

# **FERSA ENERGIAS RENOVABLES GROUP**

Consolidated Annual Accounts as at 31 December 2009

Consolidated Balance Sheets  
Consolidated Income Statements  
Consolidated Statements of Comprehensive Income  
Consolidated Statements of Changes in Net Equity  
Consolidated Cash Flows Statements  
Notes to the Consolidated Annual Accounts

**Free translation of the auditor's report on the consolidated annual accounts originally issued in Spanish and prepared in accordance with International Financial Reporting Standards as adopted by the European Union. In the event of a discrepancy, the Spanish language version prevails**

**AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS**

To the Shareholders of Fersa Energías Renovables, S.A.

We have audited the consolidated annual accounts of Fersa Energías Renovables, S.A. (parent Company) and its subsidiaries (the Group), consisting of the consolidated balance sheet as at December 31, 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in net equity, the consolidated cash flow statement and the related notes to the consolidated annual accounts for the year then ended, the preparation of which is the responsibility of the Directors of the parent Company. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work carried out in accordance with auditing standards generally accepted in Spain, which require the examination, on a test basis, of evidence supporting the consolidated annual accounts and an evaluation of their overall presentation, the accounting principles applied and the estimates made.

In accordance with Spanish Corporate Law, the Directors of the parent Company have presented, for comparative purposes only, for each item in the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in net equity, the consolidated cash flow statement and the related notes to the consolidated annual accounts, as well as the amounts for 2009, the corresponding amounts for the previous year, which differ from those in the consolidated annual accounts approved for 2008 as per International Accounting Standard 1 (Revised) – IAS 1 – as described in Note 2.2. to the accompanying consolidated annual accounts. Our opinion refers solely to the consolidated annual accounts for 2009. On February 26, 2009 we issued our audit report on the consolidated annual accounts for 2008, in which we expressed an unqualified opinion.

In our opinion, the accompanying consolidated annual accounts for 2009 present fairly, in all material respects, the consolidated equity and the consolidated financial position of Fersa Energías Renovables, S.A. and its subsidiaries as at December 31, 2009 and the consolidated results of their operations, the changes in consolidated net equity and consolidated cash flows for the year then ended and contain all the information necessary for their interpretation and comprehension in accordance with International Financial Reporting Standards as adopted by the European Union, applied on a basis consistent with those used in the preparation of the figures and disclosures for the preceding year that have been integrated in the consolidated annual accounts for 2009 for comparative purposes.

The accompanying consolidated Directors' Report for 2009 contains the information that the Directors of the parent Company consider relevant to the Group's position, the evolution of its business and other matters and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the aforementioned consolidated Directors' Report coincides with that of the consolidated annual accounts for 2009. Our work as auditors is limited to checking the consolidated Directors' Report within the scope already mentioned in this paragraph and it does not include a review of information other than that obtained from the accounting records of the Fersa Energías Renovables, S.A. and its subsidiaries.

PricewaterhouseCoopers Auditores, S.L.

Original signed in Spanish by  
Iñaki Goiriena Basualdu  
Audit partner

February 26, 2010

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ENERGIAS RENOVABLES GROUP**

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**FERSA ENERGIAS RENOVABLES GROUP - CONSOLIDATED BALANCE SHEETS**  
(in Thousand Euros)

<b>ASSETS</b>	Notes	31.12.09	31.12.08	<b>LIABILITIES AND NET EQUITY</b>	Notes	31.12.09	31.12.08
<b>NON-CURRENT ASSETS</b>		<b>647,305</b>	<b>628,602</b>	<b>NET EQUITY</b>	<b>13</b>	<b>380,530</b>	<b>381,267</b>
Intangible assets:	<b>5</b>	392,650	394,351	<b>EQUITY</b>		<b>388,480</b>	<b>389,079</b>
Goodwill		106,256	106,742	Capital		140,004	140,004
Other intangible assets		286,394	287,609	Share premium account		280,019	284,943
Property, plant and equipment	<b>6</b>	242,525	214,635	Reserves		(21,754)	(26,202)
Investments as per equity accounting	<b>7</b>	2,383	9,968	Less: Shares and holdings in own equity		(10,999)	(11,960)
Non-current financial assets	<b>8</b>	6,270	8,558	Profit for year attributable to the parent company		1,210	2,294
Deferred tax assets	<b>19</b>	3,477	1,090	<b>VALUE ADJUSTMENTS</b>		<b>(26,567)</b>	<b>(27,114)</b>
				Hedging operations		620	2,778
				Translation differences (Note 13)		(27,187)	(29,892)
				<b>NET EQUITY ATTRIBUTED TO THE PARENT COMPANY</b>		<b>361,913</b>	<b>361,965</b>
				<b>MINORITY INTERESTS</b>		<b>18,617</b>	<b>19,302</b>
<b>ASSETS HELD FOR SALE</b>	<b>10</b>	<b>3,208</b>	<b>-</b>	<b>NON-CURRENT LIABILITIES</b>		<b>232,279</b>	<b>238,671</b>
				Non-current provisions	<b>14</b>	1,210	990
				Non-current financial liabilities :	<b>15</b>	104,342	110,781
				Bank loans and bonds and other negotiable securities		99,424	107,631
				Other non-current financial liabilities		4,918	3,150
				Deferred tax liabilities	<b>19</b>	84,211	84,140
				Other non-current liabilities	<b>16</b>	42,516	42,760
<b>CURRENT ASSETS</b>		<b>32,818</b>	<b>41,315</b>	<b>CURRENT LIABILITIES</b>		<b>70,522</b>	<b>49,979</b>
Trade and other receivables:	<b>11</b>	11,123	17,394	Current financial liabilities:	<b>15</b>	58,354	39,094
a) Trade receivables for sales and services rendered		3,266	4,490	Bank loans and bonds and other negotiable securities		57,479	38,352
b) Other receivables		7,857	12,904	Other financial liabilities		875	742
Other current financial assets	<b>8</b>	1,761	418	Trade and other payables	<b>17</b>	8,046	5,748
Other current assets		133	401	Other creditors		7,584	3,705
Cash and other cash equivalents	<b>12</b>	19,801	23,102	Current tax liabilities		462	2,043
				Other current liabilities	<b>16</b>	4,122	5,137
<b>TOTAL ASSETS</b>		<b>683,331</b>	<b>669,917</b>	<b>TOTAL LIABILITIES AND NET EQUITY</b>		<b>683,331</b>	<b>669,917</b>

Notes 1 to 29 are an integral part of the consolidated annual accounts

**FERSA ENERGIAS RENOVABLES GROUP - CONSOLIDATED INCOME STATEMENTS**  
(in Thousand Euros)

	Notes	2009	2008
Net turnover	4	21,415	20,242
Supplies		(185)	(423)
Other operating income		736	39
Staff costs	20	(2,379)	(1,381)
Other operating expenses		(6,633)	(5,897)
Own work capitalised	20	1,154	-
Amortisation and depreciation	5,6	(10,059)	(8,129)
Other profit and loss		-	525
<b>OPERATING PROFIT (LOSS)</b>		<b>4,049</b>	<b>4,976</b>
Financial income		390	2,228
Exchange differences		318	600
Financial expenses		(6,765)	(5,636)
<b>NET FINANCIAL INCOME (EXPENSE)</b>	<b>21</b>	<b>(6,057)</b>	<b>(2,808)</b>
Profit (loss) from companies consolidated by equity accounting	7	242	1,092
Results of sales of companies consolidated by equity accounting	8	1,472	-
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>(294)</b>	<b>3,260</b>
Corporate Income Tax	19	1,388	(574)
<b>CONSOLIDATED PROFIT (LOSS) FOR THE YEAR</b>		<b>1,094</b>	<b>2,686</b>
a) Profit (loss) attributed to the parent company		1,210	2,294
b) Profit (loss) attributed to minority interest		(116)	392

		For the year ended 31 December	
		2009	2008
<b>PROFIT PER SHARE</b> (Euros per share)			
Basic	13	0.0088	0.0177
Diluted	13	0.0088	0.0177

Notes 1 to 29 are an integral part of the consolidated annual accounts

**FERSA ENERGIAS RENOVABLES GROUP - CONSOLIDATED STATEMENTS OF CHANGES IN NET EQUITY**

(in Thousand Euros)

	Share capital	Share premium	Reserves	Treasury shares	Profit and loss	Value adjustments	Minority Interest	Total
<b>Balances as at 31-12-07</b>	<b>75,512</b>	<b>113,888</b>	<b>(2,682)</b>	<b>(794)</b>	<b>1,507</b>	<b>1,877</b>	<b>4,712</b>	<b>194,020</b>
<b>Total recognised income and expenses</b>	-	-	-	-	2,294	(28,991)	392	(26,305)
<b>Transactions with shareholders and minority interest</b>								
Dividends	-	-	-	-	(986)	-	(19)	(1,005)
Capital increase (Note 13)	64,492	210,382	(3,203)	-	-	-	(313)	271,358
Business combinations (Note 23)	-	(25,201)	(34,964)	-	-	-	14,530	(45,635)
Operations with treasury shares	-	-	-	(11,166)	-	-	-	(11,166)
<b>Other changes in net equity</b>								
Distribution of profit	-	(14,918)	15,439	-	(521)	-	-	-
Other reclassifications	-	792	(792)	-	-	-	-	-
<b>Balances as at 31-12-08</b>	<b>140,004</b>	<b>284,943</b>	<b>(26,202)</b>	<b>(11,960)</b>	<b>2,294</b>	<b>(27,114)</b>	<b>19,302</b>	<b>381,267</b>
<b>Comprehensive income for the year</b>	-	-	-	-	1,210	547	(116)	1,641
<b>Transactions with shareholders and minority interest</b>								
Dividends	-	(1,920)	-	-	-	-	(126)	(2,046)
Operations with treasury shares	-	-	(709)	961	-	-	-	252
Capital increase	-	-	-	-	-	-	(65)	(65)
<b>Other changes in net equity</b>								
Distribution of results	-	-	2,294	-	(2,294)	-	-	-
Other movements	-	-	(141)	-	-	-	(378)	(519)
<b>Other reclassifications</b>	-	(3,004)	3,004	-	-	-	-	-
<b>Balance as at 31-12-09</b>	<b>140,004</b>	<b>280,019</b>	<b>(21,754)</b>	<b>(10,999)</b>	<b>1,210</b>	<b>(26,567)</b>	<b>18,617</b>	<b>380,530</b>

Notes 1 to 29 are an integral part of the consolidated annual accounts

<b>FERSA ENERGIAS RENOVABLES GROUP - CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</b>		
(in Thousand Euros)		
31 December		
	2009	2008
<b>CONSOLIDATED PROFIT (LOSS) FOR THE YEAR</b>	<b>1,094</b>	<b>2,686</b>
<b>INCOME AND EXPENSES CHARGED DIRECTLY TO NET EQUITY</b>	<b>-445</b>	<b>(26,904)</b>
Cash flow hedges	(4,256)	1,920
Valuation of financial instruments	393	-
Translation differences	2,705	(29,892)
Tax effect	713	1,068
<b>RELEASES TO THE INCOME STATEMENT</b>	<b>992</b>	<b>(2,087)</b>
Cash flow hedges	1,426	(1,346)
Translation differences	-	-
Tax effect	(434)	(741)
<b>TOTAL RECOGNISED INCOME/(EXPENSES)</b>	<b>1,641</b>	<b>(26,305)</b>
Attributed to the parent company	1,757	(26,697)
Attributed to minority interest	(116)	392

Notes 1 to 29 are an integral part of the consolidated annual accounts

**FERSA ENERGIAS RENOVABLES GROUP - CONSOLIDATED CASH FLOWS STATEMENTS**  
(in Thousand Euros)

	Notes	2009	2008
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>22</b>	<b>12,096</b>	<b>4,179</b>
Profit (loss) before tax		(294)	3,260
<b>Adjustments to results</b>		<b>14,439</b>	<b>9,845</b>
Amortisation and depreciation		10,059	8,129
Interest income		(390)	(2,828)
Borrowing costs		6,765	5,636
Exchange differences		(318)	-
Profit (loss) from companies consolidated by equity accounting		(1,714)	(1,092)
Other adjustments to results		37	-
<b>Changes in working capital</b>		<b>6,584</b>	<b>(5,249)</b>
<b>Other cash flows from operating activities</b>		<b>(8,633)</b>	<b>(3,677)</b>
Interest paid		(6,960)	(5,472)
Collection of interests		-	1,560
Collections (payments) of corporate income tax		(2,043)	(169)
Collection of dividends		370	404
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		<b>(23,829)</b>	<b>(66,494)</b>
<b>Payment of investments</b>		<b>(24,122)</b>	<b>(125,389)</b>
Group and associated companies and business units		-	(28,484)
Tangible, intangible assets and real estate investments		(24,305)	(93,553)
Other financial assets		-	(1,824)
Other assets		183	(1,528)
<b>Collection on divestment</b>		<b>293</b>	<b>58,895</b>
Tangible, intangible assets and real estate investments		293	-
Other financial assets		-	55,097
Other assets		-	3,798
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>8,432</b>	<b>10,761</b>
<b>Payments for equity instruments</b>		<b>252</b>	<b>(11,166)</b>
Acquisition of treasury shares		(144)	(11,166)
Disposal of treasury shares		396	-
<b>Collections/ (payments) for financial liabilities</b>		<b>10,226</b>	<b>22,932</b>
Issues		25,033	42,838
Returns and amortisation		(14,807)	(19,906)
<b>Payments for dividends and the remuneration of other equity instruments</b>		<b>(2,046)</b>	<b>(1,005)</b>
<b>Capital increase</b>		<b>-</b>	<b>-</b>
<b>Other cash flows from financing activities</b>		<b>-</b>	<b>-</b>
<b>EFFECT OF CHANGES IN EXCHANGE RATES</b>			<b>(17)</b>
<b>INCREASE / (REDUCTION) IN NET CASH AND EQUIVALENTS</b>		<b>(3,301)</b>	<b>(51,571)</b>
<b>NET CASH AND EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>23,102</b>	<b>74,673</b>
<b>NET CASH AND EQUIVALENTS AT THE CLOSE OF THE PERIOD</b>		<b>19,801</b>	<b>23,102</b>
<b>BREAKDOWN OF NET CASH AND EQUIVALENTS AT THE CLOSE OF THE PERIOD</b>			
Cash and banks		13,834	15,787
Other financial assets		5,967	7,315
<b>TOTAL NET CASH AND EQUIVALENTS AT THE CLOSE OF THE PERIOD</b>		<b>19,801</b>	<b>23,102</b>

Notes 1 to 29 are an integral part of the consolidated annual accounts



## **NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS OF FERSA ENERGÍAS RENOVABLES GROUP 2009**

### **NOTE 1 – GENERAL INFORMATION**

Fersa Energías Renovables, S.A., (hereinafter, the parent Company), was incorporated in Barcelona on 10 July 2000 for an indefinite period of time.

Its registered address is calle Travessera de Gracia, nº 30, Barcelona.

It is mainly engaged in all types of activities related to the development of electricity generation from renewable sources, for which purpose it can set-up, acquire and hold shares, bonds, participations and rights in Companies whose corporate objects are the development, construction and exploitation of facilities for the generation of electricity from renewable energy sources.

Additionally, it may acquire, hold, administer and dispose of all types of titles, securities, financial assets, rights, holdings or participations in individual or social companies, on its own behalf, excluding intermediaries and under applicable stock exchange and collective investment institution legislation applicable.

