loss;
- loans and receivables;
- held-to-maturity investments;
- available-for-sale financial assets.

The classification defines the accounting treatment of these instruments. The classification is designated by the Group at the date of initial recognition depending on the purpose for which the assets were acquired. The purchase and sale of financial assets are accounted for on the transaction date, being the date on which the Group has contracted for the purchase or sale of the asset.

▪ **Financial assets at fair value through profit and loss**

These are financial assets held by the Group for the purpose of generating a short-term profit, or assets designated to this category at inception.

These assets are measured at their fair value with changes in the carrying amount being taken to the income statement.

These financial instruments include short-term treasury investments which are classified as current assets in cash equivalents.

▪ **Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not listed on an active market and that are not held for trading purposes and are not available for sale.

These assets are initially measured at their fair value and subsequently at their amortised cost using the effective interest method. For short-term receivables that do not have a contractual rate of interest, the fair value is assimilated to the original invoiced amount except where the effective interest rate has a significant impact.

These assets are subject to impairment tests if there is an indication of impairment losses. An impairment loss is recognised whenever the carrying amount exceeds the estimated recoverable amount.

Receivables arising on shares and trade receivables are included in this category. They are shown as financial assets and as trade receivables.

▪ **Held-to-maturity investments**

Held-to-maturity investments are financial assets, other than loans and receivables, with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity. At the balance sheet date, the Group has not designated any financial asset to this category.

▪ **Available-for-sale financial assets**

All financial assets that are not classified in another category are classified as available-for-sale. They are measured at their fair value. Unrealised gains and losses are recognised in equity until the asset's sale or derecognition. However when there is objective evidence that an available-for-sale asset may be impaired, the cumulative net loss is recognised in the income statement. Impairments on equity securities cannot be reversed in subsequent accounting periods.

Fair value, for listed securities, equates to the market price. For unlisted securities, the fair value is determined by reference to recent transactions or by using valuation techniques incorporating reliable and observable market data. However, when no reliable estimate of the fair value of a security can be made, it is measured at historical cost. These assets are subject to impairment tests to establish their recoverability.

This category includes shares in non-consolidated subsidiaries.

Financial liabilities

Financial liabilities include, in accordance with IAS 39:

- loans and bank overdrafts;
- derivative liabilities.

Borrowings

Borrowings are recognised initially at fair value less transaction costs, and subsequently at amortised cost according to the effective interest rate method.

For financial liabilities that are at a fixed interest rate indexed to inflation, the future cash flows are periodically re-estimated to take account of actual fluctuations in the inflation rate, thereby changing the effective interest rate.

Finance (debt servicing) costs are recognised at a constant interest rate until maturity of the debt using the effective interest rate method. The effective interest rate is the interest rate that exactly discounts all of the contractual cash flows due on the debt until its maturity. The effective interest rate is calculated on the basis of the estimated cash flows due on each instrument constituting the debt. The calculation takes into account the transaction-related costs and all other premiums and discounts.

Interest rate hedging instruments

All the derivative instruments are designed to hedge exposure to interest rate risk. They are measured at market value and are used as cash flow hedges.

Cash flow hedges: the derivative instruments designed to hedge the floating rate element of the debt are accounted for as cash flow hedges. The portion of the gains and losses arising from changes in the fair value that is deemed to be an effective hedge is taken directly to equity until the underlying transaction is recognised in the Group's financial statements. The portion deemed ineffective is accounted for in the income statement for the period. The gains and losses included in equity are recycled to the income statement in the period when the hedged item affects the income statement. The new interest rate hedging instruments described in note 18 on financial liabilities, meet the criteria set out in IAS 39 and are therefore accounted for as cash flow hedges.

vii. Notes redeemable in shares (NRS)

The compound financial instruments issued by the Group include the notes redeemable in shares (redemption against a predetermined number of shares). The NRS will be redeemed automatically in GET SA shares. Holders have no right to request redemption in cash.

The "liability" component of the compound financial instrument is initially recognised at the fair value of a similar liability redeemable in cash. The initial recognition of the "equity" component corresponds to the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Directly attributable transaction costs are allocated to the liability and equity components pro-rata to their initial carrying value.

Subsequent to its initial recognition, the "liability" component of the compound financial instrument is measured at amortised cost using the effective interest rate method. The accretion expense of the discounted coupon payments is taken to the income statement. The "equity" component of the compound financial instrument is not revalued after its initial recognition.

viii. 2007 Warrants

The Warrants are recognised in the financial statements at their issue value insofar as their exercise is triggered by non-financial criteria that are specific to the issuer.

ix. Subordinated Deferred Equity Securities (SDES)

The SDES which were issued on 6 March 2008 will be redeemed against a predetermined number of GET SA shares, without any possibility of them being redeemed in cash at the request of their holders.

The coupon on the SDES will be paid either by the issue of GET SA shares, or, at the option of GET SA, in cash. In the absence of any contractual obligation to pay the interest in cash, the whole nominal issue value of the SDES has been accounted for as an equity instrument, and will not be re-valued after its initial recognition.

Costs directly attributable to the issue of the SDES have been offset against equity.

x. Own shares

Parent company shares held by GET SA are accounted for at cost as a reduction in equity. Subsequent disposals are taken directly to equity and no profit or loss is recognised in the income statement.

xi. Foreign exchange

Transactions in foreign currencies are converted into the reporting currency of each individual company at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies other than those mentioned in note 2.1ii above are translated at the rate ruling at the balance sheet date. Exchange differences are dealt with in the income statement.

xii. Share based payments

Eurotunnel accounts for share options in accordance with IFRS 2. The options are valued at the date on which they are granted using the Binomial model. Any variations in value occurring after the grant date are not taken into account. The value is charged to employee benefit expenses on a straight line basis between the date of the grant and the maturity date (the vesting period), with an equal and opposite entry directly to equity.

xiii. Revenue recognition

Revenue comprises the value of sales of services and goods receivable in the normal course of business. Revenue is recognised on the date the service is rendered. The Group's activity is the provision of transportation services between the UK and France and activities ancillary thereto, including development activities.

xiv. Net gains or net losses on each category of financial instrument

Interest income and charges recognised in the income statement include:

- Interest on the financial assets and liabilities accounted for at amortised cost using the effective interest rate method. The calculation of the effective interest rate includes all commissions and margins payable or receivable between the contracting parties which are an integral part of the effective interest rate, and all transaction costs and all other premiums and discounts. The transaction costs are the marginal costs directly attributable to the acquisition, issue or disposal of a financial asset or liability.
- Changes in the fair value of derivatives categorised as hedges (for the ineffective portion).

xv. Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

2.3 Accounting principles and presentation used for the preparation of pro forma financial information for 2007

i. GET SA's pro forma income statement to 31 December 2007

GET SA's pro forma income statement for the year to 31 December 2007 has been prepared as follows:

- 1 January 2007 to 30 June 2007: TNU's combined income statement up to the operating result, and calculation of the gross cost of financing and debt service on the hypothetical basis that the financial restructuring was implemented on 1 January 2007. No other elements of TNU's income statement for the period have been retreated.
- 1 July 2007 to 31 December 2007: GET SA's consolidated income statement.

ii. Get SA's pro forma cash flow statement to 31 December 2007

The pro forma cash flow statement for the year to 31 December 2007 reflects the operating cash flows from the twelve months of operations as well as the financing cash flows from the financial restructuring.

3 Revenue

Revenue is analysed as follows:

(€'000)	2008	PRO FORMA 2007	2007
Shuttle services	431,274	499,936	260,216
Railways	259,357	261,686	134,676
Other revenues	13,250	13,260	6,870
Total	703,881	774,882	401,762

4 Other income

Other income relates to indemnities relating to operating losses resulting from the fire received from insurers at 31 December 2008 amounting to €44 million (after deduction of the whole of the €10 million insurance excess).

5 Employee numbers and employee benefit expense

	2008	PRO FORMA 2007	2007
Number of persons employed at year end ¹	2,370	2,311	2,311
Average number of persons employed ¹	2,353	2,284	2,304
Employee benefit expense (in €'000) ²	127,040	126,039	62,729

¹ Including directors.

² Including employment costs and directors' remuneration.

6 Remuneration of members of the boards of directors and senior executives

6.1 The total remuneration from all Group companies to members of the boards of directors who served during 2008 was €1,285,059 (2007: €793,544) before pension contributions. This comprises entirely current employment benefits.

6.2 The total remuneration for members of the Management Committee (excluding board directors) is detailed in the table below. There were 11 members of the Management Committee at 31 December 2008 (11 at 31 December 2007), 3 of whom were members of a UK pension scheme as described in note 17 (3 at 31 December 2007).

(€'000)	2008	PRO FORMA 2007	2007
Current employment benefits	2,123	2,127	922
Post employment benefits	43	55	28
Other long term benefits	-	-	-
Payments in respect of termination of service	-	104	39
Cost of share based payments	-	103	-
Total	2,166	2,389	989

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
CONSOLIDATED ACCOUNTS: NOTES

7 Property, plant and equipment

(€'000)	Concession property, plant and equipment						Other property, plant and equipment	Total
	Assets in course of construction	Tunnels	Terminals and related land	Fixed equipment and machinery	Rolling stock	Office equipment		
Cost								
At 1 January 2008	24,942	6,549,501	2,073,547	3,299,870	1,995,850	98,291	61	14,042,062
Additions	30,253	-	2,189	4,822	1,021	3,484	1	41,770
Transfers	(13,868)	-	747	3,051	9,486	584	-	-
Disposals	-	-	(8,402)	(2,767)	(32,656)	(6,106)	(1)	(49,932)
At 31 December 2008	41,327	6,549,501	2,068,081	3,304,976	1,973,701	96,253	61	14,033,900
Depreciation								
At 1 January 2008	-	2,863,173	990,145	1,930,850	1,162,896	82,164	32	7,029,260
Charged in the year	-	46,810	20,517	45,594	43,412	4,029	10	160,372
Released on disposals	-	-	(5,633)	(2,654)	(27,671)	(6,102)	-	(42,060)
At 31 December 2008	-	2,909,983	1,005,029	1,973,790	1,178,637	80,091	42	7,147,572
Net book value								
At 1 January 2008	24,942	3,686,328	1,083,402	1,369,020	832,954	16,127	29	7,012,802
At 31 December 2008	41,327	3,639,518	1,063,052	1,331,186	795,064	16,162	19	6,886,328
Cost								
At 1 January 2007	35,447	6,549,501	2,073,030	3,281,210	1,995,267	98,950	59	14,033,464
Additions	18,672	-	303	10,279	5,611	2,543	2	37,410
Transfers	(29,177)	-	486	8,842	18,277	1,572	-	-
Disposals	-	-	(272)	(461)	(23,305)	(4,774)	-	(28,812)
At 31 December 2007	24,942	6,549,501	2,073,547	3,299,870	1,995,850	98,291	61	14,042,062
Depreciation								
At 1 January 2007	-	2,816,362	970,437	1,885,646	1,137,000	82,583	22	6,892,050
Charged in the year	-	46,811	19,834	45,550	45,397	4,354	10	161,956
Released on disposals	-	-	(126)	(346)	(19,501)	(4,773)	-	(24,746)
At 31 December 2007	-	2,863,173	990,145	1,930,850	1,162,896	82,164	32	7,029,260
Net book value								
At 1 January 2007	35,447	3,733,139	1,102,593	1,395,564	858,267	16,367	37	7,141,414
At 31 December 2007	24,942	3,686,328	1,083,402	1,369,020	832,954	16,127	29	7,012,802

In France, all immovable property, plant and equipment within the Concession area is the property of the French State and will revert to it on the expiry of the Concession period (2086). In the UK, the Government has required CTG to transfer to it the title to freehold land and property acquired for the purpose of construction and operation of the Project and in exchange has granted leases for the duration of the Concession. On the expiry of the Concession, the interest of the concessionaires in all movable property and intellectual property rights necessary for the operation of the Concession will become, without payment, the joint property of the two States.

The total depreciation charge for 2008 of €160,372,000 includes €750,000 charged to the income statement in "other operating expenses".

At 31 December 2008, Eurotunnel no indication of impairment was identified.

The valuation of assets is carried out in accordance with IAS 36, which defines the recoverable value of an asset as the greater of its net selling price and value in use. The value in use results from the discounted forecast future operating cash flows (after capital expenditure). At the end of 2007, the calculations showed that the recoverable value of assets was significantly higher than their accounting value. The taking into account the events of 2008, in particular the evolution of the economic outlook and the euro/sterling exchange rate, does not modify the value of the assets.

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
CONSOLIDATED ACCOUNTS: NOTES

8 Other operating income and (expenses)

(€'000)	2008	PRO FORMA 2007	2007
Financial restructuring and Safeguard Procedure	(9,344)	(14,643)	(14,643)
Settlement from French government	24,000	-	-
Other	13,604	1,721	1,414
Total	28,260	(12,922)	(13,229)

Following the agreement reached with the French government relating to the intrusion of illegal migrants (see 1.5 above), an income of €24 million was accounted for in the 2008 income statement.

“Other” includes €11 million corresponding to the net profit from the indemnity for the 17 wagons destroyed in the Fire in September 2008 and declared beyond repair at 31 December 2008 (see note 1.1 above).

9 Gross cost of servicing debt

(€'000)	2008	PRO FORMA 2007	2007
Accretion expense of the NRS	8,781	15,097	9,213
Interest on loans	263,403	275,456	131,052
Effective rate adjustment	658	650	322
Total interest charged on financial liabilities at amortised cost	272,842	291,203	140,587
Charges relating to hedging instruments	(5,263)	174	(181)
Total gross cost of servicing debt after hedging	267,579	291,377	140,406

Information relating to financial liabilities and hedging instruments is presented in note 18, and information relating to the NRS is presented in note 16.