Fersa Energías Renovables, S.A. is a holding company that is the parent company of a group of subsidiary companies, joint ventures and associates that are engaged in the generation of electricity from renewable sources (wind, solar and biogas, etc.), which constitute the FERSA ENERGIAS RENOVABLES GROUP (hereinafter, the Fersa Group or the Group).

The shares of Fersa Energías Renovables, S.A, are listed on the Spanish Stock Exchange. The annual accounts of Fersa Energías Renovables S.A. and the consolidated annual accounts of the Fersa Group as at 31 December 2008 were approved by the General Meeting of Shareholders on 30 June 2009.

The consolidated annual accounts of the Group for the year 2009 were formulated by the Directors of the parent Company on 24 February 2010 and will be submitted for adoption to the General Meeting of Shareholders, and are expected to be approved without modification.

The figures presented in these consolidated annual accounts are stated in Thousand Euros, except the figures referring to profit per share, which are expressed in Euros per share, unless expressly indicated otherwise.

## **NOTE 2 - BASIS OF PRESENTATION AND ACCOUNTING POLICIES**

### **2.1 Application of International Financial Reporting Standards adopted by the European Union (IFRS-EU)**

The consolidated annual accounts of the Fersa Group for 2009 have been prepared in accordance with the provisions of International Financial Reporting Standards adopted by the European Union (IFRS-EU), as per the Regulations (CE) nº 1606/2002 of the European Parliament and the Council.

### **2.2 Fair view and accounting policies**

The consolidated annual accounts present fairly the consolidated equity and consolidated financial position of the Fersa Group at 31 December 2009, and the consolidated results of its operations, the changes in the statement of comprehensive income, changes in consolidated net equity and consolidated cash flows that have taken place in the Fersa Group in the year then ended. The consolidated annual accounts have been prepared under the historical cost method, modified albeit by the revaluation of the financial instruments which under the standards for financial instruments are recorded at fair value, taking into account the criteria for recording business combinations.

The consolidated annual accounts for 2009 of the Fersa Group have been prepared on the basis of the accounting records of Fersa Energías Renovables, S.A. and the other companies in the Group. Each company prepares its annual accounts under the accounting principles and standards in force in the country in which it carries out its operations, and, accordingly, the adjustments and reclassifications necessary have been introduced during the consolidation process in order to harmonise these principles and criteria and bring them into line with IFRS-EU. Furthermore, the accounting policies have been modified for the consolidated companies, when necessary, in order to ensure their consistency with the accounting policies adopted by the Fersa Group.

The information set out in these annual accounts is the responsibility of the Directors of the Group.

The policies indicated below have been applied consistently to the years that have been presented.

The Fersa Group presents negative working capital (current assets less current liabilities) totalling Euros 37,704 thousand at 31 December 2009. This negative working capital is mostly due to the classification of the loan for financing the wind farm of Catalana d'Energies Renovables, S.L. totalling Euros 26,040 thousand as a current liability. In July 2009 the final financing agreement was formalized under the following terms:

- Tranche A: Bridge loan totalling Euros 28 million maturing in January 2010.
- Tranche B: Senior loan up to a maximum of Euros 82 million, which, firstly, must be allocated to cancelling the bridge loan in Tranche A mentioned above. This loan Tranche can be drawn down upon the maturity of Tranche A and it matures in January 2028.

As indicated in the note on subsequent events (Note 29), on 12 January 2010 Tranche B was formalized and Tranche A was cancelled. Accordingly, at the date of formulation of these consolidated annual accounts, the loan for the financing of the wind farm of Catalana d'Energies Renovables, S.L. was classified as a non-current liability. By classifying this payable as non-current, the negative working capital would total Euros 11,664 thousand.

The Directors have prepared these consolidated annual accounts under the going concern principle, given the factors that mitigate this situation, such as:

- In January 2010 12% of the shareholding in Parque Eólico Altos del Voltoya, S.A. and 16 % of the shareholding in Catalana d'Energies Renovables, S.L. were sold for Euros 3,208 thousand and Euros 6,045 thousand, respectively, although a portion of these cash flows have been used to extend a subordinate loan to Catalana d'Energies Renovables, S.L., totalling Euros 8,375 thousand, as per the requirements established in the loan agreement for their financing mentioned above.
- Fersa Energías Renovables, S.A. has undrawn credit facilities totalling Euros 6,589 thousand (Note 13). Although these loans mature in 2010, the management of the Fersa Group is negotiating their renewal and the obtaining new long-term credit lines, and they estimate that this financing will be agreed during the first few months of 2010.
- The projects currently in operation and those that will come on line in 2010 will generate the cash flows necessary to mitigate the negative working capital reminder.

### **Comparability**

As required under IFRS-EU, the consolidated annual accounts for 2009 include, for comparative purposes, the figures for the prior year. Due to the adoption this year of IAS 1 (Revised) "Presentation of Financial Statements", the denomination and format of the consolidated annual accounts have been, accordingly, modified in relation to the contents of the 2008 consolidated annual accounts. The new version of IAS 1, on the Presentation of financial statements, was designed to improve the comprehension of the readers of the financial statements and compare the information provided therein. These improvements will allow the readers of the consolidated annual accounts to analyse the changes in equity as a result of the transactions with owners acting as such (dividends and share buybacks) separately from the changes due to transactions with non-owners (such as transactions with third parties or income and expense charged directly to net equity). The revised standard provides the option of presenting the gains and losses and components of comprehensive income in a single statement of comprehensive income with sub-totals, or the option of presenting it in two separate statements (a separate income statement and a statement of comprehensive income), the option elected by the Group.

## **2.3 Consolidation principles and standards**

### **a) Consolidation methods**

The consolidated companies are listed in the Appendix to these consolidated annual accounts. In its consolidation the Group has applied the full consolidation method to the subsidiary companies, the proportional consolidation method to joint ventures and the equity accounting method to its associates.

#### Subsidiaries

The subsidiary companies have been fully consolidated, and all their assets, liabilities, income, expenses and cash flows have been integrated in the consolidated annual accounts after making the respective adjustments and derecognitions for intra-group operations. Subsidiary companies are those in which the parent Company controls the majority of the voting rights, or failing that, having the power to direct their financial policies. The Appendix sets out the companies consolidated by this method.

The consolidation process eliminates the transactions, balances and unrealised gains between Group companies. The unrealised losses are eliminated, unless the transactions provide proof of an impairment loss of the asset transferred.

The acquisition method is used to book the acquisition of subsidiaries. The cost of acquisition is the fair value of the assets handed over, the equity instruments issued and the liabilities incurred or assumed on the swap date, the fair value of any additional consideration depending on future events (provided that it is probable and can be reliably valued) plus the directly attributable acquisition costs.

The results of subsidiary companies acquired or sold during the year are taken to consolidated profit or loss as from the effective date of the operation.

The participation of third parties in net equity and the net income of the group companies are presented under "Minority interest" on the consolidated balance sheet and under "Net income attributable to minority interests" in the consolidated income statement. In the case of acquisition of minority interests, the surplus price paid in relation to the net book value is recognised directly in net equity.

#### Proportional consolidation method

This method is applied to "joint ventures", understood as contractual agreements between two or more entities that carry out operations or hold assets so that any strategic decision of a financial nature that affects them requires the unanimous consent of all the venturers. The Appendix also sets out the companies consolidated by this method.

Through this consolidation method, the aggregation of the balances and the subsequent eliminations take place solely in the proportion of the group's interest to the capital of the joint venture.

**FERSA ENERGIAS RENOVABLES GROUP**  
Notes to the Consolidated Annual Accounts for the year 2009  
(In Thousand Euros)

The assets and liabilities that are jointly controlled with other venturers are stated on the consolidated balance sheet classified in accordance with their specific nature. Likewise, the income and expenses generated by joint ventures are stated in the consolidated income statement in accordance with their nature.

Equity accounting method

The equity accounting method has been used to consolidate the associates. These are companies in which the Company has a direct or indirect stake of between 20% and 50% of share capital, or where, if these percentages are not held, the Company has a significant influence on their management. The Appendix also sets out the companies consolidated by equity accounting.

Investments in associates are recorded using equity accounting. The share in the gains or losses after the acquisition of an associate is recognised in the income statement and the share in the equity movements after acquisition is recognised in reserves.

**b) Consolidation scope**

The Appendix includes the companies in which Fersa Energías Renovables, S.A. has a direct or indirect shareholding, and which have been included in the consolidation scope at 31 December 2009.

**Year 2009:**

The main variations in the consolidation scope in 2009 have been as follows:

a) Changes in the shareholding or changes in the consolidation method:

Company	31.12.09			31.12.08	
	% shareholding	Consolidation method	Effective date of transaction	% shareholding	Consolidation method
OÜ EstWindPower	93.12%	F.C.	04-sep-09	75.00%	F.C.
Sinergia Andaluza, S.L.	75.00%	F.C.	29-dec-09	60.00%	F.C.
Parque Eólico Valcaire, S.L.	33.75%	E.A.	29-dec-09	27.00%	E.A.
Parque Eólico Altos de Voltoya, S.A. (*)	12.00%	N/A	29-dec-09	30.00%	E.A.

"F.C.- Full Consolidation; P.C.- Proportional Consolidation; E.A.- Equity Accounting".

(\*) Non-current asset held for sale.

**FERSA ENERGIAS RENOVABLES GROUP**  
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b) Additions to the consolidation scope:

Company	31.12.09			
	Transaction	Effective date of transaction	% shareholding	Consolidation method
Fersa Italia S.R.L	Constitution	05-aug-09	100.00%	F.C.
Managment Kiselice Sp	Constitution	06-aug-09	100.00%	F.C.

"F.C.- Full Consolidation".

On the other hand, on 2 November 2009, there was a takeover merger involving Fersa Energías Renovables, S.A. and Energia Renovable Mestral, S.L. (Mestral), fully owned by Fersa Energías Renovables, S.A., through the takeover of the latter by the former, with the transfer on bloc of its equity to Fersa Energías Renovables, S.A., which acquired universal title to all the assets and liabilities of the merged company, Mestral, as per the Merger Project prepared and signed on 3 April 2009 by the Directors of Fersa Energías Renovables, S.A. and Energia Renovable Mestral, S.L.

**Year 2008:**

The main variations in the consolidation scope in 2008 have been as follows:

a) Changes in the shareholding and changes in the consolidation method:

Company	31.12.08			31.12.07	
	% shareholding	Consolidation method	Effective date of transaction	% shareholding	Consolidation method
Empordavent, S.L (*)	100.00%	F.C.	20.02.08	76.00%	F.C.
Aprofitament d'Energies Renovables Ebre, S.L. (AERE)	21.33%	E.A.	12.06.08	14.99%	N/A
Aprofitament d'Energies renovables Terra Alta, S.L. (AERTA)	29.67%	E.A.	12.06.08	20.64%	E.A.
Energia Renovable Mestral, S.L (*)	100.00%	F.C.	20.02.08	80.00%	F.C.
Eólica Del Pino, S.L (*)	80.00%	F.C.	20.02.08	40.00%	F.C.
Catalana d'Energies Renovables, S.L.(*)	100.00%	F.C.	20.02.08	42.32%	E.A.
Fercom Eólica, S.L. (*)	100.00%	F.C.	20.02.08	70.00%	F.C.
La Tossa del Vent, S.L.	100.00%	F.C.	20.02.08	70.00%	F.C.
Texte, S.L.	100.00%	F.C.	20.02.08	70.00%	F.C.
Eolener, S.L.	100.00%	F.C.	20.02.08	70.00%	F.C.
Orta Eólica, S.L.	100.00%	F.C.	20.02.08	70.00%	F.C.
Electravent, S.L.	100.00%	F.C.	20.02.08	70.00%	F.C.
Parque Eólico Hinojal , S.L (*)	100.00%	F.C.	20.02.08	45.00%	E.A.
AIE Los Siglos	30.30%	P.C.	20.02.08	13.64%	N/A
Fergest Biomasa, S.L.	100.00%	F.C.	09.06.08	50.00%	F.C.
Berta Energies Renovables, S.L.	29.09%	P.C.	01.01.08	12.87%	N/A

(\*) Shareholdings acquired in the capital increase of 20/02/08 (Note 23)

F.C.- Full Consolidation; P.C.- Proportional Consolidation; E.A.-Equity Accounting

**FERSA ENERGIAS RENOVABLES GROUP**  
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b) Additions to the consolidation scope:

31.12.08				
Company	Transaction	Effective date of transaction	% shareholding	Consolidation method
Parc Eòlic Coll de Som, S.L.(*)	Acquisition	20.02.08	100.00%	F.C.
Parc Eòlic l'Arram, S.L.(*)	Acquisition	20.02.08	100.00%	F.C.
Explotación Eólica La Pedrera, S.L.(*)	Acquisition	20.02.08	100.00%	F.C.
Sinergia Andaluza, S.L.(*)	Acquisition	20.02.08	60.00%	F.C.
Parque Eólico Valcaire, S.L.	Acquisition	20.02.08	27.00%	E.A.
E.R Guadiana Menor, S.L.(*)	Acquisition	20.02.08	50.00%	P.C.
Generación Eólica India Limited (*)	Acquisition	20.02.08	100.00%	F.C.
EN Renewable Energy Private Limited (*)	Acquisition	20.02.08	100.00%	F.C.
EN Wind Power Private Limited (*)	Acquisition	20.02.08	100.00%	F.C.
EN Green Energy Private Limited(*)	Acquisition	20.02.08	100.00%	F.C.
Eólica Kisielice SP (*)	Acquisition	20.02.08	100.00%	F.C.
Eólica Warblewo Sp (*)	Acquisition	20.02.08	100.00%	F.C.
Eólica Cieplowody Sp (*)	Acquisition	20.02.08	100.00%	F.C.
Eoliennes De Beausemblant (*)	Acquisition	20.02.08	80.00%	F.C.
Castellwind, S.L.	Acquisition	31.01.08	67.00%	F.C.
Fersa Cherkessk Llc	Acquisition	11.06.08	100.00%	F.C.
Entreyeltes 1, S.L.	Acquisition	10.07.08	51.00%	F.C.
Fersa Montenegro Llc	Acquisition	23.07.08	100.00%	F.C.
Shandong Lusa New Energy Co Ltd	Constitution	15.08.08	48.00%	P.C.
Fersa Business Consulting (Shangai) Co Ltd	Constitution	14.08.08	100.00%	F.C.

(\*) Shareholdings acquired in the capital increase of 20/02/08 (Note 23)  
F.C.- Full Consolidation; P.C.- Proportional Consolidation; E.A.-Equity Accounting

On the other hand, on 4 August 2008, there was a takeover merger involving Fersa Energías Renovables, S.A. and Fomento de Inversiones de Capital, S.L. (Foinca), fully owned by Fersa Energías Renovables, S.A., through the takeover of the latter by the former, with the transfer on bloc of its equity to Fersa Energías Renovables, S.A., which acquired universal title to all the assets and liabilities of the merged company, Foinca, as per the Merger Project prepared and signed on 14 May 2008 by the Directors of Fersa Energías Renovables, S.A. and Foinca, which was inscribed in the Mercantile Registry of Barcelona on 19 September 2008.

**c) Homogenisation of the accounts of the companies in the consolidation scope.**

The criteria applied in the homogenisation have been as follows:

- Temporary homogenisation: the accounts of the companies in the consolidation scope are referred to at 31 December 2009 and 2008.
- Homogenisation of measurement: the measurement criteria applied by the subsidiary companies to the assets, liabilities, income and expenses coincide basically with the criteria applied by the parent Company.
- Homogenisation for internal transactions.