10 Other financial income and (charges)

(€'000)	2008	PRO FORMA 2007	2007
Unrealised exchange gains ¹	34,165	19,782	17,375
Realised exchange gains	697	3,810	410
Release of provision for depreciation and risks ²	-	18,274	-
Other	1,362	6,904	4,881
Sub-total financial income	36,224	48,770	22,666
Unrealised exchange losses	(33,056)	(25,110)	(26,054)
Realised exchange losses	(1,857)	(8,281)	(2,557)
Other	(1,342)	(277)	(113)
Sub-total financial charges	(36,255)	(33,668)	(28,724)
Total	(31)	15,102	(6,058)

¹ Resulting from the re-evaluation of intra-group debtors and creditors.

² The provision for risks was made to cover the risks associated with certain financial contracts within the framework of the financial restructuring.

11 Income tax expense

11.1 Current taxation

In March 2007, GET SA opted for the French tax consolidation regime with EGP as a consolidated subsidiary as from 1 January 2007.

On 5 May 2008, GET SA opted for the enlargement of the consolidated tax group of which it is the parent company, to include TNU SA, FM, Eurotunnel Participations 1 SAS, Eurotunnel Participations 2 SAS and Europorte 2 SAS, with effect from the financial year from 1 January 2008.

Cumulative tax losses of the consolidated GET SA tax group (including TNU SA, EGP, FM, Eurotunnel Participation 1 SAS, Eurotunnel Participation 2 SAS and Europorte 2 SAS) which can be carried forward indefinitely amount to €2,256 million at 31 December 2008 (31 December 2007: €1 million before the enlargement of the consolidated tax group).

Included in the €2,256 million above is €1,988 million from the old TNU SA consolidated tax group (including FM, Eurotunnel Participation 1 SAS, Eurotunnel Participation 2 SAS and Europorte 2 SAS) which can only be used against the profits of these companies (31 December 2007: €1,988 million).

In the UK at 31 December 2008, the tax losses carried forward for the TNU PLC Group amounted to £2 684 million (31 December 2007: £2,415 million). At 31 December 2008, the TNU PLC Group had capital allowances available for future offset against profits of £1 437 million (31 December 2007: £1,424 million) and industrial buildings allowances of £646 million (31 December 2007: £697 million). The Finance Act 2008 enacted the phased abolition of industrial buildings allowances by end of 2011, and thus the majority of these allowances will be lost at that date.

Factors affecting the tax charge for the year

(€'000)	2008	PRO FORMA 2007	2007
Profit for the year	39,727	3 324 347	3,317,293
Expected tax at national rates *	35,109	1,113,443	1,111,740
Effects of:			
- non-tax deductible items	16	101	75
- difference between consolidated result and taxable result for the year	(186,101)	(999,712)	(996,859)
- unrecognised tax credits used in year	(17,706)	(200,290)	(186,476)
Unrecognised tax losses	169,227	86,776	71,838
Current tax charge for the year	545	318	318

The difference between the consolidated result and the result used for the calculation of taxes in 2008 corresponds mainly to the redemption premium on the NRS II accounted for in equity (see note 15 below).

11.2 Deferred taxation

During 2008, GET SA continued work aimed at, in the near future, simplifying the legal structure of The Eurotunnel Group and at optimising its tax position, mainly in regard to French and British legislation and financial contracts in place (see note 25 below). At 31 December 2008, the work in progress did not enable it to determine whether a deferred tax asset arises within the meaning of IAS 12.

12 Profit / (loss) by share

	2008	PRO FORMA 2007	2007
Weighted average number:			
- of issued Ordinary Shares	130,719,347	59,784,111	* 59,784,111
- of own shares	(2,348,913)	(28,148)	(28,148)
Number of shares used to calculate the result per share (A)	128,370,434	59,755,963	59,755,963
Weighted average number of Ordinary Shares:			
- conversion of NRS	156,850,770	425,697,537	425,697,537
- conversion of 2007 Warrants	146,438,893	127,308,211	127,308,211
- conversion of SDES	94,888,000	-	-
- return on SDES	2,400,000	-	-
- conditional additional return on SDES	4,320,000	-	-
- conditional additional return on rights issue	4,755,554	-	-
Potential number of Ordinary Shares (B)	409,653,217	553,005,748	553,005,748
Number of shares used to calculate the diluted result per share (A+B)	538,023,651	612,761,711	612,761,711
Profit (€'000) (C)	43,595	3,325,087	3,317,834
Profit per share (€) (C/A)	0.34	55.64	55.52
Profit per share after dilution (€) (C/(A+B))	0.08	5.43	5.41

Excluding the profit arising from the 2007 financial restructuring:

Adjusted profit / (loss) (€'000) (D)	43,595	2,284	(4,969)
Adjusted profit / (loss) per share (€) (D/A)	0.34	0.04	(0.08)
Adjusted profit / (loss) per share after dilution (€) (D/(A+B))	0.08	n/s	n/s

* The number of shares used to calculate the result per share corresponds to the number of Ordinary Shares in issue following the GET SA share consolidation (see note 14.1 below).

The calculations were made on the following basis:

- on the assumption of a conversion of the maximum number of NRS I remaining in circulation at 31 December 2008 (see 16.1i below), 2007 Warrants (see 14.2 below), and SDES (see 16.2 below), after adjustment to the rights of holders of these instruments following, in particular, the rights issue described in note 1.2ii above;
- on the assumption that the return on the SDES will be paid by the issue of 3 shares per SDES held (see 16.2 below);
- on the assumption that the conditional additional return will be paid on all SDES, by the issue of 5.4 new or existing Additional Ordinary Shares per SDES held (see 16.2 below); and
- on the assumption that the maximum number of Additional Ordinary Shares will be attributed as part of the exercise of the BSA. Persons having held until 6 March 2011 the New Ordinary Shares for which they have subscribed upon exercise of the BSA or which they have acquired directly from the Underwriters on the settlement delivery date shall receive one Additional Ordinary Share for 22 New Ordinary Shares subscribed for upon exercise of the BSA or acquired in connection with the Share Placement.

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
CONSOLIDATED ACCOUNTS: NOTES

13 Financial assets and liabilities

13.1 Matrix of class of financial instrument and recognition categories

i. At 31 December 2008

(€'000)		Recognition categories					Total net carrying value	Fair value
Class of financial instrument	Note	Financial assets at fair value through profit and loss	Available-for-sale financial assets	Loans and receivables	Hedging instruments	Liabilities at amortised cost		
Shares in non-consolidated companies			77				77	77
Other financial assets				2,673			2,673	2,673
Non-current financial assets			77	2,673			2,750	2,750
Trade receivables	13.2i			48,346			48,346	48,346
Other receivables	13.2ii			67,459			67,459	67,459
Other financial assets				390			390	390
Cash and cash equivalents	13.3	275,908					275,908	275,908
Current financial assets		275,908		116,195			392,103	392,103
Financial liabilities	18					3,557,247	3,557,247	*
Other financial liabilities				2,326			2,326	2,326
Interest rate derivatives					455,159		455,159	455,159
Non-current financial liabilities				2,326	455,159	3,557,247	4,014,732	n/a
Financial liabilities	18					22,065	22,065	22,065
Other financial liabilities				419			419	419
Trade payables	22			121,985			121,985	121,985
Other payables	22			21,549			21,549	21,549
Current financial liabilities				143,953		22,065	166,018	166,018

* See note 20 below.

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
CONSOLIDATED ACCOUNTS: NOTES

ii. **At 31 December 2007**

(€'000)		Recognition categories					Total net carrying value	Fair value
Class of financial instrument	Note	Financial assets at fair value through profit and loss (trading)	Available-for-sale financial assets	Loans and receivables	Hedging instruments	Liabilities at amortised cost		
Shares in non-consolidated companies			115				115	115
Other financial assets				3,420			3,420	3,420
Non-current financial assets		-	115	3,420	-	-	3,535	3,535
Trade receivables	13.2i			78,377			78,377	78,377
Other receivables	13.2ii			26,268			26,268	26,268
Other financial assets				602			602	602
Cash and cash equivalents	13.3	154,983					154,983	154,985
Current financial assets		154,983	-	105,247	-	-	260,230	260,232
Financial liabilities	18					4,120,310	4,120,310	4,120,310
Other financial liabilities				3,089			3,089	3,089
Interest rate derivatives					65,033		65,033	65,033
Non-current financial liabilities		-	-	3,089	65,033	4,120,310	4,188,432	4,188,432
Financial liabilities	18					140,229	140,229	140,229
Other financial liabilities				602			602	602
Trade payables	22			115,026			115,026	115,026
Other payables	22			28,517			28,517	28,517
Current financial liabilities		-	-	144,145	-	140,229	284,374	284,374

13.2 Loans and receivables

i. **Trade receivables**

The maximum credit risk exposure on trade receivables by type of customer at the balance sheet date is as follows:

(€'000)	31 December 2008	31 December 2007
Road haulage companies	26,876	53,138
National railways	21,050	21,624
Other	4,953	7,600
Gross value	52,879	82,362
Allowance for impairment	4,533	3,985
Net value	48,346	78,377

The age profile of trade receivables at the balance sheet date is as follows:

(€'000)		Not yet due	Past due for less than 30 days	Past due for between 30 and 90 days	Past due for more than 90 days
At 31 December 2008	Gross	42,348	5,859	991	3,681
	Allowance for impairment	-	-	898	3,635
At 31 December 2007	Gross	58,076	19,462	1,575	3,249
	Allowance for impairment	-	38	989	2,958

Where a trade receivable is considered doubtful, an impairment allowance is made for the full amount due except in a small number of cases where the Group considers that recovery is possible.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

(€'000)	2008	2007
Balance at 1 January	3,985	4,259
Impairment loss recognised	1,448	326
Impairment loss recovered	(634)	(486)
Exchange difference	(266)	(114)
Balance at 31 December	4,533	3,985

ii. Other receivables

(€'000)	31 December 2008	31 December 2007
Suppliers	6,945	424
State debtors	19,703	20,314
Prepayments	2,596	3,058
Other	38,215	2,472
Total	67,459	26,268

The category "suppliers" includes an amount of €6.5 million at 31 December 2008 relating to advances paid to the group of companies working on the Tunnel renovations following the Fire in September 2008.

At 31 December 2008, the category "other" includes indemnities to be received from the insurers totalling €10 million for Tunnel repairs and €16 million for rolling stock (see note 8 above), and from the French government totalling €11 million relating to the intrusion of illegal migrants (see 1.5 above).

13.3 Assets at fair value through profit and loss

i. Cash and cash equivalents

"Cash equivalents" represent short-term investments, primarily certificates of deposit and deposit accounts, all of which have a maturity of less than 3 months at 31 December 2008.

(€'000)	31 December 2008	31 December 2007
Investments in €	197,264	63,429
Investments in £	67,574	76,839
Sub-total: cash equivalents	264,838	140,268
Cash at bank and in hand	11,070	14,715
Total	275,908	154,983

ii. Movement during the year

(€'000)	2008	2007
Cash and cash equivalents at 1 January	154,983	-
Cash from the TNU Group	-	391,870
Increase / (decrease) in cash in year	139,140	(234,924)
(Decrease) / increase in interest receivable in year	(607)	589
Bank overdrafts	(12)	-
Effect of movement in exchange rate	(17,596)	(2,552)
Cash and cash equivalents at 31 December	275,908	154,983

14 Share capital, share premium and 2007 Warrants

14.1 Share capital

(€'000)		
At 1 January 2007	1,000 shares of €1 each	1
Share capital reduction on 9 March 2007	Cancellation of 775 shares of €1 each	(1)
Share capital increase on 9 March 2007	Issue of 224,775 shares of €1 each	225
Transformation into a <i>société anonyme</i> and division of the nominal value of the shares on 9 March 2007	22,500,000 Ordinary Shares of €0.01 each	-
Share capital increase resulting from the ETO on 28 June 2007	2,368,864,450 Ordinary Shares of €0.01 each and 1 Preferred Share of €0.01	23,689
Share consolidation on 12 November 2007	Exchange of 2,391,364,450 Ordinary Shares of €0.01 for 59,784,111 Ordinary Shares of €0.40	-
At 31 December 2007	59,784,111 Ordinary Shares of €0.40 and 1 Preferred Share of €0.01	23,914
Share capital increase on 4 June 2008	104,622,189 New Ordinary Shares of €0.40 each	41,849
Share capital increases following redemption of NRS I Tranche I	25,435,615 New Ordinary Shares of €0.40 each	10,174
At 31 December 2008	189,841,915 Ordinary Shares of €0.40 and 1 Preferred Share of €0.01	75,937

At 31 December 2008, the issued share capital of GET SA amounted to €75,936,766.01, divided into 189,841,915 fully paid-up GET SA Ordinary Shares (Class A shares) with a nominal value of €0.40 each, and one GET SA Preferred Share (Class B share) with a nominal value of €0.01.

The GET SA Preferred Share confers on its holder specific corporate governance rights of GET SA as described in section 21.2.3 of the 2008 Reference Document. There are no specific economic rights attached to the GET SA Preferred Share.

The 104,622,189 New Ordinary Shares issued on 4 June 2008 by GET SA upon the exercise of the BSA are of the same class as the Ordinary Shares already listed. They bear dividend rights as of the date of the start of the current financial year, i.e. 1 January 2008, and were listed on Euronext Paris, the Official List of the United Kingdom Listing Authority and the London Stock Exchange from 4 June 2008.

In accordance with the terms of the NRS I, all the 977,545 NRS I Tranche I were redeemed during the second half of 2008 by the issue of 25,435,615 GET SA Ordinary Shares.

On 31 December 2008, the company GET SA held, as part of the share buy back programme authorised by the general meeting of shareholders on 27 June 2008 the implementation of which was authorised by the board of directors on 27 June 2008, 6,062,400 shares purchased by the company and a net amount of 347,962 shares purchased by Exane BNP Paribas under the liquidity agreement (including transactions conducted on 31 December 2008 which were settled after this date).

14.2 2007 Warrants

On 28 June 2007, GET SA issued 4,307,026,273 Warrants which entitle their holders to subscribe for GET SA Ordinary Shares provided that there has been an increase in the value of The Eurotunnel Group. The Warrants were admitted to listing and trading on Euronext Paris on 2 July 2007. The detailed characteristics of the Warrants are set out in chapter 3 of the Securities Note dated 4 April 2007.

The total number of new GET SA Ordinary Shares to which the Warrants will together entitle their holders to subscribe ("**N**") will be calculated according to the following formula:

$$N = 2 \times U \times \frac{VT}{300,000,000}$$

where:

- "**U**" is the total number of Units on the Closing Date (i.e. 2,546,164,213 on 28 June 2007);
- "**VT**" is the arithmetic sum of VT1 and VT2, where (i) VT is capped at £300 million, and (ii) "**VT1**" is the arithmetic sum of all of the Lump Sums received between 23 May 2006 and 30 June 2008 calculated in accordance with the terms described in the section entitled "Method of calculating VT1" in chapter 3 of the Securities Note of April 2007, and "**VT2**" comprises any improvements in the EBITDA of GET SA during the 2008, 2009 and 2010 financial years compared to the Reference EBITDA calculated in accordance with the terms described in the section entitled "Method of calculating VT2" in chapter 3 of the Securities Note of April 2007.

As part of the consolidation of shares on 12 November 2007, the rights of holders of securities which may be converted into GET SA equity (including the Warrants) were adjusted.

As part of the rights issued described in 1.2ii above, the terms of the adjustment of the exercise ratio of the Warrants were adjusted in accordance with the Securities Note issued in April 2007. As an example, and on the hypothetical assumption of the maximum VT being reached, the exercise ratio of the 2007 Warrants would be 0.034 shares per Warrant.

Method of calculating VT1

"Lump Sum" means any sum received or saved outside the normal course of business (defined by reference to previous practices), including (i) the payment of a cash sum or (ii) the realisation of a saving, resulting from a decision of a Governmental Entity or of a company or of any other entity controlled by a Governmental Entity (including as a result of an enforceable court decision, an arbitration, a settlement or a decision to grant a subsidy) for the benefit of GET SA, TNU PLC, TNU SA, EFL, FM, CTG and their respective consolidated subsidiaries, provided that (y) any sum received or saved in the ordinary course of business (defined with reference to previous practices) and (z) any sum received from the French or English tax authorities as part of the financial restructuring will not be considered to be a Lump Sum.

Method of calculating VT2

In order to calculate VT2, the following elements will successively be calculated or taken into account:

1. **"EBITDA"** means the consolidated Earnings Before Interest, Taxes, Depreciation and Amortisation of GET SA (calculated using accounting principles and methods consistent with those used for the preparation of the combined audited accounts of TNU SA and TNU PLC at 31 December 2004) for each of the 2008, 2009 and 2010 financial years, from which will be deducted (i) any exceptional elements and (ii) any Lump Sum taken into account for the calculation of VT1.
2. **"Reference EBITDA"**, means the following EBITDA amounts:

(£ million)	Financial year		
	2008	2009	2010
Reference EBITDA	277	288	303

The Reference EBITDA for each of the 2008, 2009 and 2010 financial years has been determined on the basis of (i) a euro/pound sterling exchange rate of 1.4 and (ii) a pound sterling/euro apportionment of EBITDA of 51% / 49%.

3. **"Adjusted Reference EBITDA"** means the Reference EBITDA for each of the 2008, 2009 and 2010 financial years, adjusted so that the 49% euro component is, for each of these financial years, converted into pounds sterling on the basis of the euro/pound sterling exchange rate used to prepare the audited consolidated accounts for the relevant financial year (the **"Effective euro/pound sterling Exchange Rate"**).
4. **"Difference"** means, for each of the 2008, 2009 and 2010 financial years, the result of the difference between (i) the EBITDA derived from the consolidated accounts of GET SA for the financial year in question and (ii) the Adjusted Reference EBITDA for that financial year, provided that if this result is negative, it will be deemed to be equal to zero.
5. **"Adjusted Difference"** means, for each of the 2008, 2009 and 2010 financial years, the amount corresponding to 50% of the fraction of the Difference up to £7.5 million and 70% of the fraction of the Difference between £7.5 million and the amount of the Difference.
6. **"Weighted Difference"** means, for each of the 2008, 2009 and 2010 financial years, the result of the product of the Adjusted Difference multiplied by (i) 14.5 and then (ii) 0.3 for the 2008 financial year, 0.6 for the 2009 financial year and 0.1 for the 2010 financial year (the **"Annual Weighting Factor"**).
7. VT2 will be equal to the arithmetic sum of the Weighted Differences calculated for each of the 2008, 2009 and 2010 financial years.

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
CONSOLIDATED ACCOUNTS: NOTES

15 Movement in equity

(€'000)	Issued share capital	Share premium account	Consolidated reserves	Other equity and similar instruments	Retained earnings	Cumulative translation reserve***	Group share	Minority interest share	Total
At 1 January 2007	1	-	-	-	-	-	1	-	1
Increase in capital	224						224		224
Exchange Tender Offer	23,689	236,176	(1,973,514)			(301,987)	(2,015,636)	(150,862)	(2,166,498)
Costs of capital increase		(18,049)					(18,049)		(18,049)
Recapitalisation of TNU			(177,170)			23,230	(153,940)	153,940	-
Issue of NRS				1,869,554			1,869,554		1,869,554
Discounted value of NRS coupon payments				(279,571)			(279,571)		(279,571)
Issue costs of NRS				(117,305)			(117,305)		(117,305)
Acquisition of own shares			(761)				(761)		(761)
Result for the year					3,317,834		3,317,834	(541)	3,317,293
Net profit/(loss) recorded directly in equity			(64,586)		(26,991)	224,050	132,473	1,503	133,976
At 31 December 2007	23,914	218,127	(2,216,031)	1,472,678	3,290,843	(54,707)	2,734,824	4,040	2,738,864
Issue of SDES				800,000			800,000		800,000
Cost of SDES issue				(28,611)			(28,611)		(28,611)
Increase in capital	41,849	873,595					915,444		915,444
Cost of capital increase		(41,272)					(41,272)		(41,272)
Creation of special reserve*		(1,902)	1,902				-		-
Partial redemption and buy back of NRS in cash and payment of coupon (see below)			(492,647)	(924,320)			(1,416,967)		(1,416,967)
Partial redemption and buy back of NRS in shares	10,174	87,580	(4,326)	(93,428)			-		-
Acquisition of own shares			(44,017)				(44,017)		(44,017)
Result for the year					43,595		43,595	(3,868)	39,727
Transfer to non-distributable reserves			3,290,843		(3,290,843)		-		-
Net profit/(loss) recorded directly in equity			(387,471)			462,404	74,933	2,528	77,461
At 31 December 2008	75,937	1,136,128	148,253	1,226,319	43,595	407,697	3,037,929	**2,700	3,040,629

* A specific non-distributable reserves account amounting to €1,902,000 has been set up, which will be used to issue the Additional Ordinary Shares in respect of the conditional additional return on the rights issue of 4 June 2008.

** The minority interest corresponds to the minority shareholders' interest in the result and equity of TNU.

*** See note 2.1ii above.

Partial redemption and buy back of NRS

The line "Partial redemption and buy back of NRS in cash and payment of coupon" includes the adjustments to equity resulting from the redemption of the NRS II on 10 April and 10 July 2008 (see note 1.2), the partial buy back of 150,000 NRS I on 23 June 2008 (see note 1.3), and the payment of the coupon on the NRS I on 28 July 2008. The consideration paid for the redemption and the buy back has been allocated to the debt and equity components of the NRS by applying the same method as used for the initial recognition. As a consequence:

- "Other equity and similar instruments" have been reduced by €948,814,000, of which €935,093,000 relates to the redemption of the NRS II and €13,721,000 to the partial buy back of the NRS I, partially offset by an increase of €24,494,000 relating to the payment of the coupon on the NRS I.
- "Consolidated reserves" have been reduced by €492,647,000, which is broken down as follows:
 - €449,068,000 relating to the partial redemption of the NRS II (€435,962,000 of redemption premium, €83,624,000 of interest write-back corresponding to the amount paid on the date of redemption, and an exchange gain of €70,518,000 on the redemption of the sterling-denominated NRS II),
 - €20,758,000 relating to the partial buy back of the NRS I (€20,255,000 of redemption premium and €573,000 of interest write-back corresponding to the amount paid on the date of redemption, and an exchange gain of €70,000 on the partial buy back of the sterling-denominated NRS I), and
 - €22,821,000 relating to the payment of the coupon on the NRS I.

Financial liabilities (see note 18) have been reduced by €258,211,000, of which €232,429,000 relates to the partial redemption of the NRS II, €1,371,000 to the partial buy back of the NRS I, and €24,411,000 to the interest payment on the NRS I on 28 July 2008.

16 Other equity and similar instruments

16.1 Notes Redeemable in Shares (NRS)

The NRS were issued by EGP on 28 June 2007. Initially divided into two series, the NRS I and the NRS II, the NRS II were redeemed early in cash in 2008 as detailed in note 16.1ii below. At 31 December 2008, only 6,028,085 NRS I remained in circulation, which are traded on Euronext Paris and on the London Stock Exchange. The detailed characteristics of the NRS are set out in chapter 2 of the Securities Note issued in April 2007.

Transaction costs directly attributable to the NRS have been allocated in full to the equity component, and no allocation to the liability component has been made due to the fact that the impact of this was not considered material.

As part of the consolidation of shares in November 2007, and the rights issue referred to in 1.2ii above, the redemption ratio of the NRS has been adjusted to 26.02 shares per NRS.

i. NRS I

The NRS I were issued on 28 June 2007. They carry interest at a rate of 3% per annum, and are not reimbursable in cash. The evolution in the number of NRS I in circulation and the effect of the redemption are given in the following table:

	Tranche I	Tranche II	Tranche III	Total
Issued on 28 June 2007:				
Number of notes	977,545	977,545	5,200,540	7,155,630
Nominal value in £	30,008,886.60	30,008,886.60	158,496,936.40	218,514,709.60
Nominal value in €	53,753,200.00	53,753,200.00	287,653,800.00	395,160,200.00
Buy back on 23 June 2008:				
Number of notes		(60,000)	(90,000)	(150,000)
Nominal value in £		(3,633,082.20)	(4,483,127.00)	(8,116,209.20)
Nominal value in €		(672,900.00)	(2,426,500.00)	(3,099,400.00)
Redeemed on 28 July 2008:				
Number of notes	(977,545)			(977,545)
Nominal value in £	(30,008,886.60)			(30,008,886.60)
Nominal value in €	(53,753,200.00)			(53,753,200.00)
Number of ordinary shares created	(25,435,615)			(25,435,615)
In issue on 31 December 2008:				
Number of notes	-	917,545	5,110,540	6,028,085
Nominal value in £	-	26,375,804.40	154,013,809.40	180,389,613.80
Nominal value in €	-	53,080,300.00	285,227,300.00	338,307,600.00
Date of contractual redemption		28 July 2009	28 July 2010	
Maximum number of GET SA ordinary shares resulting from redemption *	-	23,874,520	132,976,250	156,850,770

* After adjustment (see above).

ii. NRS II

All NRS II were redeemed during 2008 (see note 1.2 above):

	Issued on 28 June 2007	Redeemed on 10 April 2008	Redeemed on 10 July 2008
Number of notes	11,539,914	6,011,109	5,528,805
Nominal value in £	352,527,641.40	184,999,933.80	167,527,707.60
Nominal value in €	637,088,700.00	329,850,000.00	307,238,700.00

The main characteristics of the NRS II as issued on 28 June 2007 were as follows:

- they were redeemable in cash at a price equal to 140% of their nominal value;
- they carried interest at a rate of 6% per annum;
- they would have been redeemable contractually in GET SA ordinary shares on 28 July 2010 if they had not already been redeemed in cash.

16.2 Subordinated Deferred Equity Securities (SDES)

Issue

On 20 February 2008, GET SA launched the issue of 800,000 SDES with a nominal value of €1,000 each, for a total amount of €800 million. The characteristics of this issue are described in the Securities Note of 20 February 2008. The SDES were admitted to listing and trading on the regulated market of the Luxembourg Stock Exchange starting on their issue date, 6 March 2008.

Redemption

Each SDES will entitle its holder to receive 118.61 Ordinary Shares (initially 103.8 Ordinary Shares, prior to the adjustment made following the rights issue). The SDES will be redeemable in New Ordinary Shares at the discretion of their holders at any time between 6 September 2009 and 6 September 2010. In addition, the SDES may be redeemed in ordinary shares in advance of this date at the option of SDES holders in certain conditions.