- Homogenisation for aggregation: for consolidation purposes, the necessary reclassifications have been made to adapt the structures of the subsidiary companies accounts to that of the parent Company and to IFRS-EU.

## 2.4 Transactions in foreign currency

The items included in the consolidated annual accounts of each entity in the Fersa Group are stated using the currency of the main economic environment in which the entity operates (functional currency). The consolidated annual accounts are presented in thousand Euros, which is the presentation currency of the Fersa Group.

The transactions in foreign currency are translated into the functional currency using the exchange rates in force on the transaction dates. The gains and losses in foreign currency from the settlement of these transactions and the translation to year end exchange rates of the monetary assets and liabilities denominated in foreign currency are recognised in the consolidated income statement.

The net income and financial position of all the companies in the Fersa Group (none of which are trading in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- The assets and liabilities of each balance sheet presented are translated at the exchange rate at the balance sheet date.
- The income and expenses of each income statement are translated at monthly average exchange rates, unless this measure does not reasonably reflect the accumulative impact of the exchange rates on the transaction dates, in which case the income and expenses are translated at the date of the transactions.
- All the exchange differences are recognised as separate components in net equity (translation differences).

The adjustments to goodwill and fair value arising from the acquisition of a foreign entity are treated as the assets and liabilities of the foreign entity and translated at the year end exchange rate.

The exchange rates against the Euro of the main currencies of the companies in the Fersa Group at 31 December 2009 and 2008 have been:

	31 December 2009		31 December 2008	
	Closing rate	Accumulated average rate	Closing rate	Accumulated average rate
American Dollar	1.4406	1.3960	1.3917	1.4708
Polish Zloty	4.1045	4.3320	4.1535	3.5121
Estonian Crown (*)	15.6466	15.6466	15.6466	15.6466
Indian Rupee	67.0400	67.3942	67.4370	63.6942
Chinese Yuan Renminbi	9.8350	9.5371	9.4956	10.2236

(\*) Fixed exchange rate with the Euro.



## **2.5 Segment reporting**

Operating segments are reported in a manner consistent with the internal information reported to Group Management. The operating segments are the components of the Group that involve business activities from which revenue is obtained and expenses are incurred, including ordinary income and expenses from transactions with other components of the same Group. With regards to these segments, the financial information is separated and operating results are reviewed regularly by Management in order to decide what resources must be assigned to the segment and to evaluate its performance.

The Group differentiates between “business segments” and “geographic segments” (Note 4).

## **2.6 Intangible assets**

### **a) Goodwill**

Goodwill represents the surplus, on the acquisition date, of the costs of the business combination over the fair value of the net identifiable assets of the subsidiary, joint venture or associate acquired in the operation. The goodwill related to the acquisitions of subsidiaries or joint ventures are included under intangible assets and that related to acquisitions of associated is included under investments consolidated by equity accounting.

Prior to the coming into force of International Financial Reporting Standards, and as per IFRS 1, goodwill arising from the acquisitions before 1 January 2004 was recorded in the amount recognised as such in the consolidated annual accounts at 31 December 2003 prepared under Spanish accounting principles.

The goodwill is not amortised and is tested for impairment annually, and valued at cost less accumulated impairment losses.

### **b) Computer software**

Licenses for computer software acquired from third parties are capitalised on the basis of the costs incurred to acquire and prepare them for a specific program use. These costs are amortised over their estimated useful lives (4 years).

Expenses relating to software maintenance are recognised as an expense when incurred. Costs directly related to the production of single identifiable computer programs controlled by the Company, and which will probably generate profits exceeding costs for more than one year, are recognised as intangible assets. The direct costs include staff costs of the personnel who develop the computer programs and an appropriate percentage of general overheads.

c) Other intangible assets

Intangible assets are recorded at their cost of acquisition or fair value when acquired through business combinations, less accumulated amortisation, which begins when the asset is made available for use, and less any impairment in value occurs.

These assets arise mainly from measuring at fair value, in business combinations, certain milestones in the development and implementation of a wind farm, such as the finding of ideal sites for the farm, wind measurements, obtaining licenses and authorisation from official bodies for the construction of a wind farm, etc. They include own work capitalised (basically staff costs) under intangible assets when the requirements of IAS 38 are met. These intangible assets are amortised over the useful life of the wind farm, and amortisation begins when they are brought into use.

The net book value of the intangible assets is tested for possible impairment before their amortisation begins and if changes or events indicate that their net book value cannot be recovered.

There are no intangible assets with an indefinite useful life other than goodwill.

## **2.7 Property, plant and equipment**

Property, plant and equipment are recognised at their acquisition price or cost of production minus their accumulated depreciation and accumulated recognised impairment losses. This account also includes own work capitalised (basically staff costs) for property, plant and equipment when the requirements of IAS 16 are met. The provisions for dismantling, under contract, which are recorded upon start up at their current value as property, plant and equipment (with a counter-entry under provisions), form part of the cost and are depreciated over the useful life of the wind farm.

The net financial expenses, and other expenses directly attributable to property, plant and equipment, are included in the acquisition cost until they are brought into use.

The costs of extension, modernisation or improvement of property, plant and equipment are capitalised only when they represent an increase in their capacity, productivity or a lengthening of their useful life, and as long as it is possible to know or estimate the carrying value of the assets that are written off inventories when replaced.

The costs of major repairs are capitalised and depreciated over their estimated useful lives while recurrent maintenance expenses are taken to income statement during the year in which they are incurred.

The depreciation of property, plant and equipment, except for land, which is not depreciated, is calculated on a straight-line basis according to their estimated useful lives, taking into account ordinary wear and tear. The estimated useful lives are as follows:

	<u>Years of estimated useful life</u>
Furniture and other plant	5 - 10
Computer hardware	4
Machinery and plant	20

The residual value and useful life of assets are reviewed, and adjusted, as the case may be, at each balance sheet date.

When the book value of an asset is greater than its estimated recoverable value, it is immediately written down to the recoverable value.

The profit and loss on the sale of property, plant and equipment is calculated by comparing the income obtained from the sale against book value and then taken to the income statement.

## **2.8 Impairment of non-financial assets**

Assets are reviewed for impairment provided that an event or change in circumstances indicate that the amount booked may not be recoverable. Additionally, goodwill is tested annually. Accordingly, the assets and goodwills are allocated to the Cash Generating Units (CGUs); for example, in the Wind segment, each wind farm corresponds to a CGU.

An impairment loss is expensed in the amount of the difference between the net book value of the asset and the recoverable amount. The recoverable amount is the greater of the fair value of an asset less the costs of sale or its value in use. In order to evaluate the impairment, the assets are grouped at the lowest level for which there are separately identifiable cash flows. When evaluating value in use, the estimated future cash flows are calculated at present value. For this purpose, the assets and goodwills are allocated to the Cash Generating Units. Each CGU represents the investment of the Group for each business segment in each country in which it operates.

## **2.9 Financial assets and liabilities**

### Financial assets:

#### a) Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable collections that are not listed on a stock exchange. They are included in current assets, except when they mature in more than 12 months as from the balance sheet date on which they were classified as non-current assets.

These financial assets are initially stated at their fair value, including the directly attributable transaction costs, and later stated at their amortised cost, recognising the interest accrued based on their effective interest rate, understood as the revaluation rate equalises the book value of the instrument to all its estimated cash flows until maturity.

Provisions required for impairment are recorded at least at the year end if there is objective proof that the outstanding amounts will not be received.

The amount of the value impairment is the difference between the asset's book amount and the present value of estimated future cash flows, discounted at the effective interest rate when initially recognised. The amount of the provision, and the reversal of the provision, are recognised in the income statement.

b) Available-for-sale financial assets:

This account includes debt securities and equity instruments that are not classified in any of the above categories. They include non-current assets unless management plans to sell the investment within the 12 months following the balance sheet date.

Non-derivative financial assets that are carried under this account are recognised initially at their fair value.

The unrealised gains and losses from changes in fair value are recognised in net equity. When sold or impaired, the accumulated adjustments in value adjustment reserve are taken to the income statement.

Provisions are recorded if there is objective proof that their value has been impaired as a result of a reduction or delay in the estimated future cash flows of debt instruments acquired or lack of recoverability of the book value of the asset for investments in equity instruments. The provision is the difference between costs or amortised cost less, as the case may be, any provision previously recognised in the income statement and the fair value at the time the valuation is made.

If there is objective proof of impairment, the Company recognises in the income statement the accumulated losses recognised previously in net equity due to the decrease in fair value.

If the market for a financial assets is not active, the Group establishes fair value using valuation techniques that include the use of recent transactions between interested, duly informed parties, involving substantially similar instruments, discounting methods for estimated future cash flows and models for establishing option prices making maximum use of observable market data and relying as least as possible on subjective considerations of the Group.

Financial assets are written off when all the risks and rewards attaching to ownership of the asset are substantially transferred. Specifically, for accounts receivable, this situation is generally understood to arise if the insolvency and default risks have been transferred.

c) Investments held to maturity:

Financial assets held to maturity are debt instruments with fixed or determinable collections and fixed maturities that are traded on an official market and which Group Management effectively intends, and has the capacity to, hold until they mature. If the Group sells a significant amount of financial assets held to maturity, the whole category would be reclassified as available for sale. These financial assets are included in non-current assets, except for those maturing in less than 12 months as from the balance sheet date, which are classified as current assets.

The valuation criteria for these assets are the same as those used for loans and receivables.

d) Cash and other cash equivalents:

Cash and other cash equivalents include cash, short-term highly liquid time deposits and other short-term investments with an initial maturity within no more than three months as from the acquisition date.

The financial assets are written-off from the balance sheet when the risks and rewards of ownership of the asset have been substantially transferred. In the specific case of accounts receivable, this occurs in general when the insolvency and default risks have been transferred.

The valuations at fair value made are classified using a prioritisation of fair value reflecting the variables used to make these measurements. This prioritisation has three levels:

- Level 1: Valuations based on the share price of identical instruments in an official market.
- Level 2: Valuations based on variables that can be observed for assets or liabilities.
- Level 3: Valuations based on variables that are not based on observable market information.

The financial assets that qualify as hedges are subject to the measurement requirements of hedge accounting (Note 2.10).

Financial liabilities:

a) Borrowings:

Borrowings are recognised initially at their fair value, net of the costs of the transaction. Any difference between the amount received and the repayment value is recognised in the income statement during the period of repayment of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless they mature in twelve months as from the balance sheet date, or include tacit renewal clauses to be exercised by the Fersa Group.

b) Trade and other payables:

Trade and other payables are short-term financial liabilities stated at fair value and do not accrue explicit interest and are recorded at their nominal value.

## **2.10 Derivatives and other financial instruments**

The financial derivatives are recognised at fair value on the contract date, and are successively recalculated at fair value. The method for recognising the gain or loss depends on whether the derivative is classified as a hedging instrument, and if so, the nature of the asset hedged.

The Fersa Group documents the relationship between the hedging instruments and the assets or liabilities hedged at the beginning of the transaction, as well as the purpose of the risk management and hedging strategy.

A hedge is considered to be highly effective when the changes in the fair value or the cash flows of the assets hedged are offset by the change in the fair value or cash flows of the hedging instrument, with an effectiveness ranging from 80% to 125%.

The Fersa Group only contracts hedging derivatives on cash flows. For these derivatives, the effective part of changes in the fair value of the derivatives designated and qualified as cash flow hedges is recognised in net equity. The gain or loss relating to the ineffective part is immediately recognised in the income statement.

The amounts accumulated in net equity are released to the income statement in the year in which the hedged asset affects the gain or the loss.

## **2.11 Non-current assets held for sale**

The Fersa Group classifies all the related assets and liabilities for which active measures have been taken for their sale and if the sale is expected to take place within the next twelve months, as assets held for sale.

These assets are stated at the lower of their book value and their fair value less the costs of sale and are not subject to depreciation, as from the time in which they are classified as non-current assets held for sale.

The non-current assets held for sale are stated on the consolidated balance sheet as follows: the assets in a single account called "Non-current assets held for sale" and the liabilities also in a single account called "Liabilities linked to non-current assets held for sale".

## **2.12 Treasury shares**

In the event of the acquisition of treasury shares of the Parent Company, the consideration paid, including any directly attributable incremental cost, is subtracted from net equity until cancellation, issue of new shares or sale. When these shares are sold or reissued afterwards, any amount received, net of any directly attributable incremental costs of the transaction, is included in net equity.

## **2.13 Share capital**

Share capital is represented by ordinary shares.

The cost of the issue of new shares or options, net of tax, is subtracted from equity.

The dividends from ordinary shares are recognised as less equity when approved.

## **2.14 Provisions and contingent liabilities**

Provisions are recognised when the Fersa Group has a present legal or implicit obligation as a result of past events, which will likely lead to an outflow of funds in order to meet the obligation, and when the amount can be reliably estimated. No provisions are recognised for future operating losses.

Provisions are recorded when the unavoidable costs of meeting the liabilities in a onerous contract for valuable consideration exceed the profits expected to be obtained from them.

The provisions are stated at current value of the amount necessary to settle the liability at the balance sheet date, according to the best estimated available.

When it is expected that part of the disbursement necessary to settle the provision is refundable by a third party, the reimbursement is recognised as a separate asset, provided that its receipt is practically assured.

## **2.15 Corporate income tax**

The corporate income tax accrued includes the expense for the deferred tax and the current tax understood as the amount payable (or refundable) relating to the tax profit for the year.

The deferred tax is recorded by comparing the temporary differences that arise between the taxable income from the assets and liabilities and the accounting profit on the consolidated annual accounts using the tax rates that are expected to be in force when the assets and liabilities are realised. No tax is recorded for the profit of the subsidiaries not distributed when the Fersa Group can control the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The deferred tax arising from charges or credits made directly in the equity accounts are also recorded as charges or credits to equity.

The deferred tax assets are recognised to the extent that it is probable that there will be future tax profits with which to offset the temporary differences.

## **2.16 Recognition of income and expenses**

Income is recorded at the fair value of the consideration to be received and represents the amounts receivable for goods delivered and services rendered during the Fersa Group's normal course of business, minus returns, price reductions, discounts and value added tax.

The sales of goods are recognised when the products have been delivered to the customer, when the customer has accepted them, even if they have not been invoiced, or as the case may be, the services have been provided and the collection of the respective accounts receivable is reasonably assured. The sales for the year include the estimate of the energy supply that has not yet been invoiced.

Note 3 describes the basic features of the regulations in the electricity sector that are applicable.

The interest income is recognised using the effective interest rate method.

The dividend income is recognised as income on the income statement when the right to receive it has been established.

## **2.17 Leases**

Leases in which the Company substantially holds all the risks and reward of ownership are classified as finance leases. They are recognised at the beginning of the lease at the lower of the fair value of the asset and the present value of the lease payments include, as the case may be, the purchase option. Each lease payment is broken down between the reduction of the debt and the financial charge, so that a constant interest rate is obtained on the outstanding debt. The payment obligation arising from the lease, net of the financial charge, is recognised under liabilities in the consolidated balance sheet. The part of the interest on the financial charge is taken to consolidated income statement during the period of the lease in order to obtain a constant periodical interest rate on the outstanding debt to be paid in each period. The property, plant and equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases in which the lessor retains a major part of the risks and benefits arising from ownership are classified as operating leases. Operating lease payments are charged to the income statement for the year in which they accrue on a straight-line basis over the term of the lease.

## **2.18 Cash flow statement**

The consolidated cash flows statements have been prepared using the indirect method, and, using the following expressions with the meeting set out below:



- a) Operating activities: activities that make up the ordinary group revenues, and other activities that cannot qualify as investment or financing.
- b) Investment activities: investment, sale or disposal by other means of long-term assets and other investments not included under cash and cash equivalents.
- c) Financing activities: activities that cause changes to the volume and composition of net equity and the liabilities that do not form part of the operating activities.

When it is possible to identify a tax flows in individual operations, such as, for example, Value Added Tax, which give rise to receipts and payments classified as investment and financing activities, these will be classified the same as the transaction to which it refers.

## **2.19 Profit per share**

Basic profit per share is calculated using consolidated profit or loss for the year attributable to the parent Company between the average number of ordinary shares in circulation during this period, excluding the average number of treasury shares held by the Group.

Diluted profit per share is calculated using the consolidated profit or loss for the year attributable to the ordinary shareholders adjusted by the effect attributable to the potential ordinary shares having a dilutive effect and the average number of ordinary shares in circulation during this period, adjusted by the average weighted number of ordinary shares that would be issued if all the potential ordinary shares were converted into ordinary shares of the Company.

## **2.20 New accounting standards IFRS-EU and interpretations IFRIC**

The following new accounting standards (IFRS-EU) and interpretations (IFRIC) have been approved and published and enacted at 1 January 2009 and applied by the Group:

- IAS 1 (amendment) “Presentation of Financial Statements”.
- IAS 23 (amendment) “Borrowing Costs”.
- IFRS 2 (amendment) “Share-based Payments”.
- IFRS 1 (amendment) “First Time Adoption of IFRS” and IAS 27 (amendment) “Consolidated and Separate Financial Statements”.
- IAS 32 (amendment) “Financial Instruments: Presentation” and IAS 1 (amendment) “Presentation of Financial Statements”.
- IFRIC 13 “Customer loyalty programmes”.
- IFRIC 9 (amendment) “Re-assessment of Embedded Derivatives” and IAS 39 (amendment) “Financial Instruments: Recognition and Measurement”.
- IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”.
- Improvements to the International Financial Reporting Standards.

The application of these standards, modifications and interpretations has not had a significant impact on the consolidated annual accounts except for that mentioned in Note 2.2..

The following standards, modifications and interpretations are obligatory for the periods beginning 1 January 2010, which have not been adopted in advance by the Fersa Group:

- IFRS 3 (Revised), "Business Combinations"
- IAS 27 (Revised), "Consolidated and Separate Financial Statements"
- IFRS 5 (amendment), "Non-current Assets Held for Sale and Discontinued Operations" (and respective modification of IFRS 1 "First Time Adoption of IFRS").
- IFRS 1 (Revised), "First Time Adoption of IFRS".
- IFRIC 17, "Distribution of Non-cash Assets to Owners"
- IFRIC 18, "Transfers of Assets from Customers"
- IAS 32 (amendment) "Classification of Rights Issues"
- IAS 39 (amendment) "Elegible Hedged Items"
- IFRIC 15, "Agreements for the Construction of Real estate"
- Improvements to the International Financial Reporting Standards.

Based on our analysis of the new accounting standards and their interpretations applicable as from 1 January 2010, the Fersa Group does not expect that their application will have a significant effect on its consolidated annual accounts.

## **2.21 Significant accounting estimates and judgements**

The preparation of consolidated financial statements requires the formulation of estimates and judgements. The valuation standards that require a large number of estimates are set out below:

### **a) Provisions**

In general, liabilities are recorded when it is probable that a liability or obligation will give rise to an indemnity or payment. The Fersa Group makes an estimate of the amounts to be settled in the future, including additional amounts relating to corporate income tax, contractual obligations, the settlement of outstanding litigation, and other liabilities. These estimates are subject to the interpretation of current events and circumstances, projections of future events and estimates of their financial effects.

### **b) Corporate income tax and deferred income tax assets**

The calculation of the corporate income tax expense requires interpretations of tax legislation in the jurisdictions in which the Fersa Group operates. The determination of expected outcomes of outstanding disputes and litigation requires the preparation of significant estimates and judgments.

The Fersa Group evaluates the recoverability of the deferred tax assets based on estimates of future taxable income and the capacity to generate sufficient tax profits during the periods in which these deferred taxes are deductible.

c) Revenue recognition

Revenue from energy sales is recognized when the electricity is delivered to the customer on the basis of estimated energy production.

Historically, no material adjustments have been made to the amounts recorded as revenue for the estimate of the energy produced pending invoicing and no adjustments are expected in the future.

d) Business combinations

In the purchase prices allocation process in business combinations, estimates and certain judgements must be made when identifying and measuring certain existing intangible assets. To do so the Fersa Group uses valuation reports of independent third parties.

The goodwill is tested annually for impairment. The estimated recoverable value of the CGU applied to the impairment tests has been determined on the basis of the discounted cash flows in the Group budgets.

e) Fair value of derivatives

The fair value of the financial instruments that are traded on official markets is based on market prices at the balance sheet date. The market quotation price that is used for financial assets is the current buyer price.

The fair value of the financial instruments that are not listed on an official market is determined using valuation techniques. The fair value of interest rate swaps is calculated as the present value of the future estimated cash flows.

f) Useful life of property, plant and equipment and intangible assets

The accounting treatment of investments in property, plant and equipment and intangible assets includes estimates for determining their useful lives for depreciation and amortisation purposes, and for determining the fair value at the acquisition date, for assets acquired in business combinations.

The determination of useful life requires estimates of their degree of use, maintenance as well as expected technological evolution. The assumptions regarding the degree of use, technological framework and future development involve a significant degree of judgement, insofar as the timing and nature of future events are difficult to foresee.

### **NOTE 3 – REGULATORY FRAMEWORK**

We describe below the main features of the regulation to which the business of the Fersa Group is subject in the main countries in which it trades.

#### **Spain**

Electricity production from renewable sources is regulated by the so-called Special Regime, a legal framework that regulates and facilitates the development of clean energy in Spain.

RD 661/2007/May 2007 is the law that is currently in force to determine which technologies and energy sources can avail themselves of the Special Regime, and to establish the economic and administrative relationships between the Government and the renewable energy producers.

This remunerative and legal framework is obligatory for all generation plants availing themselves of the special regime that began operating on 1 January 2008, but is optional for the rest, although there is a transition period until 31 December 2012, as from which time all producers will operate under RD 661/2007. Accordingly, the plants in operation prior to 2008 can remain under the previous regulatory framework, RD 436/2004, which will no longer apply at the end of 2012.

The most salient features of the two remunerative frameworks that coexist are:

#### **RD 436/2004/12 March**

All the plants that were brought into use prior to 31 December 2007 (except solar energy plants) can choose between:

1. Selling energy to the system and receiving a fixed regulated tariff for the entire life of the project.
2. Or selling this energy directly in the electricity market at a market tariff that will be the price generated by the organised market or the freely negotiated price, supplemented by an uncapped maximum and minimum premium or incentive. This premium was Euros 38.3 / MWh in 2009.

#### **RD 661/2007/25 May.**

The owners of plants brought into use after 31 December 2007 must choose, for periods of no less than one year, between the following two options:

1. Selling the energy to the grid and receiving a regulated tariff for the first 20 years of the useful life of the project, indexed to inflation.
2. Or selling this energy directly to the electricity market at a market rate that will be the price generated by the organised market or the freely negotiated price, supplemented by a premium capped at the maximum and minimum.

Both the regulated tariffs and the maximum and minimum premium caps are updated annually on the basis of the CPI.

The current regulation of the special regime as per RD 661/2007 is designed to regulate the tariffs for installed capacity of 20,155 MW. The access to these tariffs is regulated as from 30 April by RD 6/2009.

#### **RD 6/2009/30 April.**

This royal decree regulates the application of the tariff regime under RD 661/2007 through the creation of a pre-assignment registry for remuneration if the requirements under RD 6/2009/30 April are met.

In 2009 the projects inscribed in the above-mentioned pre-assignment registry were known.

#### **France**

In France the electricity facilities must hold authorisations for operations under the following legislation:

- Law n° 2000-108/10 February 2000, on the modernisation and development of the electricity utilities.
- Decree n° 2000-877/7 September of that year on the authorisation for operating electricity facilities.

Once authorisation is obtained, the electricity producers will be subject to the remunerative regime as per Decree of 10 July 2006.

The remuneration of land wind-based electricity production is set for the first 10 years, indexed to inflation on 1 November of each year. In 2009, the tariff applied to the company in the Fersa Group in France was 8.522 Euro cents per KWh until 1 November, and from that date, 8.395 Euro cents per KWh.

#### **India**

The wind-energy facilities are governed by the *Electricity Act* of 2003 and applicable across the country. The ministry in charge of setting the government directives that regulate the renewable energy facilities is the Ministry of New and Renewable Energy. At the same time, each State has a competent body in this area. The activity of the Fersa Group in India is channelled through the energy produced in Karnataka State and, accordingly, we think that the regulations of this state are relevant.

In addition to the general provisions of the Electricity Act, the central government and the different state governments offer the following incentives:

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- Tax exemption on the Excise Duty, tax payable for the manufacturing of the electricity generator and its parts.
- Tax exemption in some states (including Karnataka) on the VAT and the tax on electricity services (*Electricity Duty*)
- Reduction of the income tax for 10 consecutive years for all electricity producers.
- Incentives for generation: all facilities starting up after 17 December 2009 have a right to receive an incentive of Rupees 0.50 per unit if the electricity is sold to the state or central government power grid.
- Benefits arising from international standards, such as the (*Clean Development Mechanism, CDM*) under the Kyoto Protocol.

The base tariff for the private wind-farms in Karnataka State is a fixed tariff of Rupees 3.40 per KWh for the first 10 years of commercial operations, and, for the farms that begin operations as from 2010, Rupees 3.70 per KWh for the first 10 years of commercial operations.

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**NOTE 4 – SEGMENT REPORTING**

a) Primary reporting format: business segments.

The business segments of the Fersa Group are wind, biogas and solar energy.

Profit and loss by segment breaks down as follows:

31 December 2009	Wind					Total	Solar	Biogas	TOTAL
	Spain	France	India	Poland	Others		Spain	Spain	
Turnover	14,091	2,538	2,824	408	-	19,861	873	681	21,415
EBITDA (*)	9,772	2,072	2,355	105	(1,043)	13,261	720	127	14,108
Depreciation charge	6,549	989	1,747	217	3	9,505	344	210	10,059
Operating profit (loss)	3,223	1,083	608	(112)	(1,046)	3,756	376	(83)	4,049
Net financial income (expense)									(6,057)
Participation in profit for the year of associates	1,714								1,714
Profit before tax									(294)
Corporate Income Tax									1,388
Profit (loss) for the year									1,094
a) Profit (loss) attributed to the parent company									1,210
b) Profit (loss) attributed to minority interest									(116)

(\*) EBITDA: Operating profit plus depreciation

31 December 2008	Wind					Total	Solar	Biogas	TOTAL
	Spain	France	India	Poland	Others		Spain	Spain	
Turnover	14,585	2,243	1,678	83	10	18,599	571	1,072	20,242
EBITDA (*)	9,977	1,833	1,485	(12)	(1,127)	12,156	395	554	13,105
Depreciation charge	(6,255)	(924)	(687)	-	-	(7,866)	(53)	(210)	(8,129)
Operating profit (loss)	3,722	909	798	(12)	(1,127)	4,290	342	344	4,976
Net financial income (expense)									(2,808)
Participation in profit for the year of associates	1,092								1,092
Profit before tax									3,260
Corporate Income Tax									(574)
Profit (loss) for the year									2,686
a) Profit (loss) attributed to the parent company									2,294
b) Profit (loss) attributed to minority interest									392

(\*) EBITDA: Operating profit plus depreciation

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b) Secondary reporting format: geographic segments

Given the Fersa Group's presence in various countries, information is reported by geographic segments. The Fersa Group's registered office, where its main operations are carried-out, is currently in Spain. Operating areas cover various countries, and of special note are: Spain, France, India, Estonia, Poland, China and Panama.

Net turnover of the Fersa Group by country is set out below:

	2009	2008
Spain	15,645	16,238
France	2,538	2,243
India	2,824	1,678
Poland	408	83
<b>Total</b>	<b>21,415</b>	<b>20,242</b>

The assets and liabilities by segments are as follows:

a) By business segment

	Assets	Investment as per equity accounting	Goodwill	Liabilities
<b>As at 31.12.09</b>				
Wind	531,653	2,383	105,602	54,889
Biogas	562	-	129	665
Solar	7,960	-	525	340
<b>Total</b>	<b>540,175</b>	<b>2,383</b>	<b>106,256</b>	<b>55,894</b>

	Assets	Investment as per equity accounting	Goodwill	Liabilities
<b>As at 31.12.08</b>				
Wind	510,712	9,968	106,088	53,045
Biogas	1,036	-	129	726
Solar	8,292	-	525	864
<b>Total</b>	<b>520,040</b>	<b>9,968</b>	<b>106,742</b>	<b>54,635</b>



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b) By geographic segment

As at 31.12.09	Assets	Investment as per equity accounting	Goodwill	Liabilities
Spain	295,976	2,383	46,929	53,487
France	17,693	-	860	901
India	107,015	-	16,377	457
Poland	91,504	-	22,930	164
Estonia	23,999	-	3,081	843
Panama	1,846	-	14,848	-
Others	2,142	-	1,231	42
<b>Total</b>	<b>540,175</b>	<b>2,383</b>	<b>106,256</b>	<b>55,894</b>

As at 31.12.08	Assets	Investment as per equity accounting	Goodwill	Liabilities
Spain	285,887	9,968	47,063	53,217
France	19,030	-	860	872
India	107,215	-	16,281	22
Poland	96,313	-	22,882	499
Estonia	10,693	-	3,081	27
Panama	775	-	15,374	(17)
Others	127	-	1,201	15
<b>Total</b>	<b>520,040</b>	<b>9,968</b>	<b>106,742</b>	<b>54,635</b>

The assets by segments consist mainly of property, plant and equipment, intangible assets, trade receivables, and other receivables. They exclude the financial assets, goodwill, deferred tax asset and cash and other cash equivalents. The assets excluded total Euros 137,565 thousand at 31 December 2009 and Euros 139,909 thousand at 31 December 2008.

The liabilities by segments consist mainly of operating liabilities. Excluding the borrowings and deferred tax liabilities. The liabilities excluded total Euros 246,907 thousand at 31 December 2009 and Euros 234,015 thousand at 31 December 2008.

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**NOTE 5 – INTANGIBLE ASSETS**

The movement for the year ended 31 December 2009 and 2008 in the accounts under Intangible assets is as follows:

	Goodwill	Other intangible assets	Total intangible assets
Cost	23,985	30,378	54,363
Accumulated amortisation	-	(122)	(122)
<b>Net book value as at 01/01/2008</b>	<b>23,985</b>	<b>30,256</b>	<b>54,241</b>
Investment	-	500	500
Divestments/ disposals	(3,613)	-	(3,613)
Changes in consolidation scope	1,143	1,595	2,738
Business combinations (Note 23)	101,059	275,349	376,408
Transfers and others	(9,631)	-	(9,631)
Amortisation	-	(1,286)	(1,286)
Translation differences	(6,201)	(18,805)	(25,006)
<b>Net book value as at 31/12/08</b>	<b>106,742</b>	<b>287,609</b>	<b>394,351</b>
Cost	106,742	289,017	395,759
Accumulated amortisation	-	(1,408)	(1,408)
<b>Net book value as at 31/12/08</b>	<b>106,742</b>	<b>287,609</b>	<b>394,351</b>
Investment	3	53	56
Divestments/ disposals	(59)	-	(59)
Amortisation	-	(2,352)	(2,352)
Transfers and others	-	(209)	(209)
Translation differences	(430)	1,293	863
<b>Net book value as at 31/12/09</b>	<b>106,256</b>	<b>286,394</b>	<b>392,650</b>
Cost	106,256	290,154	396,410
Accumulated amortisation	-	(3,760)	(3,760)
<b>Net book value as at 31/12/09</b>	<b>106,256</b>	<b>286,394</b>	<b>392,650</b>

Business combinations for 2008 include the increase in Goodwills and Other intangible assets from the purchase price allocations in acquisitions (business combinations) in 2008 (Note 23).