The number of New Ordinary Shares issued on redemption of the SDES will be 94,888,000 (83,040,000 before adjustment), giving rise to an increase in capital of €37,955,200 (€33,216,000 before adjustment).

Return

The return on the SDES will comprise (i) the issue and allotment to SDES holders of 3 New Ordinary Shares per SDES or (ii) at the option of GET SA, the payment in cash of interest calculated at an annual rate of 2%. The return will be payable in one instalment on 6 September 2009.

The number of shares that may be issued in respect of the return will be 2,400,000 New Ordinary Shares.

Conditional additional return

A conditional additional return will be paid to initial SDES subscribers who hold their SDES until the date of their redemption in New Ordinary Shares then the New Ordinary Shares issued upon redemption of SDES, until 6 March 2011. The conditional additional return will be paid, at the option of GET SA and in accordance with the terms described in section 7.2 of the Securities Note, either in cash, or in new or existing Additional Ordinary Shares (on the basis of 5.4 new or existing Additional Ordinary Shares per SDES initially subscribed).

The maximum number of new Additional Ordinary Shares that may be issued in respect of the conditional additional return will be 4,320,000.

17 Retirement benefits

17.1 UK employee defined benefit obligations

In the UK, GET SA operates two pension schemes (The Channel Tunnel Group Pension Fund and The Channel Tunnel Group Senior Executives Pension Fund) providing defined benefits based on final pensionable pay, the assets of which are held separately from those of Eurotunnel. The characteristics of these two schemes are similar and the assets of each are held in separate trustee-administered funds.

The valuation has been prepared by an independent qualified actuary to take account of the requirements of IAS 19 in order to assess the liabilities and assets of the scheme as at 31 December 2008. Scheme assets are stated at their fair value as at 31 December 2008.

Set out below is a summary of the overall IAS 19 defined benefit pension schemes' liabilities. The fair value of the schemes' assets, which are not intended to be realised in the short term and may be subject to significant change, and the present value of the schemes' liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
CONSOLIDATED ACCOUNTS: NOTES

(€'000)	31 December 2008	31 December 2007	31 December 2006	31 December 2005	31 December 2004
Analysis of plan assets:					
Equities	63,606	102,775	104,135	86,508	64,111
Gilts	24,137	33,122	20,109	31,817	21,686
Bonds	6,884	9,447	22,555	8,295	5,713
Other	8,917	6,757	421	932	941
Fair value of plan assets	103,544	152,101	147,220	127,552	92,451
Present value of funded obligations	118,582	168,643	179,033	172,874	125,666
Present value of net obligations	15,038	16,542	31,813	45,322	33,215
Unrecognised actuarial gains and (losses)	(4,909)	(6,113)	(14,801)	(25,518)	(6,699)
Recognised liability for defined benefit obligations (see below)	10,129	10,429	17,012	19,804	26,516

Assumptions

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	31 December 2008	31 December 2007
Expected return on plan assets:		
Equities	8.2%	7.7%
Gilts	3.9%	4.8%
Bonds	5.7%	5.8%
Other	3.9%	4.2%
Discount rate	6.1%	5.5%
Future salary increases	4.4%	4.7%
Inflation rate	3.1%	3.2%
Future pension increases	3.1%	3.2%

Movements in the present value of defined benefit obligations

(€'000)	2008	2007
Opening liability at 1 January	168,643	179,033
Current service costs	4,992	5,564
Interest on obligation	8,224	8,574
Contributions received from employees	1,919	2,011
Benefits paid	(1,735)	(2,484)
Actuarial gain/(loss) on plan assets and curtailment	(26,441)	(8,258)
Exchange rate adjustment	(37,020)	(15,797)
Closing liability at 31 December	118,582	168,643

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
CONSOLIDATED ACCOUNTS: NOTES

Movements in the fair value of plan assets

(€'000)	2008	2007
Fair value of plan assets at 1 January	152,101	147,220
Contributions received from employer	2,708	9,727
Contributions received from employees	1,919	2,011
Benefits paid	(1,735)	(2,484)
Expected return on plan assets	9,330	8,958
Actuarial gain/(loss) on plan assets	(27,930)	(933)
Exchange rate adjustment	(32,849)	(12,398)
Fair value of plan assets at 31 December	103,544	152,101

Movements in the net liability for defined benefit obligations recognised in the balance sheet

(€'000)	2008	2007
Opening net liability at 1 January	10,429	17,012
Company contributions paid	(2,708)	(9,727)
Cost of benefits	5,177	4,822
Exchange rate adjustment	(2,769)	(1,678)
Closing net liability at 31 December	10,129	10,429

Expense recognised in the income statement

(€'000)	2008	PRO FORMA	
		2007	2007
Current service costs	4,992	5,564	2,079
Interest on obligation	8,224	8,574	3,204
Expected return on plan assets	(9,330)	(9,438)	(3,527)
Effect of asset ceiling	2,805	(39)	(14)
Recognised actuarial (profit) / loss	(1,514)	-	-
Amortisation of unrecognised actuarial differences	-	161	60
Total	5,177	4,822	1,802

In accordance with the corridor method, no charge for the amortisation of the excess of unrecognised actuarial differences beyond 10% of the gross value of the obligation which had not been accounted for in previous periods was made to the income statement in 2008 (2007: €161,000). All costs in relation to the benefit are included in "Employee benefit expense".

17.2 UK defined contribution scheme

On 1 October 2006, Eurotunnel put in place a defined contribution pension scheme (the Eurotunnel Defined Contribution Pension Scheme) which has been open to all new ESL employees since this date. The charge to the income statement in 2008 relating to this scheme was €111,000 (2007 pro forma: €61,000).

17.3 French employee defined benefit obligations

In France, employees receive a lump sum payment on retirement in accordance with contractual requirements. The provision for unfunded French obligations at 31 December 2007 was €5,783,000 (31 December 2007: €5,270,000).

All costs in relation to this benefit are included in the income statement in "Employee benefit expense" comprising current service cost of €341,000 (2007: €379,000) and the unwinding of the discount of €194,000 (2007: €182,000).

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are as follows:

	31 December 2008	31 December 2007
Discount rate	4.5%	4.7%
Future salary increases	2.1%	2.1%
Inflation rate	2.0%	2.0%

18 Financial liabilities

The movements in financial liabilities during the year were as follows:

(€'000)	31 December 2007 published	31 December 2007 recalculated*	Redemption and buy back of NRS	Interest and indexation	31 December 2008
Non-current financial liabilities					
Liability component of the NRS	157,039	157,039	(142,603)		14,436
Term Loan	3,963,271	3,496,723		46,088	3,542,811
Total non-current financial liabilities	4,120,310	3,653,762	(142,603)	46,088	3,557,247
Current financial liabilities					
Overdrafts	12	12		(12)	-
Liability component of the NRS	131,745	131,745	(115,608)	838	16,975
Accrued interest on Term Loan	8,472	7,425		(2,335)	5,090
Total current financial liabilities	140,229	139,182	(115,608)	(1,509)	22,065
Total	4,260,539	3,792,944	(258,211)	44,579	3,579,312

* The financial liabilities at 31 December 2007 (calculated at the year end exchange rate of £1=€1.364) have been recalculated at the exchange rate of 31 December 2008 (£1=€1.050) in order to facilitate comparison. The liability component of the NRS is accounted for at the historic rate.

18.1 Description of the loans

i. Term Loan

The long term loans effective from 28 June 2007 (collectively known as the "Term Loan") comprise the following elements:

(in millions)	Currency	Amount in currency	Amount in euro	Effective interest rate	Contractual interest rate
Tranche A ₁ *	GBP	750	788	6.22%	3.49%
Tranche A ₂ *	EUR	367	367	5.86%	3.98%
Tranche B ₁	GBP	400	420	6.77%	6.63%
Tranche B ₂	EUR	645	645	6.33%	6.18%
Tranche C ₁	GBP	350	367	** 7.63%	LIBOR +1.39%
Tranche C ₂	EUR	953	953	** 5.81%	EURIBOR +1.39%
Total Term Loan			3,540	6.36%	

* Linked to inflation (see notes a) and b) below).

** Excluding hedging and additional margin.

The transaction costs used for the determination of the effective interest rate correspond to the issue costs for the Term Loan, amounted to €69 million (1.6% of the nominal value). These costs include mainly those relating to financing and to legal and bank fees.

a) Tranche A₁

The tranche A₁ loan amounts to £750 million, and bears interest at a fixed rate until its maturity, of 3.49%, and is linked to the UK All Items Retail Price Index inflation index as published by the United Kingdom's Office for National Statistics. Repayment of this tranche will begin on 20 June 2018 to end on 20 June 2042. Repayments of capital and payments of interest will fall every six months on 20 June and 20 December of each year.

b) Tranche A₂

The tranche A₂ loan amounts to €367 million, and bears interest at a fixed rate until its maturity, of 3.98%, and is linked to the *indice des prix à la consommation hors tabac* inflation index as published by *l'Institut National de la Statistique et des Etudes Economiques*. Repayment of this tranche will begin on 20 June 2018 to end on 20 June 2041. Repayments of capital and payments of interest will fall every six months on 20 June and 20 December of each year.

c) Tranche B₁

The tranche B₁ loan amounts to £400 million, and bears interest at a fixed rate of 6.63% until its maturity. Repayment of this tranche will begin on 20 June 2013 to end on 20 June 2046. Repayments of capital and payments of interest will fall every six months on 20 June and 20 December of each year.

d) Tranche B₂

The tranche B₂ loan amounts to €645 million, and bears interest at a fixed rate of 6.18% until its maturity. Repayment of this tranche will begin on 20 June 2013 to end on 20 June 2041. Repayments of capital and payments of interest will fall every six months on 20 June and 20 December of each year.

e) Tranche C₁

The tranche C₁ loan amounts to £350 million, and bears interest at a floating rate (LIBOR) plus a margin of 1.39% which is entirely hedged by a fixed / floating interest rate swap for which Eurotunnel pays a fixed rate of 5.2135% and receives a floating rate (LIBOR). Repayment of this tranche will begin on 20 June 2046 to end on 20 June 2050. Repayments of capital and payments of interest will fall every six months on 20 June and 20 December of each year.

f) Tranche C₂

The tranche C₂ loan amounts to €953 million, and bears interest at a floating rate (EURIBOR) plus a margin of 1.39% which is entirely hedged by a fixed / floating interest rate swap for which Eurotunnel pays a fixed rate of 4.853% and receives a floating rate (EURIBOR). Repayment of this tranche will begin on 20 June 2041 to end on 20 June 2050. Repayments of capital and payments of interest will fall every six months on 20 June and 20 December of each year.

If Tranches C₁ and C₂ are not refinanced before June 2012, there will be an additional margin of 2% on their nominal amounts. The financial impact on debt service cash flows is estimated at €27 million on an annual basis.

Voluntary prepayment of long term loans

Clause 7.2 of the credit agreements provide for voluntary prepayments to be made on the long term loans for a minimum amount of £5 million or €7.5 million, without penalties but subject to the payment of certain market standard prepayment premia.

Guarantees and security relating to the Term Loan

▪ *Guarantees:*

Under the Intercreditor Deed, the main companies in the Group each jointly and severally guarantee the obligations of FM and CTG as borrowers of the Term Loan vis-à-vis the lenders, the arrangers and the hedging counterparties of the Term Loan.

▪ *Security granted by Eurotunnel Group under French law:*

- (i) assignment of trade receivables by way of security under which, on the one hand, FM assigns its trade receivables relating to the freight transporters and coach operators and, on the other hand, members of Eurotunnel Group assign certain receivables arising out of contracts accessory to the operation of the Tunnel, such as receivables arising out of the Railway Usage Contract and the insurance policies;
- (ii) unregistered mortgages over their main real estate assets that are not the subject of short or medium term development projects;
- (iii) a registered pledge over rolling stock;
- (iv) a charge over all bank accounts open in France under the name of any borrower or guarantor;
- (v) a charge over shares in Eurotunnel Group members (with the exception of Europorte 2) held by the borrowers or guarantors of the Term Loan; and
- (vi) a charge over the main Eurotunnel trademarks.

▪ *Security granted by Eurotunnel Group under English law:*

The main companies in the Group grant security over all of their assets held at the date of execution of the Term Loan as well as over their future assets and over certain of their contractual rights.

▪ *Security over the other assets of Eurotunnel Group:*

All of the shares of member companies of Eurotunnel Group that are not subject to security as described above (with the exception of Europorte 2) are pledged by way of security for the obligations of the borrowers under the Term Loan and guarantors under the Intercreditor Deed.

Event of default and acceleration

The Term Loan contains a number of events of default which, in certain instances subject to grace periods, permit the lenders to declare the Term Loan immediately due and payable, to enforce the security, and/or to demand the implementation of the substitution mechanism provided for under the terms of the Concession.