Moreover, Transfers and Other in 2008 include the increase in Goodwill from the recording of deferred payments for the purchase of wind farm projects whose disbursements are estimated to be probable (Note 16).

The disposal of goodwill in 2008 relates mainly to the reversal of a deferred payment for the purchase of Eólica del Pino, S.L. and Eólica el Pedregoso, S.L. as per the purchase and sale agreement for these wind farms, since certain conditions established in these contracts were not met (also see Note 6).

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The Translation differences basically reflect the impact of the valuation of assets related to the investments in India and Poland in 2008 and 2009 due to the evolution of the Rupee, the Dollar and the Zloty.

At 31 December 2009 there are no fully amortised intangible assets still in use.

We set out below a summary by segments of the allocation of Goodwill:

	As at 31.12.09				As at 31.12.08			
	Wind	Solar	Biogas	Total	Wind	Solar	Biogas	Total
Spain	46,275	525	129	46,929	46,409	525	129	47,063
France	860	-	-	860	860	-	-	860
China	331	-	-	331	368	-	-	368
India	16,377	-	-	16,377	16,281	-	-	16,281
Poland	22,930	-	-	22,930	22,882	-	-	22,882
Estonia	3,081	-	-	3,081	3,081	-	-	3,081
Panama	14,848	-	-	14,848	15,374	-	-	15,374
Others	900	-	-	900	833	-	-	833
<b>Total</b>	<b>105,602</b>	<b>525</b>	<b>129</b>	<b>106,256</b>	<b>106,088</b>	<b>525</b>	<b>129</b>	<b>106,742</b>

Set out below is a summary by segments of the allocation of Other intangible assets:

	As at 31.12.09				As at 31.12.08			
	Wind	Solar	Biogas	Total	Wind	Solar	Biogas	Total
Spain	143,690	4	-	143,694	145,055	1	-	145,056
France	4,706	-	-	4,706	5,188	-	-	5,188
China	-	-	-	-	-	-	-	-
India	54,073	-	-	54,073	54,272	-	-	54,272
Poland	74,438	-	-	74,438	73,610	-	-	73,610
Estonia	9,483	-	-	9,483	9,483	-	-	9,483
Panama	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
<b>Total</b>	<b>286,390</b>	<b>4</b>	<b>-</b>	<b>286,394</b>	<b>287,608</b>	<b>1</b>	<b>-</b>	<b>287,609</b>

The calculations of the recoverable value are based on cash flow projections. The key assumptions used to calculate value in use are as follows:

a) Discount rate: The cost of capital used to determine the discount rate for the main CGUs is as follows:

Discount rate (1)	Spain	France	Poland	India	Panama	China	Estonia
2009	7.30%	6.90%	9.40%	10.10%	9.14%	10.10%	9.20%
2008	7.45%	7.10%	9.40%	10.00%	12.30%	6.10%	11.50%

(1) Discount rate before tax used in the cash flows projections (cost of equity).

b) Prices: The sale prices of electricity have been estimated on the basis of past experience and external sources of information. For countries in which there are master ("power purchase agreements"), such as India, the agreed-upon price has been used.

c) Productions: In order to determine productions, a series of historical measurements have been used.

In addition to the assumptions set out above, the Directors have taken into account in the preparation of the calculations of recoverable value other business assumptions that are relevant, such as:

- Estimated life of the project
- Start up of new projects: For projects that have not been started up (coming from the business combination in 2008), the forecast start up date has been estimated taking into account the milestones achieved in the process of obtaining the licences required as well as the status of the negotiations for obtaining the financing.
- Investments: For projects in which the investments in property, plant and equipment (wind farms) are still pending, the investments have been estimated using the investment committed in the event of the existence of signed agreements with the suppliers of wind farms, and, failing this, using the best estimate taking into account the progressive decrease in wind farm sale prices due to the increase in competition.
- Cost of debt: For projects governed by signed financial agreements, the cost applied in their financing has been used, and for projects in which there is no signed financing, the cost has been estimated depending on the conditions of each market.
- Operating expenses: For future years, the operating expenses have been estimated on the basis of past experience and by applying an estimated inflation rate.

Impairment tests were made on 31 December 2009 and 2008. On the basis of the impairment of goodwill it cannot be deduced that an impairment provision is required.

Except for the CGUs of the wind farm business in India and Poland, the Directors of the Group believe that there have been no variations in assumptions that could be considered reasonably possible, and that could lead to a situation where the book value of the CGU exceeded the recoverable value.

For the CGUs of the wind farm business in India and Poland, the following sensitivity analysis were carried out:

- With regards to the discount rate, indications of impairment would begin to appear if there were increases in the discount rates used for the wind farms in India and Poland up from 11.5% and 10.7%, respectively, against those used in the impairment test (base case).
- In relation to the assumptions of sale prices of electricity, if there were decreases in sale prices in India and Poland as from 10% against the prices projected in the impairment test (base case), indications of impairment would begin to appear.

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**NOTE 6 – PROPERTY, PLANT AND EQUIPMENT**

The movement for 2009 and 2008 in the accounts under Property, plant and equipment is as follows:

	Property, plant and equipment in use	Property, plant and equipment under construction	Total property, plant and equipment
Cost	58,030	12,473	70,503
Accumulated depreciation	(4,637)	-	(4,637)
<b>Net book value as at 01/01/2008</b>	<b>53,393</b>	<b>12,473</b>	<b>65,866</b>
Investment	945	84,238	85,183
Divestment/ disposals	(2,801)	(30)	(2,831)
Changes in consolidation scope	48,554	649	49,203
Business combinations (Note 23)	13,743	19,984	33,727
Transfers and others	33,154	(33,154)	-
Depreciation	(6,843)	-	(6,843)
Translation differences	(1,473)	(8,197)	(9,670)
<b>Net book value as at 31/12/08</b>	<b>138,672</b>	<b>75,963</b>	<b>214,635</b>
Cost	150,152	75,963	226,115
Accumulated depreciation	(11,480)	-	(11,480)
<b>Net book value as at 31/12/08</b>	<b>138,672</b>	<b>75,963</b>	<b>214,635</b>
Investment	187	35,053	35,240
Divestment/ disposals	(53)	(181)	(234)
Transfers and others	1,779	(1,570)	209
Depreciation	(7,707)	-	(7,707)
Translation differences	144	238	382
<b>Net book value as at 31/12/09</b>	<b>133,022</b>	<b>109,503</b>	<b>242,525</b>
Cost	152,209	109,503	261,712
Accumulated depreciation	(19,187)	-	(19,187)
<b>Net book value as at 31/12/09</b>	<b>133,022</b>	<b>109,503</b>	<b>242,525</b>

The most significant investments in 2009 relate to the acquisition of wind turbines for the wind farms that Catalana d'Energies Renovables, S.L. is developing in Caseres (Tarragona), called Mudefer and Mudefer II.

The most significant investments in 2008 related to the acquisition of wind turbines for the wind farms that the Group was developing in Spain, India and Poland.

The amount of Euros 2,801 thousand in divestments and disposals in 2008 relates to the compensation by the supplier of wind turbines for the wind farms belonging to Eólica el Pedregoso, S.L. and Eólica el Pino S.L. as a result of decreased performance of the wind turbines in terms of what was expected contractually.

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Changes in the consolidation scope for the year 2008 mainly include the property, plant and equipment of Parque Eólico Hinojal, S.L., fully consolidated after acquiring a majority shareholding through the business combinations mentioned in Note 23.

Business combinations for the year 2008 include the increase in Property, plant and equipment from the acquisition of companies on 20 February 2008 (Note 23).

Financial expenses (interest) capitalised during 2009 total Euros 736 thousand (Euros 1,462 thousand during 2008). This interest relates entirely to the financial costs of borrowed funds for the construction of the farms, until their start up. These financial expenses were deducted from financial expenses in the consolidated income statement.

At 31 December 2009, the Group has commitments for the purchase of fixed assets, mainly wind turbines for wind farms in Spain, Poland, Estonia and India, totalling Euros 222 million. These commitments are subject to obtaining the respective financing (Project Finance) for the different wind farms.

Translation differences mainly include the impact on the measurements of assets relating to the investments in India and Poland in 2009 and 2008 due to the evolution of the Rupee and Zloty.

At 31 December 2009 there is no fully depreciated property, plant and equipment still in use.

On 4 September 2009, Invetem Mediterránea S.L. took out a mortgage on its property, plant and equipment totalling Euros 906 thousand in favour of the Tax Authorities for the assessment signed in disagreement raised in relation to the Special Hydrocarbons Tax for the years 2001 to 2004. (Note 14).

It is the policy of the Fersa Group to take out all the insurance policies deemed necessary to cover the exposure of its property, plant and equipment as possible.

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**NOTE 7 – INVESTMENTS AS PER EQUITY ACCOUNTING**

The movement in 2009 in the accounts under Investments as per equity accounting is as follows:

-	Balance 31.12.08	Participation in the results	Dividends	Other movements	Disposals	Balance 31.12.09
<u>Company</u>						
Parque Eólico Altos del Voltoya, S.A	7,506	321	(592)	(192)	(7,043)	-
Berta Energias Renovables, S.L.	1,452	(16)	-	-	-	1,436
Aprofitament d'Energies Renovables de la Terra Alta, S.A.	512	(21)	-	-	-	491
Aprofitament d'Energies Renovables de L'Ebre, S.L.	361	(41)	-	-	-	320
Parque Eólico Valcaire, S.L.	137	(1)	-	-	-	136
<b>Total</b>	<b>9,968</b>	<b>242</b>	<b>(592)</b>	<b>(192)</b>	<b>(7,043)</b>	<b>2,383</b>

The movement in 2008 in the investments recorded by equity accounting is as follows:

-	Balance 31.12.07	Participation in the results	Dividends	Capital reduction	Other adjustments	Other reclassifications	Changes in consolidation scope	Balance 31.12.08
<u>Company</u>								
Parque Eólico Hinojal, S.L.	1,921	228	-	-	-	-	(2,149)	-
Parque Eólico Altos del Voltoya, S.A	7,642	985	(284)	(283)	(141)	(413)	-	7,506
Catalana d'Energies Renovables, S.L.	1,038	-	-	-	-	-	(1,038)	-
Berta Energias Renovables, S.L.	-	(22)	-	-	-	932	542	1,452
Aprofitament d'Energies Renovables de la Terra Alta, S.A.	394	(72)	-	-	-	51	139	512
Aprofitament d'Energies Renovables de L'Ebre, S.L.	-	(27)	-	-	-	(570)	958	361
Parque Eólico Valcaire, S.L.	-	-	-	-	-	-	137	137
<b>Total</b>	<b>10,995</b>	<b>1,092</b>	<b>(284)</b>	<b>(283)</b>	<b>(141)</b>	<b>-</b>	<b>(1,411)</b>	<b>9,968</b>

On 29 December 2009 18% of the shares of Parque Eólico Altos del Voltoya, S.A. were sold. As a result of this transaction Fersa Energías Renovables, S.A. will collect Euros 5,700 thousand (Note 11), with a profit of Euros 1,472 thousand.

As a result of this sale, the Group no longer has significant influence over this company. Accordingly, the remaining 12% of the shareholding has been classified as an available-for-sale asset (Note 8).

In 2008, Parque Eólico Hinojal, S.L. and Catalana d'Energies Renovables, S.L. went from being consolidated as per equity accounting to being fully consolidated (Note 2.3).

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The most significant information relating to the associates consolidated as per equity accounting is as follows:

	Country	Asset	Liability	Income	Net income	% Shareholding
<b>As at 31.12.09</b>						
Parque Eólico Altos del Voltoya, S.A (*)	Spain	39,394	28,937	7,139	1,066	30.00%
Berta Energies Renovables, S.L.	Spain	5,422	549	-	(54)	29.09%
Aprofitament d'Energies Renovables de la Terra Alta, S.A.	Spain	21,436	19,845	39	(71)	29.67%
Aprofitament d'Energies Renovables de L'Ebre, S.L.	Spain	24,546	21,043	-	(192)	21.32%
Parque Eólico Valcaire, S.L.	Spain	1,754	1,451	-	-	33.75%
<b>Total</b>		<b>92,552</b>	<b>71,825</b>	<b>7,178</b>	<b>749</b>	

(\*) At 29 December 2009 18% of its shares were sold, at which time it was no longer consolidated as per equity accounting and the remaining 12% was then booked as an available-for-sale asset (Note 10).

	Country	Asset	Liability	Income	Net income	% shareholding
<b>As at 31.12.08</b>						
Parque Eólico Hinojal, S.L. (*)	Spain	-	-	1,044	506	45.00%
Catalana d'Energies Renovables, S.L. (*)	Spain	-	-	-	(2)	42.32%
Parque Eólico Altos del Voltoya, S.A (**)	Spain	44,174	32,313	11,764	3,468	30.00%
Aprofitament d'Energies renovables Terra Alta, S.L.	Spain	19,754	18,127	46	(242)	29.67%
Berta Energies Renovables, S.L.	Spain	5,098	183	-	(74)	29.09%
Parque Eólico Valcaire, S.L.	Spain	1,743	1,440	-	-	27.00%
Aprofitament d'Energies Renovables Ebre, S.L.	Spain	16,691	13,043	-	(129)	21.33%
<b>Total</b>		<b>87,460</b>	<b>65,106</b>	<b>12,854</b>	<b>3,527</b>	

(\*) Added by these companies at 20 February, when they became fully consolidated.

(\*\*) The net income of Parque Eólico Altos de Voltoya SA for 2008 includes income of Euros 183 thousand for interim dividends from a subsidiary which, by paying Fersa Energías Renovables S.A. for its shareholding percentage (Euros 55 thousand), gives rise to a share of the net income of the parent company of Euros 985 thousand.

At 31 December 2009 and 2008 none of the associates are listed companies.



## NOTE 8 - FINANCIAL ASSETS

The breakdown of the financial assets is as follows:

<b>As at 31 December 2009</b>	<b>Available-for- sale financial assets</b>	<b>Loans and other receivables</b>	<b>Hedging derivatives</b>	<b>Total</b>
Equity instruments	21	-	-	21
Derivatives	-	-	3,731	3,731
Other non-current financial assets	-	2,518	-	2,518
<b>Non-current financial assets</b>	<b>21</b>	<b>2,518</b>	<b>3,731</b>	<b>6,270</b>
Other current financial assets	-	1,761	-	1,761
<b>Current financial assets</b>	<b>-</b>	<b>1,761</b>	<b>-</b>	<b>1,761</b>

<b>As at 31 December 2008</b>	<b>Available-for- sale financial assets</b>	<b>Loans and other receivables</b>	<b>Hedging derivatives</b>	<b>Total</b>
Equity instruments	50	-	-	50
Derivatives	-	-	5,217	5,217
Other non-current financial assets	-	3,291	-	3,291
<b>Non-current financial assets</b>	<b>50</b>	<b>3,291</b>	<b>5,217</b>	<b>8,558</b>
Other current financial assets	-	418	-	418
<b>Current financial assets</b>	<b>-</b>	<b>418</b>	<b>-</b>	<b>418</b>

No debt securities have been issued, purchased or paid in 2009 or 2008.

### Available-for-sale financial assets

The movement in available-for-sale financial assets is as follows:

<b>Balance 01/01/08</b>	<b>2,002</b>
Additions	-
Changes in scope	(1,352)
Transfers	(572)
Disposals	(28)
<b>Balance 31.12.08</b>	<b>50</b>
Additions	-
Changes in scope	-
Transfers	-
Disposals	(29)
<b>Balance 31.12.09</b>	<b>21</b>

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Changes in scope for 2008 include the disposal of the investment in Aprofitament d'Energies Renovables Ebre, S.L. and Berta Energies Renovables, S.L. since they have been consolidated as per equity accounting (Note 2.3).

During 2009, the shareholding in Parque Eólico Altos del Voltoya S.A. has been classified as an available-for-sale financial asset. At 31 December 2009 it was classified as asset held for sale (Note 10).

At 31 December 2009 none of the companies in the account are listed on a stock exchange.

### **Loans and other receivables**

The breakdown at 31 December 2009 and 2008 is as follows:

	<b>31.12.09</b>	<b>31.12.08</b>
Commercial loans	806	1,989
Deposits and guarantees	195	96
Other loans	1,013	179
Other assets	504	1,027
<b>Total loans and other non-current items</b>	<b>2,518</b>	<b>3,291</b>
Deposits and guarantees	-	158
Other loans	1,761	260
<b>Total other current assets</b>	<b>1,761</b>	<b>418</b>

The non-current commercial loans fall due between 2011 and 2013. The other items do not have a defined due date.

There are no significant differences between the book values and the fair values under Loans and other receivables.

### **Hedging derivatives**

Note 9 sets out the breakdown of the derivative financial instruments.

## NOTE 9 - DERIVATIVE FINANCIAL INSTRUMENTS

The Group is exposed to fluctuations in interest rates since its borrowings are made at floating interest rates. Therefore, for its loans, the Group has hedges on variations in Euribor pegged interest rates in order to ensure a maximum rate.

The fair value of the hedging derivative financial instruments are as follows:

	As at 31.12.09		As at 31.12.08	
	Asset	Liability	Asset	Liability
<b>Derivative hedging financial instruments</b>				
Cash flow hedge				
Non-current	3,731	-	5,217	-
Current	-	-	-	-
Cash flow interest rate hedge				
Non-current	-	(4,918)	-	(3,150)
Current	-	(551)	-	(354)
<b>Total</b>	<b>3,731</b>	<b>(5,469)</b>	<b>5,217</b>	<b>(3,504)</b>

At 31 December 2009 and 31 December 2008, the Fersa Group does not have any derivatives that do not meet the criteria for hedge accounting under IFRS-EU, and, accordingly, the variations in the value of these financial instruments is recorded (net of tax) under net equity. The increase in the liability for derivative financial instruments hedges of cash flows on interest rates is due to the negative impact to that the fair value of these instruments has received as a result of the decrease in interest rates.

The fair value of the different financial instruments is calculated using the cash flow discount valuation method. The assumptions used in these valuation techniques are based on prices of observable, current market transactions of the same instrument, such as, for example, the interest rate. The variables on which the valuation of the hedging derivatives is based in this section can be observed in an official market (Level 2).

### Cash flow hedges

The amount of Euros 3,731 thousand (Euros 5,217 thousand in 2008) relates to an insurance agreement on future income of the subsidiaries Eólica del Pino S.L. and Eólica el Pedregoso S.L. maturing in 2026.

During 2009 any amount wasn't included in the income statement, although income of Euros 264 thousand was recognised in 2008.

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**Cash flow hedges of interest rates**

The breakdown of the derivative financial instruments at 31 December 2009 and 2008, their fair value and the breakdown by maturities of the notional values are as follows:

	Fair Value	As at 31.12.09						Total
		Notional Value						
		(in Thousand Euros)						
		2010	2011	2012	2013	2014	Years beyond	
<b>INTEREST RATE HEDGE</b>								
Cash flow hedge								
Financial swaps	(5,469)	7,486	7,779	7,275	7,555	7,875	57,052	95,022

  

	Fair Value	A 31.12.08						Total
		Notional Value						
		(in Thousand Euros)						
		2009	2010	2011	2012	2013	Years beyond	
<b>INTEREST RATE HEDGE</b>								
Cash flow hedge								
Financial swaps	(3,504)	7,327	7,486	7,779	7,275	7,555	64,927	102,349

The amount subtracted from net equity, which has been included in net financial income or expense for 2009 and 2008 totals Euros 1,426 thousand and Euros 1,082 thousand, respectively.

**NOTE 10 – ASSETS HELD FOR SALE**

The assets held for sale relate to the 12% shareholding in Parque Eólico Altos del Voltoya S.A. (Note 8). The measurement at market value of this shareholding has had a positive effect on equity of Euros 393 thousand (Euros 275 thousand net of tax effect). In January 2010 this shareholding was sold (Note 29).

The variables, on which the valuation of the hedging derivatives included in this account is based, observable in an official market (Level 2).

## NOTE 11 – TRADE AND OTHER RECEIVABLES

The breakdown of this account is as follows:

	As at 31.12.09	As at 31.12.08
Trade receivables	3,266	4,473
Trade receivables with related companies	-	17
<b>Total trade receivables for sales and services rendered</b>	<b>3,266</b>	<b>4,490</b>
	As at 31.12.09	As at 31.12.08
Other receivables	6,119	1,651
Tax refundable	1,738	11,253
<b>Total other receivables</b>	<b>7,857</b>	<b>12,904</b>
<b>Total trade and other receivables</b>	<b>11,123</b>	<b>17,394</b>

Other receivables includes an amount of Euros 5,700 thousand relating to the sale price of 18% of Parque Eólico Altos del Voltoya S.A. (Note 7).

Tax refundable includes the VAT refundable for services related to the acquisition of companies and for certifications received for the wind farms under construction.

There are no trade payables or other payable falling due in more than 12 months.

A provision is not required for bad debt at 31 December 2009 and 2008. In general, the invoices pending to receipt do not accrue interest, since their average due date is less than 60 days.

## NOTE 12 – CASH AND OTHER CASH EQUIVALENTS

Cash and other cash equivalents include:

	As at 31.12.09	As at 31.12.08
Cash and banks	13,834	15,787
Short-term investments	5,967	7,315
<b>Total</b>	<b>19,801</b>	<b>23,102</b>

The short-term investments made entirely in Spain mature in less than three months and accrue an effective weighted interest rate of 1.25 % in 2009 (5.4% in 2008). There are restrictions on the draw of cash at 31 December 2009 and at 31 December 2008 (Note 15).

## **NOTE 13 – NET EQUITY**

### Share capital

The share capital of the parent Company as at 31 December 2009 is represented by 140,003,778 shares, each with a nominal value of Euro 1, which have been fully subscribed and paid. All the shares have the same economic and voting rights.

The Extraordinary General Meeting of Shareholders of the parent Company on 2 May 2007 agreed to increase share capital by Euros 37,755,975 through the issue of 37,755,975 ordinary shares with a par value of Euro 1 each, and a share premium of Euros 3 per share. On 9 July 2007 this capital increase was accounted for after it was inscribed in the Registry of the CNMV (Comisión Nacional del Mercado de Valores), recorded in a public deed and inscribed in the Mercantile Registry.

On 20 February 2008, the Extraordinary General Meeting of Shareholders of the parent Company Fersa Energías Renovables, S.A. agreed to a corporate transaction through which various business groups made contributions to the parent Company consisting of several companies with wind farms in operation and at different stages of administrative process. In consideration thereof, the parent Company made a capital increase with non-cash contributions. This transaction included the wind farms in Spain and abroad, specifically in India, France and Poland.

This non-cash capital increase was undertaken through the issue of 64,491,828 new shares, at Euros 4.26216336 per share, with a par value of Euro 1 per share and a share premium of Euros 3.26216336 per share, which were adjudicated in proportion to the non-cash contributions made by the new shareholders. The transactions that gave rise to this increase were as follows:

- The Enhol Group (Eólica de Navarra), new strategic partner, and Banc de Sabadell, contributed companies with various wind farm projects in operation, under construction or in development, representing a total of 314 MW and 73.2 MW, respectively.
- Corporación Caja de Granada S.A. and Inversiones Progranada S.A., S.C.R. made a contribution of wind farm projects and shareholdings that represent an additional 93.8 MW for the Group.
- Fomento de Inversiones y Capital S.L. (Foinca), a company in charge of the management and administration of the Company.
- Shareholdings were acquired in investee companies that represent, in almost all cases, full ownership of all these subsidiaries. These new transactions have made up an additional 81.8 MW for the Group.

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In total, the non-cash increase transaction has meant the addition of 562.7 MW, and the addition of contributions totalling Euros 274,874 thousand (Note 23). Additionally, the costs of the capital increase have been subtracted from reserves. Accordingly, and for the purposes of this capital increase, a fair value of Euros 4.26 per share has been used. Although IFRS-EU stipulate that the quotation share price of a listed security is the best proof of its fair value, and, therefore, this should be the value used to measure the shares issued in this capital increase, it also stipulates that there may be other circumstances under which this would not be so, and that, therefore, other evidence and valuation methods must be used. The Board of Directors of the parent Company believed that the value of Euros 4.26 per share was a better reference point for the fair value of the shares of the parent Company at the date of the share exchange for the capital increase than the quotation share price on that date (Euros 5.18 per share at 20 February 2008), for the following reasons, amongst others:

- Existence of a valuation prepared by a renowned, prestigious independent entity using generally accepted criteria, subject to subsequent verification by an independent expert appointed by the Mercantile Registry.
- Involvement in the capital increase of a large number of shares and a certain narrowness in the market for the shares of the parent Company (existence of a “free float” before and after the non-cash capital increase of 20 February 2008 lower than 50% of the shares of the parent Company).
- The value of Euros 4.26 per share was more in line with the quotation share price of the parent Company over a longer period of time and in line with the general downward trend in the quotation price after 20 February 2008 until the formulation of these consolidated annual accounts.

All of the shares of Fersa Energías Renovables, S.A. are listed on the Spanish Stock Exchange. The share quotation at 31 December 2009 of the company’s shares was Euros 2.215 per share (Euros 2.210 at 31 December 2008).

The breakdown of the significant shareholders of the parent Company at 31 December 2009 is as follows:

<b>As at 31.12.09</b>	
<b>Shareholders</b>	<b>%</b>
Grupo Enhol	22.4%
Other shareholders	77.6%
	100.0%
<b>As at 31.12.08</b>	
<b>Shareholders</b>	<b>%</b>
Grupo Enhol	22.4%
Other shareholders	77.6%
	100.0%

**Other equity accounts:**

**a) Share premium account**

The share premium account is freely available for distribution. This account can only be affected by resolutions of the General Meeting of Shareholders of the parent Company.

**b) Legal Reserve**

Companies that report profits are obligated to appropriate 10% of profit for the year to this reserve until it reaches at least 20% of share capital. This reserve, as long as it does not exceed the limit indicated, can only be used to offset losses if there are no other reserves sufficiently available to do so. On the other hand, it can also be used to increase share capital in the part that exceeds 10% of the capital already increased.

**c) Treasury shares**

Under the authorisation conferred by the General Meeting of Shareholders of the Company of 2 May 2008 and 25 June 2008 and in order to facilitate the liquidity of the quotation, the Company had at 31 December 2008, 1,818,581 treasury shares totalling Euros 11,960 thousand, at an average price of Euros 6.576 per share.

In 2009 and by virtue of the authorisation granted by the General Meeting of Shareholders of the Company of 30 June 2009, the Company made acquisitions of 66,630 treasury shares totalling Euros 144 thousand. At 31 December 2009, the Company has 1,716,341 treasury shares totalling Euros 10,999 thousand.

Fersa Energías Renovables S.A. has pignored 948,000 treasury shares to back a guarantee given by a financial entity to his subsidiary Generación Eólica India Limited.

The parent Company has sold 168,870 treasury shares for Euros 392 thousand; these sales have generated a decrease in reserves of Euros 709 thousand.

**d) Translation differences**

Some of the Group companies operate with functional currencies other than the Euro, basically the companies trading in Poland (which functional currency is the Zloty) and the companies operating in India (which functional currency is the Rupee).

The following is a breakdown of the translation differences as at 31 December 2009 and 31 December 2008 by functional currency:

<b>Functional currency</b>	<b>2009</b>	<b>2008</b>
Indian Rupee	(13,624)	(14,229)
Polish Zloty	(12,306)	(15,019)
American Dollar	(1,236)	(716)
Others	(21)	72
<b>Total</b>	<b>(27,187)</b>	<b>(29,892)</b>



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The main negative effects are due to the translation into Euros of the items on the balance sheets of the subsidiary companies, their goodwill and intangible assets.

The following is a breakdown of the translation differences by company as at 31 December 2009:

	For translation balance sheet items subsidiaries	Goodwill and intangible net of taxes	Total
Generación Eólica India Limited	(892)	(1,430)	(2,322)
EN Renewable Energy Private Limited	(1,818)	(1,981)	(3,799)
En Green Energy Private Limited	(1,365)	(1,419)	(2,784)
En Wind Power Private Limited	(1,824)	(2,895)	(4,719)
Eólica Kisielice Sp	195	(5,565)	(5,370)
Eólica Warblewo Sp	(13)	(2,507)	(2,520)
Eólica Cieplowody Sp	(10)	(2,852)	(2,862)
Eólica Postolin Sp, Z.o.o.	-	(1,554)	(1,554)
Others	10	(1,267)	(1,257)
<b>TOTAL</b>	<b>(5,717)</b>	<b>(21,470)</b>	<b>(27,187)</b>

**Dividends:**

The General Meeting of Shareholders of 25 June 2008 agreed to distribute 2007 profits by paying out dividends of Euros 986 thousand and these was paid in July 2008.

The General Meeting of Shareholders of 30 June 2009 agreed to distribute 2008 profits by paying out dividends totalling Euros 1,920 thousand to be charged against the share premium account issue Premium and these was paid in July 2009.

**Profit per share:**

Profit per share is calculated by dividing the profit attributable to the equity holders of the parent Company by the average number of ordinary shares circulating during the period:

	Euros	
	As at 31.12.09	As at 31.12.08
Number of shares	140,003,778	140,003,778
Average number of shares	140,003,778	130,992,591
Profit (loss) attributable to the parent company (Euros)	1,210,206	2,293,758
Average number of treasury shares	1,767,461	1,072,526
Average number of shares in circulation	138,236,317	129,920,065
Profit per share (Euros per share)		
- Basic	<b>0.0088</b>	<b>0.0177</b>
- Diluted	<b>0.0088</b>	<b>0.0177</b>

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There are no financial instruments that could dilute the profit per share.