The events of default include:

- any non-payment under the Term Loan;
- a failure to comply with any provision of the Term Loan, the Intercreditor Deed or related documents. These provisions impose restrictions on, among other things, indebtedness, acquisitions, disposals and other transfers, mergers, borrowings, and the granting of guarantees and new security by the companies of the Eurotunnel Group, and include, in particular:
 - (a) a financial covenant which requires GET SA to ensure that at each six-monthly test date after 31 December 2007, a ratio of operating cash flow to total debt service on the Term Loan is not less than 1.20 until 28 June 2012 and not less than 1.10 thereafter, such ratio being calculated by reference to a rolling 12 month period preceding the testing date; and
 - (b) certain undertakings and representations relating to the tax treatment of the Eurotunnel Group to the extent that a breach is reasonably likely to have a materially adverse effect on the financial position of FM, CTG or Eurotunnel Group;
- a representation or warranty is made or deemed to have been made by a Borrower or a guarantor under the terms of the Term Loan, or any related finance document or any other document delivered by or on behalf of a Borrower or an Obligor under the terms of the finance documents (which contain representations and warranties that are customary for this type of document), which proves to have been incorrect or misleading at the time at which it was made or deemed to have been made;
- the occurrence of a cross default under any other indebtedness in excess of a specified amount of any of the companies within Eurotunnel Group (other than Groupe Eurotunnel SA);
- the inability of any borrower or guarantor to pay its debts as they fall due, the insolvency or the opening of any legal proceedings in relation to any borrower or guarantor under the Term Loan;
- the illegality or invalidity of the Term Loan, any related security or the subordination created under the Intercreditor Deed;
- Eurotunnel becoming permanently unable to carry on the business of operating the Tunnel, the destruction of the Tunnel, or the cessation of a material part of its business by a borrower or a guarantor;
- a borrower or a guarantor ceasing to be a wholly-owned subsidiary of Groupe Eurotunnel SA;
- any act or omission of France or the United Kingdom which renders a borrower or guarantor under the Term Loan incapable of performing its obligations under the Term Loan and associated documents; and
- the occurrence of litigation (or similar proceedings) against any Eurotunnel Group member or its assets, which is reasonably likely (i) to be adversely determined against the relevant company and (ii) to have a material adverse effect on the financial condition of FM, CTG or Eurotunnel Group.

The Term Loan also includes other events of default which are customary for this type of financing.

ii. Interest rate exposure

The Group concluded hedging contracts with financial institutions to cover its floating rate loans (tranches C₁ and C₂) in the form of swaps for the same duration and for the same value (EURIBOR against a fixed rate of 4.85% and LIBOR against a fixed rate of 5.2%). No premiums were paid to obtain these contracts. The nominal value of hedging swap is €953 million and £350 million.

These derivatives generated charges of €553,000 and income of €5,816,000 in 2008, which have been accounted for in the income statement (28 June to 31 December 2007: charges of €2,225,000 and income of €2,400,000).

In accordance with IAS 39, these derivatives have been measured at their fair value on the balance sheet as a liability of €302 million for the euro contracts and as a liability of £146 million for the sterling contracts (31 December 2007: liability of €9 million for the euro contracts and as a liability of £41 million for the sterling contracts).

The following table indicates the periods in which the cash flows associated with the derivatives are expected to occur, and the periods in which the amounts initially recognised in equity are expected to impact the income statement.

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
CONSOLIDATED ACCOUNTS: NOTES

At 31 December 2008 (in millions)	Accounting value	Contractual cash flow	12 months or less	1-5 years	5-10 years	10-20 years	20-30 years	30-40 years	More than 40 years
Covered flows									
Sterling guaranteed bank loans									
Tranche C ₁ - £	* 350	(1,132)	(19)	(74)	(99)	(197)	(197)	(405)	(141)
Euro guaranteed bank loans									
Tranche C ₂ - €	* 953	(2,824)	(53)	(199)	(248)	(497)	(497)	(1,135)	(195)
Total in £	350	(1,132)	(19)	(74)	(99)	(197)	(197)	(405)	(141)
Total in €	953	(2,824)	(53)	(199)	(248)	(497)	(497)	(1,135)	(195)
Sterling interest rate swaps used for hedging									
Asset	-	-	-	-	-	-	-	-	-
Liability	(55)	(141)	(4)	(18)	(17)	(34)	(34)	(32)	(2)
Euro interest rate swaps used for hedging									
Asset	-	-	-	-	-	-	-	-	-
Liability	(148)	(365)	(6)	(39)	(49)	(98)	(98)	(72)	(3)
Total in £	(55)	(141)	(4)	(18)	(17)	(34)	(34)	(32)	(2)
Total in €	(148)	(365)	(6)	(39)	(49)	(98)	(98)	(72)	(3)

* The accounting values for tranches C₁ and C₂ presented in the above table correspond to the accounting values before adjustments for effective interest rate.

At 31 December 2007 (in millions)	Accounting value	Contractual cash flow	12 months or less	1-5 years	5-10 years	10-20 years	20-30 years	30-40 years	More than 40 years
Covered flows									
Sterling guaranteed bank loans									
Tranche C ₁ - £	* 350	(1,400)	(25)	(103)	(128)	(257)	(257)	(389)	(241)
Euro guaranteed bank loans									
Tranche C ₂ - €	* 953	(3,195)	(58)	(232)	(291)	(581)	(581)	(1,123)	(329)
Total in £	350	(1,400)	(25)	(103)	(128)	(257)	(257)	(389)	(241)
Total in €	953	(3,195)	(58)	(232)	(291)	(581)	(581)	(1,123)	(329)
Sterling interest rate swaps used for hedging									
Asset	-	-	-	-	-	-	-	-	-
Liability	41	104	3	10	13	25	25	25	3
Euro interest rate swaps used for hedging									
Asset	-	-	-	-	-	-	-	-	-
Liability	9	(54)	(1)	(6)	(7)	(14)	(14)	(11)	(1)
Total in £	41	104	3	10	13	25	25	25	3
Total in €	9	(54)	(1)	(6)	(7)	(14)	(14)	(11)	(1)

* The accounting values for tranches C₁ and C₂ presented in the above table correspond to the accounting values before adjustments for effective interest rate.

The maturity profile of the contractual cash flows is based on the spot exchange rate at the balance sheet date.

19 Financial risks

19.1 Exchange rate exposure

Approximately half of the Eurotunnel Group's revenues are denominated in sterling, whereas more than half of its operating expenses and capital expenditure are in euros. The Term Loan is denominated in sterling for a total of £1.5 billion and in euros for a total of €1.965 billion. All the financial instruments are denominated either in sterling (for TNU PLC) or in euros (for TNU SA). As a result, no exchange gain or loss can arise on revaluation of the external financial instruments. The residual foreign exchange risk relates to the revaluation of intra-Group balances, the residual value of which at 31 December 2008 is €33 million; a 10% change in the euro/sterling parity would result in unrealised exchange gains or losses of approximately €3 million.

The Eurotunnel Group has and will continue to make every effort to closely match the currencies in which its revenues and costs are denominated and will use currency hedging transactions to manage its foreign exchange risk where necessary.

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
CONSOLIDATED ACCOUNTS: NOTES

Groupe Eurotunnel SA prepares its consolidated accounts in euros. Fluctuations in the value of the sterling/euro rates have an impact on the value in euros of revenues, costs and financial income and costs, as well as on elements of the Group's assets and liabilities. By way of example and all else being equal and on the basis of accounting information at 31 December 2008, a reduction in euro/sterling exchange rate used to consolidate the 2008 income statement of 10% (1.216 to 1.10) would lead to a mechanical change in consolidated revenues from €704 million to €674 million, in consolidated EBITDA from €421 million to €399 million, and in the consolidated net result from €40 million to €32 million.

19.2 Liquidity risk

The contractual cash flow takes into account the effects of the 2007 financial restructuring and confirms that Eurotunnel is able to meet its liquidity risks.

The contractual maturity profile of the financial liabilities (including interest payments and excluding the impact of offset agreements) is as follows:

At 31 December 2008 (in millions)	Accounting value	Contractual cash flow	12 months or less	1-5 years	5-10 years	10-20 years	20-30 years	30-40 years	More than 40 years
Non-derivative financial liabilities									
Guaranteed sterling bank loans	1,526	(4,781)	(74)	(320)	(471)	(1,116)	(1,428)	(1,231)	(141)
<i>Tranche A₁ - £ *</i>	770	(2,497)	(28)	(120)	(201)	(686)	(1,001)	(461)	-
<i>Tranche B₁ - £</i>	406	(1,152)	(27)	(126)	(171)	(233)	(230)	(365)	-
<i>Tranche C₁ - £ **</i>	350	(1,132)	(19)	(74)	(99)	(197)	(197)	(405)	(141)
Guaranteed euro bank loans	1,987	(5,330)	(108)	(445)	(611)	(1,282)	(1,386)	(1,303)	(195)
<i>Tranche A₂ - € *</i>	375	(1,023)	(15)	(64)	(102)	(321)	(431)	(90)	-
<i>Tranche B₂ - €</i>	653	(1,483)	(40)	(182)	(261)	(464)	(458)	(78)	-
<i>Tranche C₂ - € **</i>	959	(2,824)	(53)	(199)	(248)	(497)	(497)	(1,135)	(195)
Notes redeemable in shares in £	10	(11)	(6)	(5)	-	-	-	-	-
<i>NRS I - T₃ - £</i>	9	(10)	(5)	(5)	-	-	-	-	-
<i>NRS I - T₂ - £</i>	1	(1)	(1)	-	-	-	-	-	-
Notes redeemable in shares in €	18	(20)	(11)	(9)	-	-	-	-	-
<i>NRS I - T₃ - €</i>	16	(18)	(9)	(9)	-	-	-	-	-
<i>NRS I - T₂ - €</i>	2	(2)	(2)	-	-	-	-	-	-
Suppliers and other creditors in £	22	(22)	(22)	-	-	-	-	-	-
Suppliers and other creditors in €	99	(99)	(99)	-	-	-	-	-	-
Derivative financial liabilities									
Sterling interest rate swaps used for hedging	(55)	(141)	(4)	(18)	(17)	(34)	(34)	(32)	(2)
Euro interest rate swaps used for hedging	(148)	(365)	(6)	(39)	(49)	(98)	(98)	(72)	(3)
Total in £	1,503	(4,955)	(106)	(343)	(488)	(1,150)	(1,462)	(1,263)	(143)
Total in €	1,956	(5,814)	(224)	(493)	(660)	(1,380)	(1,484)	(1,375)	(198)

* *Tranches A₁ and A₂ are indexed with inflation, and are presented in the liquidity table on the basis of an inflation rate crystallised as at the balance sheet date.*

** *Tranches C₁ and C₂ are at a variable rate of interest, and are presented in the liquidity table on the basis of a long-term interest rate at the balance sheet date, excluding the additional margin.*

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
CONSOLIDATED ACCOUNTS: NOTES

At 31 December 2007 (in millions)	Accounting value	Contractual cash flow	12 months or less	1-5 years	5-10 years	10-20 years	20-30 years	30-40 years	More than 40 years
Non-derivative financial liabilities									
Guaranteed sterling bank loans	1,475	(5,112)	(80)	(326)	(487)	(1,167)	(1,453)	(1,358)	(241)
<i>Tranche A₁ - £ *</i>	738	(2,535)	(28)	(117)	(166)	(676)	(966)	(582)	-
<i>Tranche B₁ - £</i>	393	(1,177)	(27)	(106)	(193)	(234)	(230)	(387)	-
<i>Tranche C₁ - £ **</i>	344	(1,400)	(25)	(103)	(128)	(257)	(257)	(389)	(241)
Guaranteed euro bank loans	1,932	(5,746)	(114)	(454)	(652)	(1,360)	(1,453)	(1,384)	(329)
<i>Tranche A₂ - € *</i>	361	(1,028)	(14)	(63)	(85)	(315)	(413)	(138)	-
<i>Tranche B₂ - €</i>	634	(1,523)	(42)	(159)	(276)	(464)	(459)	(123)	-
<i>Tranche C₂ - € **</i>	937	(3,195)	(58)	(232)	(291)	(581)	(581)	(1,123)	(329)
Notes redeemable in shares in £	88	(96)	(43)	(53)	-	-	-	-	-
<i>NRS II - £</i>	70	(76)	(34)	(42)	-	-	-	-	-
<i>NRS I - T₃ - £</i>	16	(17)	(7)	(10)	-	-	-	-	-
<i>NRS I - T₂ - £</i>	2	(2)	(1)	(1)	-	-	-	-	-
<i>NRS I - T₁ - £</i>	1	(1)	(1)	-	-	-	-	-	-
Notes redeemable in shares in €	160	(175)	(80)	(95)	-	-	-	-	-
<i>NRS II - €</i>	127	(137)	(61)	(76)	-	-	-	-	-
<i>NRS I - T₃ - €</i>	29	(31)	(14)	(17)	-	-	-	-	-
<i>NRS I - T₂ - €</i>	4	(4)	(2)	(2)	-	-	-	-	-
<i>NRS I - T₁ - €</i>	2	(3)	(3)	-	-	-	-	-	-
Suppliers and other creditors in £	21	(21)	(21)	-	-	-	-	-	-
Suppliers and other creditors in €	87	(87)	(87)	-	-	-	-	-	-
Overdraft in €	12	(12)	(12)	-	-	-	-	-	-
Derivative financial liabilities									
Sterling interest rate swaps used for hedging	41	104	3	10	13	25	25	25	3
Euro interest rate swaps used for hedging	9	(54)	(1)	(6)	(7)	(14)	(14)	(11)	(1)
Total in £	1,625	(5,125)	(141)	(369)	(474)	(1,142)	(1,428)	(1,333)	(238)
Total in €	2,200	(6,074)	(294)	(555)	(659)	(1,374)	(1,467)	(1,395)	(330)

* *Tranches A₁ and A₂ are indexed with inflation, and are presented in the liquidity table on the basis of an inflation rate crystallised as at the balance sheet date.*

** *Tranches C₁ and C₂ are at a variable rate of interest, and are presented in the liquidity table on the basis of a long-term interest rate at the balance sheet date, excluding the additional margin.*

The maturity profile of the contractual cash flows is based on the spot exchange rate at the balance sheet date.

Furthermore, the credit agreements allow, on the condition that the debt service cover ratio is not less than 1.25, to apply for (i) a renewable credit line of up to €75 million, and (ii) a structurally subordinated additional credit line of up to £225 million (or equivalent in euros).

19.3 Rate risk exposure

The risk of an unfavourable movement in rates during the duration of the Term Loan is covered by the fact that tranches B₁ and B₂ are at a fixed rate of interest, tranches A₁ and A₂ which are indexed on inflation are at a fixed rate of interest, and tranches C₁ and C₂ are at a variable rate of interest but are covered by fixed/variable rate hedging contracts. The NRS also carry a fixed rate of interest. Short-term receivables and debts are not at risk from interest rate exposure.

The inflation risk relates to the interest and the repayments of principal on the two indexed tranches (A₁ and A₂). By way of example, a variation of 1% in the inflation rate would have an impact of €12 million on the amount of the principal of these two tranches.

19.4 Credit risks

Credit risk represents the risk of financial loss to the Group in the event that a customer or counterparty to a financial instrument fails to honour their contractual obligations.

i. Trade receivables

The Group's credit risk exposure on trade receivables is principally in the freight road transport market.

The Group applies a credit policy which requires that every new customer is subject to a credit check before being able to benefit from the Group's standard credit terms. The Group's credit risk exposure to account customers is managed by means

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
CONSOLIDATED ACCOUNTS: NOTES

of continuous monitoring of their financial situation and of their outstanding debt in regard to their credit limits and payment terms.

ii. Investments

The Group limits its credit risk exposure by only investing in i) short-term deposits and certificates of deposit with a maximum term of 6 months with counterparties with a minimum rating of P-1 from Moodys or ii) in monetary SICAVs (the French equivalent of mutual funds) and money market funds with a minimum rating of Aaa from Moody's.

Funds invested by the Group in any one monetary SICAV or money market fund should not exceed 5% of the total fund or SICAV size. Investments in short term deposits or certificates of deposit should not exceed €100 million with any one counterparty in France or £75 million with any one counterparty in the UK.

iii. Credit risk exposure

The carrying value of the financial assets represents the maximum credit risk exposure. The maximum credit risk exposure at the balance sheet date is as follows:

(€'000)	31 December 2008	31 December 2007
Available-for-sale financial assets	77	115
Trade receivables	48,346	78,377
Cash and cash equivalents	275,908	154,983
Total	324,331	233,475

At 31 December 2008, the Group held guarantees for a value of €1 million (31 December 2007: €5 million) covering the credit risk on trade receivables.

20 Fair value of financial assets and liabilities

On 28 June 2007, Eurotunnel acquired a long-term loan totalling €3,540 million (nominal value at the balance sheet rate on 31 December 2008), from a banking consortium comprising Goldman Sachs International and Deutsche Bank AG, for a spread of 139 basis points.

The Term Loan is not quoted on the financial markets. For this reason, the Eurotunnel Group must evaluate its debt on the basis of a model using market parameters.

In the context of the crisis in the financial markets, it is particularly difficult to accurately evaluate the margin which the Eurotunnel Group would have had if the Term Loan had been concluded on 31 December 2008.

As an example, if the rate (including the margin) on 31 December 2008 had been 100 basis points above that obtained on 28 June 2007, the fair value of the Term Loan would have been approximately €810 million below its amortised cost value.

21 Provisions

(€'000)	1 January 2008	Charge to income statement	Release of unspent provisions	Provisions utilised	Exchange difference	31 December 2008
Restructuring	44,849	3,400		(2,390)	(3,563)	42,296
Other	4,409	1,500	(3,151)	(1,164)		1,594
Total	49,258	4,900	(3,151)	(3,554)	(3,563)	43,890

The provision for restructuring corresponds to the estimated remaining cost of the Group's commitments in relation to the operational restructuring, as well as certain specific risks associated with the execution of the Safeguard Plan.

22 Trade and other payables

(€'000)	31 December 2008	31 December 2007
Trade cash advances	679	728
Trade creditors and accruals	74,269	72,535
Taxation, social security and staff	37,388	34,729
Property, plant and equipment creditors and accruals	12,649	7,034
Trade payables (current)	121,985	115,026
Deferred income	18,451	23,842
Other	3,098	4,675
Other payables (current)	21,549	28,517
Total	143,534	143,543

23 Commitments and contingent liabilities

GET SA, EGP, TNU SA, TNU PLC, FM, EFL, CTG, ESGIE, Eurotunnel SE, ESL and EurotunnelPlus Limited each jointly and severally guarantee the obligations of FM and CTG in relation to the Term Loan. In order to guarantee these obligations, these companies have granted security as described in note 18.1 above.

24 Auditors' fees

In application of decree number 2008-1487 dated 30 December 2008, the table below presents the auditors' fees for the financial years ended 31 December 2008 and 2007 for all Eurotunnel Group companies.

(€'000)	2008	2007
Auditorship, certification and examination of individual and consolidated accounts	2,571	3,920
Other fees and services directly linked to the duties of the auditors	584	830
Total	3,155	4,750

25 Post balance sheet events

25.1 Simplification of the Group's legal structure

On 3 March 2009, the board of directors decided to submit a proposal for the simplification of the Group's legal structure to the shareholders' general meetings on 6 May 2009, the main features of which are as follows:

- the disposal by TNU PLC of CTG to TNU SA ;
- the disposal of EGP's interest in TNU SA and TNU PLC to GET SA ; and
- the merger of TNU SA into GET SA.

25.2 Purchases of NRS I

During January and February 2009, Groupe Eurotunnel SA repurchased a total of 198,140 NRS I Tier 3 representing 5.2 million shares for a total cost of €18.2 million.

The events described in this note have no effect on the 2008 consolidated accounts.

General report of the Statutory Auditors regarding the parent company accounts for the financial year ending 31 December 2008

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Following our appointment as Statutory Auditors by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2008, on:

- the audit of the financial statements of Groupe Eurotunnel SA attached to this report;
- the justification of our assessments;
- the specific verifications required by law.

These financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

1 Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis or any other methods of selection, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that the elements obtained are sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's financial position and its assets and liabilities as of 31 December 2008, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

2 Justification of our assessments

As indicated in note 2.1 iii of the financial statements, the estimations underlying the preparation of the annual accounts at 31 December 2008 were made in a context of uncertainty of economic outlook and of high volatility in the financial markets. It is in this uncertain context that in accordance with the requirements of article L.823-9 of the French Commercial Code ("Code de commerce") relating to the justification of our assessments, we bring to your attention our own assessments :

NRS Relationship Agreement

The notes 4 and 1.2 iv of the financial statements presents respectively the content of the NRS Relationship Agreement ratified on 20 March 2007 between Groupe Eurotunnel SA and its subsidiary Eurotunnel Group UK PLC and the main effects resulting from its application on the 2008 financial statements. We ensured from the consistency of the accounting treatments used with the content of this contract and the appropriateness of the information given in notes 4 and 1.2 iv.

Subordinated Deferred Equity Securities (SDES)

The note 8 of the financial statements presents the main characteristics relating to the issue, the redemption and the principle of the return of SDES issued by Groupe Eurotunnel SA in February 2008. We checked the appropriateness of the accounting treatment of this instrument and the related information given in note 8.

These assessments were made in the context of our audit of the financial statements taken as a whole and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verifications and information

We have also performed the specific verifications required by law.

We have no matters to report as to:

- the fair presentation and consistency with the financial statements of the information given in the management report of the board of directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements;
- the fair presentation of the information given in the management report of the board of directors in respect of remunerations and benefits granted to the relevant directors and any commitments given to them in connection with, or after, their appointment, termination or change in function.

In accordance with French law, we ascertained that the information relating to the acquisition of shares and controlling interests and the identity of shareholders were given in the management report of the board of directors.

Statutory Auditors

Paris La Défense, 3 March 2009
KPMG Audit
A division of KPMG SA
Fabrice Odent
Partner

Paris La Défense, 3 March 2009
Mazars
Thierry de Bailliencourt
Partner

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
PARENT COMPANY ACCOUNTS: BALANCE SHEET

Balance sheet (in euros)	Note	Gross	Impairment	31 December 2008 Net	31 December 2007 Net
ASSETS					
Financial fixed assets					
Investments in subsidiary undertakings	3	259,938,197	–	259,938,197	259,937,897
Other financial assets					
Loans	4	1,729,120,619	–	1,729,120,619	33,686,745
Own shares	5	43,359,805	18,928,333	24,431,472	–
Other		1,000	–	1,000	–
Fixed assets		2,032,419,621	18,928,333	2,013,491,288	293,624,642
Trade receivables	4	3,257,185	–	3,257,185	5,367,914
Receivables from Government and other public bodies		713,597	–	713,597	3,525,662
Group and associates	4	44,029,495	–	44,029,495	182,207
Other financial assets	4	1,315,614	–	1,315,614	4,757,690
Investments in securities	6	78,544,825	774,673	77,770,152	1,205,419
Cash and cash equivalents	6	48,766	–	48,766	6,639
Current assets		127,909,482	774,673	127,134,809	15,045,531
Prepaid expenses		294,756	–	294,756	–
Total assets		2,160,623,859	19,703,006	2,140,920,853	308,670,173
LIABILITIES					
Share capital	7.1			75,936,766	23,913,644
Share premium	7.2			1,136,127,864	218,126,611
Legal reserve	7.3			317,340	–
Special reserve and other reserves	7.2			1,902,309	87
Retained earnings				–	–
Result for the year				41,862,644	317,340
Equity				1,256,146,923	242,357,682
Quasi-equity	8			800,000,000	–
Total shareholders' funds				2,056,146,923	242,357,682
Financial liabilities				1,869	11,525
Group and associates	4			79,361,251	62,066,183
Trade payables				4,740,873	3,329,030
Tax and social security liabilities				618,937	871,503
Other liabilities				51,000	34,250
Debts*				884,773,930	66,312,491
Total liabilities				2,140,920,853	308,670,173

* More than one year: none (2007: none).

The notes form an integral part of the annual accounts.

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
PARENT COMPANY ACCOUNTS: INCOME STATEMENT

Income statement			
(in euros)	Note	2008	2007
Operating revenue			
Revenue from sale of services	9	12,340,017	5,111,798
Total operating revenue		12,340,017	5,111,798
Operating expenses			
Purchases and external costs	10	40,041,783	4,804,705
Salaries and charges		334,846	51,523
Taxes		99,466	51
Other expenses		516,916	204,958
Total operating expenses		40,993,011	5,061,237
Operating result		(28,652,994)	50,561
Financial income			
Interest and similar income	12	46,414,007	4,757,690
Net income on sales of investments		5,668,434	1,918
Exchange gains	11	64,312,194	115,638
Total financial income		116,394,635	4,875,246
Financial charges			
Depreciation and provisions	5,6	19,703,006	–
Interest and similar charges	12	27,022,222	4,757,690
Exchange losses		8,574	–
Total financial charges		46,733,802	4,757,690
Financial result		69,660,833	117,556
Exceptional result	13	854,805	(32,984)
Tax: group relief income	14	–	(182,207)
Net result for the year		41,862,644	317,340

The notes form an integral part of the annual accounts.

Notes to the accounts

Group Eurotunnel SA (GET SA), the Eurotunnel Group's holding company, manages relations with shareholders on behalf of the concessionaires. GET SA includes in its income statement the cost of staff services relating to its activities which have been charged to it by Group companies ESGIE and ESL. GET SA charges the concessionaires for its shareholder relations services and other services provided, which amounted to €12 million in 2008.

As part of the implementation of the financial restructuring and pursuant to the terms of the Safeguard Plan, the chairman of the board of directors of ESA and EPLC acquired on 30 January 2007 a non-trading company designated to become GET SA. Following the exchange tender offer (ETO) which took place in May and June 2007, all of the share capital of GET SA was held by the former shareholders of ESA and EPLC who tendered their Units to the offer. As 93.04% of the Units in issue were tendered to the offer, GET SA consequently became a shareholder of ESA and EPLC to this same percentage. On 27 July 2007, the AGMs of ESA and EPLC, subsidiaries of GET SA since the ETO, adopted the resolutions to change the names of ESA and EPLC to TNU SA and TNU PLC respectively.

The main purpose of TNU SA and TNU PLC is to invest in companies directly or indirectly involved in the construction and operation of the cross-Channel Fixed Link. They hold 100% of FM and CTG, the two concessionaires of the Fixed Link. In addition, in 1986, TNU SA and TNU PLC signed agreements with FM and CTG which i) provided for the set-up of Eurotunnel, a partnership between FM and CTG, and ii) a corporate structure agreement which provided for, in particular, arrangements for the "twinning" of shares in TNU SA and TNU PLC in the form of "Units". Under the terms of these agreements, all expenses and revenues relating to the design, financing, construction and operation of the Fixed Link are shared between the French and UK companies.

As a result of the financial restructuring, GET SA holds 100% of the shares of Eurotunnel Group UK PLC (EGP). In accordance with the terms of the Safeguard Plan, all the Tier 3 debt and notes were transferred to EGP in return, in particular, for the issue of the NRS by EGP.