The proposed distribution of net income of Fersa Energías Renovables, S.A. for 2009 that the Board of Directors will propose to the General Meeting of Shareholders for its approval, is as follows:

<b>Basis of distribution</b>	<b>Euros</b>
Profit and loss	139,601
Share premium	1,070,605
<b>Total</b>	<b>1,210,206</b>

  

<b>Basis of distribution</b>	<b>Euros</b>
Dividends	1,210,206
<b>Total</b>	<b>1,210,206</b>

#### NOTE 14 – PROVISIONS AND CONTINGENCIES

	<b>Balance</b>		<b>Balance</b>		<b>Balance</b>
	<b>01.01.08</b>	<b>Additions</b>	<b>31.12.08</b>	<b>Additions</b>	<b>31.12.09</b>
Provision for liabilities	401	-	401	-	401
Provision for dismantling	-	589	589	220	809
<b>Totals</b>	<b>401</b>	<b>589</b>	<b>990</b>	<b>220</b>	<b>1,210</b>

##### a) Provision for liabilities

On 21 December 2005, the Regional Customs Unit of the Tax Authorities of Barcelona raised an assessment against the subsidiary Invetem Mediterránea, S.L. with respect to the application of excise duty on fossil fuels during the period 2001 to 2004, for the use of biogas as fuel in the generation of electricity. The assessment includes the proposed settlement totalling Euros 8,840 thousand, of which Euros 813 thousand relates to late payment interest and the balance to the amounts due in the tax periods. On 21 February 2006, the Head of the Regional Customs and Excise Office confirmed the assessment and issued the corresponding administrative report. During 2006 the subsidiary lodged an appeal with the Catalonian Regional Economic-Administrative Court against the assessment, having requested the corresponding suspension of the proceedings. The Group has an agreement with EMTE, S.A., the company from which the parent Company purchased its holdings in Invetem Mediterránea, S. L. in 2002, whereby if the assessment against Invetem Mediterránea, S.L. were finally settled by the company, EMTE, S.A. would be committed to repurchasing the holding of the parent Company in such a manner that the latter would obtain a 10% rate of return. In 2009, no relevant events have occurred in relation to this assessment. Accordingly, at 31 December 2009 the Group has recorded a provision totalling Euros 401 thousand to cover this investment in this subsidiary, net of the committed remuneration. Given the nature of this contingency, it is not possible to determine a reasonable payment schedule, but, in any case, the final outcome will not be known for twelve months following the 2009 year end.

The Fersa Group believes that the provision recorded in these consolidated annual accounts adequately covers the risk described in this Note, and it is expected that no additional liabilities will arise from this. However, if the final outcome of this assessment is unfavourable, the Fersa Group could wind up Invetem Mediterránea, S.L. or exercise the sale option with the previous owner of the shares in line with the sale/purchase agreement. Because of this, it is believed that the maximum risk for the Fersa Group is equal to the net carrying amount of the investment as at 31 December 2009 of Euros 515 thousand, net of the compensation to be received from the seller of this investment in the event of an unfavourable outcome, totalling Euros 114 thousand, in accordance with the sale/purchase agreement entered into by the parties.

On 7 July 2009, the Regional Economic and Administrative Court of Catalonia agreed to grant Invetem Mediterránea, S.L. the suspension of the assessment it had challenged. In order to obtain this suspension the Company mortgaged its assets totalling Euros 906 thousand in favour of the Tax Authorities (*Agencia Estatal de Administración Tributaria*) (Note 6).

#### **b) Dismantling provision**

At 31 December 2009, the Group has recorded a provision of Euros 809 thousand (Euros 589 thousand in 2008) to cover the costs of dismantling the wind farms that are now in operation.

#### **c) Other contingencies**

The subsidiary company Sinergía Andaluza is awaiting judgement on the suit filed by Viercasan, S.L. before the Court of First Instance nº 2 of Guadix (Granada), totalling Euros 1,301 thousand, deriving from the land occupancy contracts on the “Los Cuellos” estate, for the installation there of a wind farm. Fersa Group management believe a provision is not necessary since the suit is baseless and will conclude without economic consequences.

Furthermore, Sinergia Andaluza has several contentious-administrative suits against judgements handed down by the Ministry of Innovation, Science and Business of the Regional Government of Andalusia. Fersa Group management considers that a provision is not necessary since this matter will conclude without economic consequences.

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**NOTE 15 – FINANCIAL LIABILITIES**

The movement in the accounts under Financial liabilities in 2009 and 2008 is as follows:

	Balance 31.12.08	Entered into scope	Business combinations	Increases	Cancellations by payment	Translation differences	Transfers	Balance 31.12.09
Debts with credit entities	107,631	-	-	1,500	-	92	(9,799)	99,424
Derivative financial liabilities	3,150	-	-	2,319	-	-	(551)	4,918
<b>Total non-current financial liabilities</b>	<b>110,781</b>	<b>-</b>	<b>-</b>	<b>3,819</b>	<b>-</b>	<b>92</b>	<b>(10,350)</b>	<b>104,342</b>
Debts with credit entities	38,352	-	-	29,830	(20,512)	10	9,799	57,479
Derivative financial liabilities	380	-	-	-	(380)	-	551	551
Other financial liabilities	362	-	-	-	(38)	-	-	324
<b>Total current financial liabilities</b>	<b>39,094</b>	<b>-</b>	<b>-</b>	<b>29,830</b>	<b>(20,930)</b>	<b>10</b>	<b>10,350</b>	<b>58,354</b>

  

	Balance 31.12.07	Entered into scope	Business combinations	Increases	Cancellations by payment	Translation differences	Transfers	Balance 31.12.08
Debts with credit entities	45,030	40,984	21,756	19,069	-	(1,706)	(17,502)	107,631
Other financial liabilities	-	-	-	3,499	-	-	(349)	3,150
<b>Total non-current financial liabilities</b>	<b>45,030</b>	<b>40,984</b>	<b>21,756</b>	<b>22,568</b>	<b>-</b>	<b>(1,706)</b>	<b>(17,851)</b>	<b>110,781</b>
Debts with credit entities	6,941	2,803	-	23,377	(12,271)	-	17,502	38,352
Other financial liabilities	325	-	9	59	-	-	349	742
<b>Total current financial liabilities</b>	<b>7,266</b>	<b>2,803</b>	<b>9</b>	<b>23,436</b>	<b>(12,271)</b>	<b>-</b>	<b>17,851</b>	<b>39,094</b>

The book value and the fair value of the non-current financial liabilities is as follows:

	Book Value		Fair Value	
	As at 31.12.09	As at 31.12.08	As at 31.12.09	As at 31.12.08
Debts with credit entities	99,424	107,631	89,106	102,697

The fair value of liabilities bearing fixed interest rates is estimated on the basis of the discounted cash flows over the remaining term of the liability. The discount rates were determined on the market rates available at 31 December 2009 and at 31 December 2008 on the financial liabilities with similar maturities and credit characteristics.

At 31 December 2009, the Fersa Group has credit facilities totalling Euros 26,500 thousand (Euros 25,000 thousand at 31 December 2008), of which Euros 6,589 thousand have not been drawn down and maturing in 2010 (Euros 19,866 thousand at 31 December 2008).

The following tables describe the gross consolidated financial liabilities by instrument at 31 December 2009 and at 31 December 2008 and their maturities, taking into account the impact of the hedging of the derivatives and the other financial liabilities.

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	2010	2011	2012	2013	2014	and years beyond	Total
<b>As at 31 December 2009:</b>							
Commercial banks and other financial liabilities							
Fixed	9,814	8,330	7,826	8,106	8,427	56,573	99,076
Floating	48,540	1,767	3,267	1,767	1,767	6,512	63,620
<b>Total</b>	<b>58,354</b>	<b>10,097</b>	<b>11,093</b>	<b>9,873</b>	<b>10,194</b>	<b>63,085</b>	<b>162,696</b>

	2014						
	2009	2010	2011	2012	2013	and years beyond	Total
<b>As at 31 December 2008:</b>							
Commercial banks and other financial liabilities							
Fixed	9,433	7,921	7,845	7,667	7,931	63,787	104,584
Floating	29,660	1,746	1,746	1,746	1,746	8,647	45,291
<b>Total</b>	<b>39,093</b>	<b>9,667</b>	<b>9,591</b>	<b>9,413</b>	<b>9,677</b>	<b>72,434</b>	<b>149,875</b>

If we were to exclude the impact of the derivatives on the financial liabilities, all the financial liabilities, both for 2009 and 2008, would accrue interest at a floating rate.

The following tables describe the gross financial liabilities denominated by foreign currency at 31 December 2009 and at 31 December 2008 and their maturities, taking into account the impact of the hedging on the derivatives and the other financial liabilities:

	2015						
<b>As at 31 December 2009:</b>	2010	2011	2012	2013	2014	and years beyond	Total
Borrowings denominated in Euros	55,830	8,330	9,326	8,106	8,427	56,573	146,592
Borrowings denominated in Rupees	2,524	1,767	1,767	1,767	1,767	6,512	16,104
<b>Total</b>	<b>58,354</b>	<b>10,097</b>	<b>11,093</b>	<b>9,873</b>	<b>10,194</b>	<b>63,085</b>	<b>162,696</b>

	2014						
<b>As at 31 December 2008:</b>	2009	2010	2011	2012	2013	and years beyond	Total
Borrowings denominated in Euros	37,347	7,921	7,845	7,667	7,931	63,787	132,498
Borrowings denominated in Rupees	1,746	1,746	1,746	1,746	1,746	8,647	17,377
<b>Total</b>	<b>39,093</b>	<b>9,667</b>	<b>9,591</b>	<b>9,413</b>	<b>9,677</b>	<b>72,434</b>	<b>149,875</b>

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The main features of these loans are as follows:

Type	Company	Country	Amount	Average interest	Maturity
			drawn down	rate	
ICO loan	Fersa Energías Renovables, S.A.	Spain	1,500	6.01%	2012
Credit facility	Fersa Energías Renovables, S.A.	Spain	19,911	2.87%	2010
Project Finance	Eólica El Pedregoso, S.L.	Spain	24,134	4.92%	2018
Project Finance	Eólica Del Pino, S.L.	Spain	12,048	4.92%	2018
Project Finance	Parque Eólico Hinojal, S.L.	Spain	38,519	4.49%	2021
Project Finance	Gestora Fotovoltaica de Castellón, S.L.	Spain	6,272	4.63%	2022
Project Finance	Catalana d'Energies Renovables, S.L.	Spain	28,000	5.74%	2009
Project Finance	Eolennes De Beausemblant SAS	France	12,309	4.24%	2021
Project Finance	Generación Eólica India Limited	India	16,104	10.25%	2018
<b>Total</b>			<b>158,797</b>		

The companies in the consolidation scope Eólica del Pino S.L., Eólica el Pedregoso S.L., SAS Eoliennes de Beausemblant, Generación Eólica India Limited, Parque Eólico Hinojal S.L., Catalana d'Energies Renovables S.L. and Gestora Fotovoltaica de Castellón S.L. have bank loans under Project Finance agreements for which they have pignored their treasury shares.

Furthermore, bank loans include the draw downs from tranche A of the loan of Catalana de Energías Renovables S.L. signed in 2009 to finance the Mudefer and Mudefer II wind farms (Note 2.2). This debt totals Euros 26,063 thousand (taking into account the commission for obtaining the financing), and has been recorded as current, although, once the final loan is obtained in January 2010, it will be recorded as non-current (Note 29).

Moreover, the loans to Eólica del Pino S.L., Eólica el Pedregoso S.L., SAS Eoliennes de Beausemblant, Parque Eólico Hinojal S.L., Catalana d'Energies Renovables S.L. and Gestora Fotovoltaica de Castellón S.L. contain conditions that limit the payout of dividends and require compliance with certain minimum ratios, such as the Debt Service Coverage Ratio or Leverage Index.

With regards to the loans for financing the wind farms that contain ratio compliance clauses for financing of this type, at 31 December 2009 and 2008, there are no indications of non-compliance with the requirements described in these contracts that could give rise to their early redemption.

Furthermore, these loans require companies to record a Debt Service Fund Reserve (DSFR) through their banks accounts, as an additional guarantee for the bank syndicate. At the year end the following amounts have been appropriated to this reserve:

Company	Thousand Euros	
	2009	2008
Eólica el Pedregoso S.L.	949	1,500
Eólica del Pino S.L.	5	550
SAS Eoliennes de Beausemblant	765	755
<b>Total</b>	<b>1,719</b>	<b>2,805</b>

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Additionally, Fersa Energías Renovables, S.A. has given a guarantee for the financing of the wind farm of Generación Eólica India Limited totalling Euros 1,540 thousand.

Through the business combinations in 2008, the liabilities of the acquired companies were added (Note 23). These liabilities related basically to two loans for the financing of the construction of the wind farms of the following companies:

Company	Balance included in business combination	As at 31.12.08		Maturity
		Current	Non-current	
SAS Eoliennes de Beausemblant	16,214	981	12,323	2021
Generación Eólica India Limited	5,542	1,766	15,609	2018
<b>Total</b>	<b>21,756</b>	<b>2,747</b>	<b>27,932</b>	

### NOTE 16 – OTHER LIABILITIES

The following is a breakdown of Other Liabilities as at 31 December 2009 and 31 December 2008:

	As at 31.12.09	As at 31.12.08
Long-term deferred payments	40,198	40,910
Other non-current liabilities	2,318	1,850
<b>Other non-current liabilities</b>	<b>42,516</b>	<b>42,760</b>
Short-term deferred payments	4,109	4,719
Other current liabilities	13	418
<b>Other current liabilities</b>	<b>4,122</b>	<b>5,137</b>

Other Liabilities includes outstanding payments for the purchase of various wind farms payable when certain milestones are achieved in the farms under development, the disbursement of which is considered probable. As at 31 December 2009, it is estimated that Euros 4,109 thousand (Euros 4,719 thousand as at 31 December 2008) will be payable next year and that Euros 40,198 thousand (Euros 40,910 thousand as at 31 December 2008) will be paid in the year 2011 and years thereafter.

These deferred payments do not accrue interest, and there are no significant differences between the book values cost and the fair values of the deferred payments.

## NOTE 17 - TRADE AND OTHER PAYABLES

The breakdown at 31 December 2009 and 2008 is as follows:

	As at 31.12.09	As at 31.12.08
Public Administration	130	1,266
Other creditors	7,454	2,439
Current tax liabilities	462	2,043
<b>Other non-current liabilities</b>	<b>8,046</b>	<b>5,748</b>

Most of the accounts payable do not accrue interest and fall due between 30 and 90 days.

## NOTE 18 – RISK MANAGEMENT

The Fersa Group is developing appropriate procedures for identifying, analysing, managing and mitigating all risks to which, in light of its activities, it is exposed, of which of special note are:

- Segregation of duties and responsibilities in key areas.
- Compliance with internal standards and legislation in force.
- Application of oversight and control systems.
- Use of hedging instruments for certain risks.
- Reporting transparency policies between the different departments affected by risk.

The Group has taken measures for the main financial risks: market risk (including exchange rate risk) and liquidity risk. The overall group risk management program is centred on the uncertainty of the financial markets and attempts to minimise the potential adverse effects on its financial profitability.

### Interest rate risk

The fluctuations in interest rates modify the fair value of the financial assets and liabilities that accrue a fixed interest rate as well as the cash flows from the financial assets and liabilities indexed to a floating interest rate, and, accordingly, they impact both equity and net income, respectively.

The purpose of interest rate risk management is to maintain a balance between floating and fixed rates on debt that in order to reduce the costs of borrowings within the established risk parameters.

The Fersa Group uses financial swaps to management its exposure to interest rate fluctuations.