1 Important events

1.1 Fire in September 2008

The Fire on 11 September 2008 significantly affected the Group's revenues, traffic and operating conditions for 2008. Whilst services resumed a little over one day after the fire, and in the following weeks operating capacity was progressively optimised after the cleaning and the return to service of the two smoke-affected sections of the Tunnel, the fire-damaged section of the Tunnel remained closed until 9 February 2009. After the initial build up of services at the end of September, the number of missions run by the Passenger and Truck Shuttle services was just under half the number in the same period in 2007, whilst priority was given to Eurostar services.

The Eurotunnel Group is insured against operating losses and damage to material up to €900 million, and so the effect of the fire on the Group's results for 2008 is limited.

1.2 NRS transactions

i. Early cash redemption of NRS II

In order to finance the early cash redemption of all NRS II, the board of directors of GET SA decided, on 5 February 2008 and 14 February 2008, to increase capital in two phases by the issue of (i) the subordinated deferred equity shares (the "SDES") and (ii) New Ordinary Shares upon exercise of share warrants (the "BSA"), allotted for free to all GET SA shareholders.

- a) During the first phase of the transaction, GET SA issued 800,000 SDES at a nominal value of 1,000 euros each on 6 March 2008 (see note 8 below), the terms and conditions of which are described in the Securities Note approved by the *Autorité des marchés financiers* (AMF) under visa number 08-032 on 20 February 2008. On 10 April 2008, the proceeds of the issue of the SDES, being a total principal amount of €800,000,000, were used to finance the early redemption in cash of 6,011,109 of the 11,539,914 NRS II issued on 28 June 2007 at 140% of their nominal value, for a total of £258,999,907 and €461,790,000.
- b) During the second phase of the transaction, GET SA allocated 59,784,111 free BSA to its shareholders on 30 April 2008, giving them the right to subscribe for 104,622,189 New Ordinary Shares at a price of €8.75 per share. This rights issue was fully underwritten by a banking syndicate, and the terms and conditions of this transaction are described in the Securities Note approved by the AMF under visa number 08-077 on 28 April 2008. The New Ordinary Shares resulting from this transaction were issued on 4 June 2008, and the proceeds amounted to €915,444,153.75. On 10 July 2008, Eurotunnel Group completed the early cash redemption of the remaining NRS II with the proceeds from this transaction: 5,528,805 NRS II were redeemed at 140% of their nominal value for a total amount of £234,538,790.64 and €430,134,180.

ii. Partial cash buy back of NRS I

On 23 June 2008, the Eurotunnel Group carried out a buy back of 150,000 NRS I (see note 7.5 below).

Following the redemption of all the NRS II and the partial buy back of the NRS I, the amount of interest to be paid on the NRS has been reduced to €16 million in 2009 and €13 million in 2010 (at the exchange rate at 31 December 2008 of £1=€1.050).

iii. Contractual redemption of NRS I Tranche I

On 28 July 2008, the Eurotunnel Group carried out the contractual redemption of the first tranche of the NRS I with GET SA shares. This transaction resulted in the redemption of 977,545 NRS I and the issue of 25,435,615 GET SA ordinary shares (see notes 7.1 and 7.5 below).

iv. Application of the NRS Relationship Agreement

These transactions have been taken into account in GET SA's financial statements in accordance, notably, with the stipulations of the NRS Relationship Agreement described in note 4 below. The main effects which arise from this are as follows:

- a loan of €1.6 billion made to EGP in order for it to finance these transactions (see note 4 below),
- an exchange gain of €64 million resulting from the redemption in cash of sterling-denominated NRS II (see note 11 below),
- a €20 million redemption premium paid in connection with the buy back of the NRS I (see note 12 below), and
- a loan receivable from FM transferred to EGP for €34 million (restated bond facility, see note 4 below).

1.3 Safeguard Plan

The Safeguard Plan for the TNU group companies was approved on 15 January 2007 by the Paris Commercial Court, who on 23 December 2008 recognised the complete execution of the Plan.

1.4 Litigation

The implementation of the Safeguard Plan continued during the period, under the supervision of the Commissioners for the Execution of the Plan, as did certain legal proceedings. Concerning the proceedings instigated in Paris by the Resurgence Group relating to the opening and conduct of Eurotunnel's Safeguard Procedure, Resurgence has formally and irrevocably withdrawn its claims and actions and renounced its rights in relation to these proceedings. However, these proceedings continue with other parties. They are not considered likely to challenge the validity, the continuation and the completion of the Safeguard Plan. Should the outcome of certain of these proceedings be unfavourable, they could result in the payment of damages and interest. Eurotunnel remains confident of a favourable outcome to these claims.

1.5 Result for the year

The net result for the year was a profit of €41,862,644.

2 Accounting methods and policies

2.1 Use of estimates

The preparation of the consolidated financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the period. The Board periodically reviews its valuations and estimates based on its experience and various other factors considered relevant for the determination of reasonable and appropriate estimates of the assets' and liabilities' carrying value. The estimations underlying the preparation of the annual accounts at 31 December 2008 were made in a context of uncertainty in the economic outlook and of high volatility in the financial markets.

The actual results could differ significantly from these estimates depending on different conditions and hypotheses. The use of estimations concerns mainly the valuation of investments in subsidiary undertakings.

2.2 Investments in subsidiary undertakings

Investments in subsidiary undertakings are valued according to their value in use. A provision for impairment is booked when the value in use is lower than the carrying value.

2.3 Investments in securities

Investments are stated in the balance sheet at cost. If the market value is lower than the purchase cost, a provision for depreciation is booked for the difference. "Investments in securities" and "Cash and cash equivalents" include any accrued interest due thereon.

2.4 Own shares

GET SA holds own shares acquired as part of a share buy back programme and a liquidity contract.

In the absence of an explicit allocation to staff or to a share capital reduction, the shares purchased as part of the buy back programme are accounted for at cost in financial fixed assets.

Shares acquired as part of the liquidity contract, the aim of which is to reduce the excessive volatility in GET SA's shares, are accounted for at cost in investments and the gain or loss on sale of these shares is calculated on a FIFO basis.

At the end of the financial year, these shares are valued on the average share price during the last month. A provision is made if this valuation is below the book value.

2.5 Tax integration convention

Under the terms of the tax integration convention, tax charges are recognised in the individual financial statements of consolidated companies, on a stand-alone basis. Any tax savings or losses realised by the Group are recognised immediately in the parent company's income statement for the period.

2.6 Provisions

Provisions are recognised when there exists a legal or constructive obligation stemming from a past event and when the future cash flows can be reliably estimated.

3 Investments in subsidiary undertakings

At 31 December 2008, shares are analysed as follows:

	TNU SA	TNU PLC	EGP	ESGIE
Equity	(in euros)	(in sterling)	(in euros)	(in euros)
Share capital	260,105,597	260,105,597	73,472	1,500
Other equity (excluding result for the year)	110,458,037	(251,522,987)	(6,532,010)	-
Percentage of share capital held:	TNU SA	TNU PLC	EGP	ESGIE
Directly	9.11%	9.11%	100%	20%
Directly and indirectly	99.32%	99.32%	100%	100%
Carrying value of shares (in euros)	TOTAL	TNU SA	TNU PLC	EGP
Gross:	259,938,197	129,932,215	129,932,215	73,467
Net:	259,938,197	129,932,215	129,932,215	73,467
Security and guarantees given by the company	*	*	*	*

* This information is provided in note 17 below.

The value in use of the investments in subsidiary undertakings has been estimated taking into account the most recent valuation of the Concession.

4 Group and associates

(in euros)	31 December 2008	31 December 2007
Other non-current financial assets		
Eurotunnel Group UK PLC (EGP)	1,695,433,874	–
France Manche SA (FM)	33,686,745	33,686,745
Total	1,729,120,619	33,686,745
Trade receivables		
FM	3,257,185	5,317,953
TNU PLC Group	–	49,961
Total	3,257,185	5,367,914
Loans and advances - Group and associates		
EGP	44,029,495	182,207
Total	44,029,495	182,207
Other current financial assets		
FM	1,315,614	4,757,690
Total	1,315,614	4,757,690
Debts - Group and associates		
EGP	35,002,360	38,444,435
TNU SA	–	19,995,871
TNU PLC Group	–	73,466
FM	43,362,329	1,000,000
Channel Tunnel Group Limited	996,562	2,552,411
Total	79,361,251	62,066,183

Intra-group loan

Amounts receivable from EGP and accounted for in non-current other financial assets comprise a principal of €1,658,876,385 and accrued interest of €36,557,488 in respect of the intra-group loan made to finance the redemption and buy back of the NRS I and NRS II during the year (see note 1.2iv above). This loan carries interest with effect from 1 August 2008 at EONIA + 1%.

NRS Relationship Agreement

On 20 March 2007, GET SA and EGP entered into a contract under English law relating to the issue of the NRS (the "NRS Relationship Agreement"), pursuant to which EGP agreed to issue the NRS, upon request by GET SA, up to a specified amount, upon the terms and conditions of the NRS specified in paragraph 22.5 of the 2008 Reference Document.

In accordance with its commitments EGP sold to GET SA a portion of the intra-group debt owed to EGP by TNU SA and TNU PLC resulting from the implementation of the financial restructuring, in consideration of an amount which was left outstanding, thus giving rise to a debt owed by GET SA to EGP. The receivable accrues interest at the same rates as the intra-group debt owed to EGP by TNU SA and TNU PLC mentioned above, and may be repaid by the issue by GET SA of GET SA Ordinary Shares to EGP or to holders of NRS by GET SA, in the latter case on behalf of EGP.

Under the terms of the agreement, GET SA has undertaken not to pay any dividends while any deferred interest remains due in respect of the NRS.

Amounts due from FM and recognised in other financial assets correspond to a principal of €33,686,745 and accrued interest of €1,315,614 in respect of the amended loan note transferred from EGP to GET SA in accordance with the terms of the NRS Relationship Agreement. In exchange for this transfer in accordance with the terms of the NRS Relationship Agreement, a debt of €33,686,745 and accrued interest of €1,315,614 was recognised between GET SA and EGP. Amounts owed to EGP and recognised as debts and similar correspond to principal and interest due in respect of this loan.

Other inter-company accounts

The other inter-company loans mentioned above do not bear interest.

5 Own shares

At 31 December 2008, Groupe Eurotunnel SA held 6,062,400 of its own shares which had been acquired as part of the share buy back programme authorised by the general meeting of shareholders on 27 June 2008. At 31 December 2008, a charge of €18,928,333 was made to financial charges for the depreciation in value of these shares.

6 Investments in securities and cash and cash equivalents

This includes mainly short-term investments, primarily certificates of deposit and deposit accounts, all of which have a maturity of less than 3 months at 31 December 2008.

(€'000)	31 December 2008	31 December 2007
Own shares	1,402,287	728,288
Investments in £	76,367,865	477,131
Sub-total	77,770,152	1,205,419
Cash at bank and in hand	48,766	6,639
Total	77,818,918	1,212,058

At 31 December 2008, GET SA held 347,962 of its own shares purchased by Exane BNP Paribas under the liquidity contract. At 31 December 2008, a charge of €774,673 was made to financial charges for the depreciation in value of these shares.

7 Equity and Warrants

7.1 Movements in share capital

(in euros)	
Share capital (ordinary shares)	
At 1 January 2007: 1,000 shares at €1	1,000
Capital reduction: 775 shares at €1	(775)
Reduction in the nominal value of shares from €1 to €0.01	-
Capital increase: 22,477,500 shares at €0.01	224,775
Capital increase: 2,368,864,450 shares at €0.01	23,688,644
Consolidation of 40 old shares for 1 new share	-
At 31 December 2007: 59,784,111 shares at €0.40 and 1 share at €0.01	23,913,644
Capital increase on 4 June 2008: 104,622,189 shares at €0.40	41,848,876
Capital increases following the redemption of ORA I Tranche I: 25,435,615 shares at €0.40	10,174,246
At 31 December 2008 : 189,841,915 shares at €0.40 and 1 share at €0.01	75,936,766

At 31 December 2008, the issued share capital of GET SA amounted to €75,936,766.01, divided into 189,841,915 fully paid-up GET SA Ordinary Shares (Class A shares) with a nominal value of €0.40 each, and one GET SA Preferred Share (Class B share) with a nominal value of €0.01.

The GET SA Preferred Share confers on its holder specific corporate governance rights of GET SA as described in section 21.2.3 of the 2008 Reference Document. There are no specific economic rights attached to the GET SA Preferred Share.

The 104,622,189 New Ordinary Shares issued on 4 June 2008 by GET SA upon the exercise of the BSA are of the same class as the Ordinary Shares already listed. They bear dividend rights as of the date of the start of the current financial year, i.e. 1 January 2008, and were listed on Euronext Paris, the Official List of the United Kingdom Listing Authority and the London Stock Exchange from 4 June 2008.

In accordance with the terms of the NRS I, all the 977,545 NRS I Tranche I were redeemed during the second half of 2008 by the issue of 25,435,615 GET SA Ordinary Shares.

7.2 Share premium and special reserve

(in euros)	
At 1 January 2007	-
Capital increase	236,175,786
Cost of capital increase	(18,049,175)
At 31 December 2007	218,126,611
Increase in share capital 4 June 2008	873,595,320
Increases in share capital following the redemption of NRS I Tranche I	87,580,212
Cost of capital increase	(41,272,057)
Transfer to non-distributable reserves account*	(1,902,222)
Total at 31 December 2008	1,136,127,864

* A specific non-distributable reserves account amounting to €1,902,000 has been set up. This will be used to issue the Additional Ordinary Shares in respect of the conditional additional return on the rights issue of 4 June 2008, corresponding to a maximum of 4,755,554 shares.

7.3 Legal reserve

The net profit for the 2007 financial year was appropriated to the legal reserve in accordance with the decision of the general meeting of shareholders on 27 June 2008.

7.4 2007 Warrants

On 28 June 2007, GET SA issued 4,307,026,273 Warrants which entitle their holders to subscribe for GET SA Ordinary Shares provided that there has been an increase in the value of the Eurotunnel Group. The Warrants were admitted to listing and trading on Euronext Paris on 2 July 2007. The detailed characteristics of the Warrants are set out in chapter 3 of the Securities Note dated 4 April 2007.

The total number of new GET SA Ordinary Shares to which the Warrants will together entitle their holders to subscribe ("**N**") will be calculated according to the following formula:

$$N = 2 \times U \times \frac{VT}{300,000,000}$$

where:

- "**U**" is the total number of Units on the Closing Date (i.e. 2,546,164,213 on 28 June 2007);
- "**VT**" is the arithmetic sum of VT1 and VT2, where (i) VT is capped at £300 million, and (ii) "**VT1**" is the arithmetic sum of all of the Lump Sums received between 23 May 2006 and 30 June 2008 calculated in accordance with the terms described in the section entitled "Method of calculating VT1" in chapter 3 of the Securities Note of April 2007, and "**VT2**" comprises any improvements in the EBITDA of GET SA during the 2008, 2009 and 2010 financial years compared to the Reference EBITDA calculated in accordance with the terms described in the section entitled "Method of calculating VT2" in chapter 3 of the Securities Note of April 2007.

As part of the consolidation of shares on 12 November 2007, the rights of holders of securities which may be converted into GET SA equity (including the Warrants) were adjusted.

As part of the rights issued described in 1.2i above, the terms of the adjustment of the exercise ratio of the Warrants were adjusted in accordance with the Securities Note issued in April 2007. As an example, and on the hypothetical assumption of the maximum VT being reached, the exercise ratio of the Warrants would be 0.034 shares per Warrant.

Method of calculating VT1

"Lump Sum" means any sum received or saved outside the normal course of business (defined by reference to previous practices), including (i) the payment of a cash sum or (ii) the realisation of a saving, resulting from a decision of a Governmental Entity or of a company or of any other entity controlled by a Governmental Entity (including as a result of an enforceable court decision, an arbitration, a settlement or a decision to grant a subsidy) for the benefit of GET SA, TNU PLC, TNU SA, EFL, FM, CTG and their respective consolidated subsidiaries, provided that (y) any sum received or saved in the ordinary course of business (defined with reference to previous practices) and (z) any sum received from the French or English tax authorities as part of the financial restructuring will not be considered to be a Lump Sum.

Method of calculating VT2

In order to calculate VT2, the following elements will successively be calculated or taken into account:

1. **"EBITDA"** means the consolidated Earnings Before Interest, Taxes, Depreciation and Amortisation of GET SA (calculated using accounting principles and methods consistent with those used for the preparation of the combined audited accounts of TNU SA and TNU PLC at 31 December 2004) for each of the 2008, 2009 and 2010 financial years, from which will be deducted (i) any exceptional elements and (ii) any Lump Sum taken into account for the calculation of VT1.
2. **"Reference EBITDA"**, means the following EBITDA amounts:

(£ million)	Financial year		
	2008	2009	2010
Reference EBITDA	277	288	303

The Reference EBITDA for each of the 2008, 2009 and 2010 financial years has been determined on the basis of (i) a euro/pound sterling exchange rate of 1.4 and (ii) a pound sterling/euro apportionment of EBITDA of 51% / 49%.

3. **"Adjusted Reference EBITDA"** means the Reference EBITDA for each of the 2008, 2009 and 2010 financial years, adjusted so that the 49% euro component is, for each of these financial years, converted into pounds sterling on the basis of the euro/pound sterling exchange rate used to prepare the audited consolidated accounts for the relevant financial year (the **"Effective euro/pound sterling Exchange Rate"**).
4. **"Difference"** means, for each of the 2008, 2009 and 2010 financial years, the result of the difference between (i) the EBITDA derived from the consolidated accounts of GET SA for the financial year in question and (ii) the Adjusted Reference EBITDA for that financial year, provided that if this result is negative, it will be deemed to be equal to zero.
5. **"Adjusted Difference"** means, for each of the 2008, 2009 and 2010 financial years, the amount corresponding to 50% of the fraction of the Difference up to £7.5 million and 70% of the fraction of the Difference between £7.5 million and the amount of the Difference.
6. **"Weighted Difference"** means, for each of the 2008, 2009 and 2010 financial years, the result of the product of the Adjusted Difference multiplied by (i) 14.5 and then (ii) 0.3 for the 2008 financial year, 0.6 for the 2009 financial year and 0.1 for the 2010 financial year (the **"Annual Weighting Factor"**).
7. VT2 will be equal to the arithmetic sum of the Weighted Differences calculated for each of the 2008, 2009 and 2010 financial years.

7.5 Notes Redeemable in Shares (NRS)

The NRS were issued by a subsidiary of GET SA, EGP, on 28 June 2007. Initially divided into two series, the NRS I and the NRS II, the NRS II were redeemed early in cash in 2008 as detailed in note 1.2i above. At 31 December 2008, only 6,028,085 NRS I remained in circulation, which are traded on Euronext Paris and on the London Stock Exchange. The detailed characteristics of the NRS are set out in chapter 2 of the Securities Note issued in April 2007.

As part of the consolidation of shares in November 2007, and of the rights issue referred to in 1.2i above, the redemption ratio of the NRS has been adjusted to 26.02 shares per NRS.

GET SA has made a commitment to issue and then to deliver to its subsidiary EGP the Ordinary Shares mentioned above as redemption for the NRS I.

i. NRS I

The NRS I were issued on 28 June 2007. They carry interest at a rate of 3% per annum, and are not redeemable in cash. The evolution in the number of NRS I in circulation and the effect of the redemption are given in the following table:

GROUPE EUROTUNNEL SA: ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
PARENT COMPANY ACCOUNTS: NOTES

	Tranche I	Tranche II	Tranche III	Total
Issued on 28 June 2007:				
Number of notes	977,545	977,545	5,200,540	7,155,630
Nominal value in £	30,008,886.60	30,008,886.60	158,496,936.40	218,514,709.60
Nominal value in €	53,753,200.00	53,753,200.00	287,653,800.00	395,160,200.00
Buy back on 23 June 2008:				
Number of notes		(60,000)	(90,000)	(150,000)
Nominal value in £		(3,633,082.20)	(4,483,127.00)	(8,116,209.20)
Nominal value in €		(672,900.00)	(2,426,500.00)	(3,099,400.00)
Redeemed on 28 July 2008:				
Number of notes	(977,545)			(977,545)
Nominal value in £	(30,008,886.60)			(30,008,886.60)
Nominal value in €	(53,753,200.00)			(53,753,200.00)
Number of ordinary shares created	(25,435,615)			(25,435,615)
In issue on 31 December 2008:				
Number of notes	-	917,545	5,110,540	6,028,085
Nominal value in £	-	26,375,804.40	154,013,809.40	180,389,613.80
Nominal value in €	-	53,080,300.00	285,227,300.00	338,307,600.00
Date of contractual redemption		28 July 2009	28 July 2010	
Maximum number of GET SA ordinary shares resulting from redemption *	-	23,874,520	132,976,250	156,850,770

* After adjustment (see above).

ii. NRS II

- All NRS II were redeemed during 2008 (see note 1.2i above):

	Issued on 28 June 2007	Redeemed on 10 April 2008	Redeemed on 10 July 2008
Number of notes	11,539,914	6,011,109	5,528,805
Nominal value in £	352,527,641.40	184,999,933.80	167,527,707.60
Nominal value in €	637,088,700.00	329,850,000.00	307,238,700.00

The main characteristics of the NRS II as issued on 28 June 2007 were as follows:

- they were redeemable in cash at a price equal to 140% of their nominal value;
- they carried interest at a rate of 6% per annum;
- they would have been redeemable contractually in GET SA ordinary shares on 28 July 2010 if they had not already been redeemed in cash.

8 Quasi-equity: Subordinated Deferred Equity Securities (SDES)

Issue

On 20 February 2008, GET SA launched the issue of 800,000 SDES with a nominal value of €1,000 each, for a total amount of €800 million. The characteristics of this issue are described in the Securities Note of 20 February 2008. The SDES were admitted to listing and trading on the regulated market of the Luxembourg Stock Exchange starting on their issue date, 6 March 2008.

Redemption

Each SDES will entitle its holder to receive 118.61 Ordinary Shares (initially 103.8 Ordinary Shares, prior to the adjustment made following the rights issue). The SDES will be redeemable in New Ordinary Shares at the discretion of their holders at any time between 6 September 2009 and 6 September 2010. In addition, the SDES may be redeemed in ordinary shares in advance of this date at the option of SDES holders in certain conditions.

The number of New Ordinary Shares issued on redemption of the SDES will be 94,888,000 (83,040,000 before adjustment), giving rise to an increase in capital of €37,955,200 (€33,216,000 before adjustment).

Return

The return on the SDES will comprise (i) the issue and allotment to SDES holders of 3 New Ordinary Shares per SDES or (ii) at the option of GET SA, the payment in cash of interest calculated at an annual rate of 2%. The return will be payable in one instalment on 6 September 2009.

The number of shares that may be issued in respect of the return will be 2,400,000 New Ordinary Shares.

Conditional additional return

A conditional additional return will be paid to initial SDES subscribers who hold their SDES until the date of their redemption in New Ordinary Shares then the New Ordinary Shares issued upon redemption of SDES, until 6 March 2011. The conditional additional return will be paid, at the option of GET SA and in accordance with the terms described in section 7.2 of the Securities Note, either in cash, or in new or existing Additional Ordinary Shares (on the basis of 5.4 new or existing Additional Ordinary Shares per SDES initially subscribed).

The maximum number of new Additional Ordinary Shares that may be issued in respect of the conditional additional return will be 4,320,000.

9 Revenues from sale of services

This item comprises revenues from services charged to the concessionaires.

10 Purchases and external costs

This item comprises primarily costs relating to services charged by ESGIE and ESL, as well as costs incurred on behalf of the concessionaires.

11 Exchange gains

This item mainly comprises the exchange gain of €64.1 million resulting from the redemption in cash of the sterling-denominated NRS II on 10 April 2008 and 10 July 2008, as well as the unrealised exchange gains resulting from the revaluation of intra-group debts at 31 December 2008.

12 Interest, and related income and charges

(en euros)	2008	2007
Interest and related income		
Accrued interest received from EGP on the intra-group loan	36,557,488	-
Interest due from FM on the amended loan note	6,766,775	4,757,690
Bank interest	3,089,744	-
Total	46,414,007	4,757,690
Interest and related charges		
Interest due to EGP under the NRS Relationship Agreement	6,766,775	4,757,690
Premium on purchase of NRS I	20,255,447	-
Total	27,022,222	4,757,690

13 Exceptional result

This item comprises gains and losses recognised on the sale of own shares held under the liquidity contract, as well as the income from the sale of BSA allocated to own shares as part of the capital increase on 4 June 2008.

14 Result and tax situation

In March 2007, GET SA opted for the French tax consolidation regime with EGP as a consolidated subsidiary as from 1 January 2007.

On 5 May 2008, GET SA opted for the enlargement of the consolidated tax group of which it is the parent company, to include TNU SA, FM, Eurotunnel Participations 1 SAS, Eurotunnel Participations 2 SAS and Europorte 2 SAS, with effect from the financial year from 1 January 2008.

Cumulative tax losses of the consolidated GET SA tax group (including TNU SA, EGP, FM, Eurotunnel Participation 1 SAS, Eurotunnel Participation 2 SAS and Europorte 2 SAS) which can be carried forward indefinitely amount to €2,256 million at 31 December 2008 (31 December 2007: €1 million before the enlargement of the consolidated tax group).

Included in the €2,256 million above is €1,988 million from the old TNU SA consolidated tax group (including FM, Eurotunnel Participation 1 SAS, Eurotunnel Participation 2 SAS and Europorte 2 SAS) which can only be used against the profits of these companies (31 December 2007: €1,988 million).

GET SA's taxable result, excluding integration, was a profit of €49 million (31 December 2007: €1.7 million loss).

15 Directors

Details of directors' remuneration are provided in chapter 15 of the 2008 Reference Document.

16 Shares held by directors

Shares held by directors are described in chapter 14 and directors' remuneration is described in chapter 15 of the 2008 Reference Document.

17 Commitments and contingent liabilities

GET SA, EGP, TNU SA, TNU PLC, FM, EFL, CTG, ESGIE, Eurotunnel SE, ESL and EurotunnelPlus Limited jointly and severally guarantee the obligations of FM and CTG in respect of the Term Loan. In order to guarantee these obligations, these companies have granted security as described in note 18 of GET SA's consolidated accounts.

18 Post balance sheet events

18.1 Simplification of the Group's legal structure

On 3 March 2009, the board of directors decided to submit a proposal for the simplification of the Group's legal structure to the shareholders' general meetings on 6 May 2009, the main features of which are as follows:

- the disposal by TNU PLC from CTG to TNU SA ;
- the disposal of EGP's interest in TNU SA and TNU PLC to GET SA ; and
- the merger of TNU SA into GET SA.

18.2 Purchases of NRS I

During January and February 2009, Groupe Eurotunnel SA repurchased a total of 198,140 NRS I Tier 3 representing 5.2 million shares for a total cost of €18.2 million.

The events described in this note have no effect on the 2008 company accounts.