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The structure of its financial debt at 31 December, taking into account the hedges through derivative contracts, is as follows:

	As at 31.12.2009	As at 31.12.2008
Fixed interest rate	99,076	104,584
Floating interest rate	63,620	45,291
<b>Total</b>	<b>162,696</b>	<b>149,875</b>

The floating interest rate is subject mainly to the fluctuations of the European Interbank Offered Rate (EURIBOR). The sensitivity of net income and net equity to the fluctuation in interest rates is as follows:

	Increase/decrease in interest rate	Effect on net income before tax	Effect on equity before tax
2009	10%	(165)	(18)
	(10%)	165	18
2008	10%	(82)	807
	(10%)	82	(807)

### Exchange rate risk

The variations in exchange rates can affect the fair value of debt denominated in non-local or non-functional currencies and the transactions and investments denominated in non-Euro currencies, and, accordingly, the counter-value of net equity contributed and net income.

The various non-Euro currencies with which the Fersa Group has operated in 2009 and 2008 are the Dollar, Rupee and Zloty. The sensitivity of net income and consolidated equity (Reserves for translation differences) of the Fersa Group to a 10% variation (increase or decrease) in the exchange rate against the Euro is as follows:

	Increase/decrease in the exchange rate of the functional currency	Effect on net income before tax	Effect on equity before tax
2009	10%	(1,090)	16,657
	(10%)	1,333	(18,182)
2008	10%	(1,271)	18,483
	(10%)	1,271	(15,597)

### Commodity price risk

The Fersa Group is exposed to the risk of fluctuations in commodity prices given that its sales are linked to the average price of electricity.

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The sensitivity of net income to the variation in commodity prices, taking as a reference the sale price of electricity in the daily electricity market, is as follows:

	Increase/decrease in price (electricity sale price)	Effect on net income before tax
2009	10% (10%)	2,034 (2,034)
2008	10% (10%)	1,920 (1,920)

### Credit risk

At 31 December 2009 and 2008 there are no provisions for bad debts as they are not considered necessary.

At 31 December 2009 and 2008, the Fersa Group had no significant concentrations of credit risk or delays in payment on financial assets.

In order to mitigate the credit risk arising from financial positions, the contracting of derivatives and the placement of treasury surpluses is carried out with highly solvent banks and financial entities.

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury Management aims to maintain flexibility in funding by keeping committed credit lines available.

Management follows up the liquidity reserve forecasts of the Company (which includes the availability of credit and cash or cash equivalents) on the basis of the expected cash flows.

At 31 December 2008, available liquidity totalled Euros 42,968 thousand, taking into account cash and other cash equivalents (Euros 23,102 thousand, Note 12), and undrawn credit facilities (Euros 19,866 thousand, Note 15).

At 31 December 2009, available liquidity totals Euros 24,890 thousand, taking into account cash and other cash equivalents (Euros 19,801 thousand, Note 12), and undrawn credit facilities (Euros 5,089 thousand, Note 15).

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## Capital management

The purpose of capital risk management is to maintain an appropriate ratio between internal and external financing (financial liability). The leverage index is as follows:

	As at 31.12.09	As at 31.12.08
Long-term financial liabilities (Note 14)	99,424	107,631
Short-term financial liabilities (Note 14)		38,352
	57,479	
Cash and other cash equivalents (Note 11)	(19,801)	(23,102)
Derivatives (Note 9)	5,469	3,504
Financial deposits (Note 8)	-	-
<b>Net financial liability:</b>	<b>142,571</b>	<b>126,385</b>
Equity holders of the parent company (Note 12)	361,913	361,965
Minority interest (Note 12)	18,617	19,302
<b>Net equity:</b>	<b>380,530</b>	<b>381,267</b>
<b>Leverage (Net financial liability / (Net financial liability + Net equity))</b>	<b>27.3%</b>	<b>24.9%</b>

## NOTE 19 – TAX SITUATION

The reconciliation of the applicable tax rate to the effective tax rate for 2009 and 2008 is as follows:

	2009	%	2008	%
<b>Profit (loss) before tax</b>	<b>(294)</b>		<b>3,260</b>	
<b>Theoretical tax</b>	<b>(88)</b>	<b>30%</b>	<b>978</b>	<b>30%</b>
Tax rates foreign companies	(100)	(34.%)	(67)	(2.1%)
Tax differences prior year and others	(524)	(178.2%)	111	3.4%
Effect on net income using equity accounting method	(242)	(82%)	(327)	(10%)
Small size companies tax rate	-	-	(42)	(1.3%)
Deduction for goodwill amortisation	(403)	(137.1%)	-	-
Others	(31)	(10.5%)	(79)	(2.4%)
<b>Corporate income tax accrued</b>	<b>(1,388)</b>	<b>(472.1%)</b>	<b>574</b>	<b>18%</b>

At 31 December 2009, the parent Company has tax loss carryforwards (TLC's) available for offset totalling Euros 10,315 thousand (Euros 11,480 thousand at 31 December 2008), maturing in 2023, and a deferred tax asset balance of (net of deferred tax liabilities) totalling Euros 6,022 thousand (Euros 5,979 thousand at 31 December 2008). In both cases, the Fersa Group has decided not to recognise these amounts in its consolidated annual accounts, as it considers that they do not meet the requirements under IFRS-EU to be accounted for as assets.

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The income tax expense for the year is as follows:

<b>Corporate income tax</b>	<b>As at 31.12.09</b>	<b>As at 31.12.08</b>
Current tax	(864)	918
Deferred tax	(524)	(344)
<b>Total</b>	<b>(1,388)</b>	<b>574</b>

The following table reflects the movements during 2009 and 2008 of deferred tax:

	<b>Balance 31.12.08</b>	<b>Business combinations</b>	<b>Increases</b>	<b>Decreases</b>	<b>Translation differences</b>	<b>Balance 31.12.09</b>
Deferred tax assets	1,090	-	2,425	(38)	-	3,477
Deferred tax liabilities	(84,140)	-	(294)	608	(385)	(84,211)
	<b>(83,050)</b>	<b>-</b>	<b>2,131</b>	<b>570</b>	<b>(385)</b>	<b>(80,734)</b>

  

	<b>Balance 31.12.07</b>	<b>Business combinations</b>	<b>Increases</b>	<b>Decreases</b>	<b>Translation differences</b>	<b>Balance 31.12.08</b>
Deferred tax assets	1,907	-	1,090	(1,907)	-	1,090
Deferred tax liabilities	(8,555)	(81,571)	-	344	5,642	(84,140)
	<b>(6,648)</b>	<b>(81,571)</b>	<b>1,090</b>	<b>(1,563)</b>	<b>5,642</b>	<b>(83,050)</b>

The additions deferred tax assets for the years 2008 and 2009 relate, mainly, to the tax of the hedging contracts according to their valuation (Note 9). Furthermore, in 2009 the Group has recognised a deferred tax asset relating to prior years totalling Euros 524 thousand.

Business combinations for 2008 include the deferred tax assets and liabilities arising from the purchase price allocation process (Note 23).

In accordance with current tax legislation, tax returns cannot be considered final until they have been audited by the Tax Authorities or the four-year prescription period has expired.

The consolidated companies that make up the Group are opened to tax inspection for all applicable taxes for the last four years.

In 2009 Fersa Energías Renovables, S.A. is subject to Corporate Income Tax under the consolidated tax regime along with the following subsidiaries in Spain:

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Eólica El Pedregoso, S.L.	Joso Fotovoltaica, S.L.
Empordavent, S.L.	Fotovoltaica Padua, S.L.
Eólica del Pino, S.L.	Fotovoltaica Vergos, S.L.
Catalana d'Energies Renovables, S.L.	Fotovoltaica La Mola, S.L.
Fercom Eólica, S.L.U.	Inversions Trautt, S.L.
La Tossa del Vent, S.L.U.	Fotovoltaica de Castelló, S.L.
Texte, S.L.U.	Fotovoltaica de les Coves, S.L.
Eolener, S.L.U.	Inversions Vinroma, S.L.
Orta Eólica, S.L.U.	Parque Eólico Hinojal, S.L.
Electravent, S.L.U.	Siljan Port, S.L.
Gestora Fotovoltaica de Castellón, S.L.	Fergest Biomasa, S.L.U.
Fotovoltaica Fer, S.L.	Parc Eòlic Coll de Som, S.L.
Weinsberg Ecotec, S.L.	Parc Eòlic L'Arram, S.L.
Fotovoltaica Ecotec, S.L.	Explotación Eólica La Pedrera, S.L.U.

## NOTE 20 - STAFF COSTS

The breakdown of staff costs at 31 December 2009 and 2008 is as follows:

	2009	2008
Wages and salaries	2,063	1,419
Social welfare expenses	316	178
<b>Total staff costs</b>	<b>2,379</b>	<b>1,597</b>
Own work capitalised (*)	(1,154)	(216)
<b>Total net staff costs</b>	<b>1,225</b>	<b>1,381</b>

(\*) The amount for 2008 of Euros 216 thousand has been stated net

The average number of employees breaks down as follows:

	2009	2008
Management	4	4
Technicians	27	12
Line workers	8	6
<b>Total</b>	<b>39</b>	<b>22</b>

In accordance with the provisions of the Gender Equality Act, Organic Law 3/2007/22 March, published in the Official State Gazette of 23 March 2007, the average number of employees of the Fersa Group at the end of 2009 and 2008 broken down by category and gender is as follows:

<b>As at 31.12.09</b>	<b>Men</b>	<b>Women</b>	<b>Total</b>
Management	4	0	4
Technicians	19	11	30
Others	2	7	9
<b>Total</b>	<b>25</b>	<b>18</b>	<b>43</b>

<b>As at 31.12.08</b>	<b>Men</b>	<b>Women</b>	<b>Total</b>
Management	4	-	4
Technicians	15	8	23
Others	-	7	7
<b>Total</b>	<b>19</b>	<b>15</b>	<b>34</b>

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## NOTE 21 – NET FINANCIAL INCOME (EXPENSE)

The breakdown of this account in the income statement for 2009 and 2008 is as follows:

	2009	2008
Interest	390	1,965
Exchange gains	431	599
<b>Total financial income</b>	<b>821</b>	<b>2,564</b>
Cost of borrowings	(6,765)	(5,626)
Exchange losses	(113)	(10)
<b>Total financial expenses</b>	<b>(6,878)</b>	<b>(5,636)</b>
<b>Variation in fair value of financial instruments</b>	<b>-</b>	<b>264</b>
<b>Net financial income (loss)</b>	<b>(6,057)</b>	<b>(2,808)</b>

## NOTE 22 – CASH FLOWS

### Cash flows from operating activities

The breakdown of cash flow from operations in 2009 and 2008 is as follows:

	2009	2008
<b>Profit (loss) before tax</b>	<b>(294)</b>	<b>3,260</b>
<b>Adjustments to results</b>	<b>14,439</b>	<b>9,845</b>
Amortisation and depreciation (Notes 5 and 6)	10,059	8,129
Interest income	6,057	(2,828)
Borrowing costs	-	5,636
Net income of companies consolidated by equity accounting (Note 7)	(1,714)	(1,092)
Other adjustments to net income	37	-
<b>Changes in working capital (excluding the effects of changes in consolidation scope and translation differences):</b>	<b>6,584</b>	<b>(5,249)</b>
Trade and other receivables	6,584	3,368
Trade and other payables	-	(8,617)
<b>Other cash flows from operating activities</b>	<b>(8,633)</b>	<b>(3,677)</b>
Interest paid	(6,960)	(5,472)
Collection of interest	-	1,560
Collections (payments) of corporate income tax	(2,043)	(169)
Collection of dividends	370	404
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>12,096</b>	<b>4,179</b>

### Cash flows from investment activities

Payments for investments in property, plant and equipment, intangible assets and investment property in the consolidated cash flows statement for the year ended 31 December 2009 includes an amount of Euros 1,041 thousand relating to tax outflows (Value Added Tax, VAT) related to a decrease in cash flows from investments (Euros 6,763 thousand in 2008, increase in cash flows from investment). This amount relates to the VAT refundable and is recorded under Trade and other receivables (Note 11).

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**NOTE 23 - BUSINESS COMBINATIONS**

No significant business combinations were created during 2009 (Note 2.3).

The most significant business combinations in 2008 are as follows:

- a) **On 20 February 2008 the Fersa Group, through a non-cash capital increase, acquired the following companies and shareholding percentages:**

	% Shareholding	Country
Generación Eólica India Limited	100%	India
EN Renewable Energy Private Limited	100%	India
EN Wind Power Private Limited	100%	India
EN Green Energy Private Limited	100%	India
Eólica Kisielice Sp	100%	Poland
Eólica Warblewo Sp	100%	Poland
Eólica Cieplowody Sp	100%	Poland
Eoliennes De Beausemblant SAS	80%	France
Parc Eòlic l'Arram, S.L.	100%	Spain
Parc Eòlic Coll De Som, S.L.	100%	Spain
Explotación Eólica la Pedrera, S.L.	100%	Spain
Sinergia Andaluza, S.L.	60%	Spain
Energías Renovables del Guadiana Menor, S.L.	50%	Spain
Fercom Eólica, S.L.	30%	Spain
Catalana d'Energies Renovables, S.L.	57.7%	Spain
Empordavent, S.L.	19.2%	Spain
Parque Eólico Hinojal, S.L.	30%	Spain
Eólica del Pino, S.L.	40%	Spain
Energía Renovable Mestral, S.L.	20%	Spain
Fomento de inversiones y capital S.L.	100%	Spain

For all the companies acquired as part of this operation, the breakdown of the net assets acquired and the price paid is as follows:

Contribution of shares through the non-cash capital increase	267,716
Deferred payments	10,602
Other transaction costs	18,335
<b>Total purchase price</b>	<b>296,653</b>
Fair value of net assets acquired	172,547
<b>Difference between net assets acquired and purchase price</b>	<b>124,106</b>

For these purposes, the part of the purchase price that could be allocated for accounting purposes to the assets acquired less the assumed liabilities and contingent liabilities has been classified as "Fair value of the net assets acquired", and the difference that cannot be identified individually has been classified as Goodwill.

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In addition to the contribution of shares, the Group acquired the loans of the companies acquired totalling Euros 7,158 thousand, and, accordingly, the non-cash capital increase totals Euros 274,874 thousand (Note 13).

With respect to the business combinations in 2008, the Group has completed the purchase price allocation process, and no differences have arisen in relation to the provisional allocation made last year, which was as follows:



	Generación Eólica India Limited	EN Renewable Energy Private Limited	EN Wind Power Private Limited	EN Green Energy Private Limited	Eólica Kiselice Sp	Eólica Warblewo Sp	Eólica Cieplowody Sp	Eoliennes De Beausemblant SAS	Parc Eòlic L'Arram S.L.	Parc Eòlic Coll de Som S.L.	Explotación Eólica la Pedrera S.L.	Sinergia Andaluza, S.L.
Property, plant and equipment	12,361	-	-	-	1,667	2,380	2,371	13,743	56	22	2	1,116
Other intangible assets	11,881	16,024	23,217	11,379	25,002	18,949	21,586	5,310	6,502	6,139	21,888	44,987
Non-current assets	-	-	-	-	-	-	-	-	271	236	-	687
Deferred tax assets	-	-	-	-	-	-	-	-	45	44	77	-
Current assets	316	2	2	2	144	39	20	1,787	144	185	258	266
<b>TOTAL ASSETS</b>	<b>24,558</b>	<b>16,026</b>	<b>23,219</b>	<b>11,381</b>	<b>26,813</b>	<b>21,368</b>	<b>23,977</b>	<b>20,840</b>	<b>7,018</b>	<b>6,626</b>	<b>22,225</b>	<b>47,056</b>
Non-current liabilities	5,542	-	-	-	847	2,301	2,298	16,214	-	-	-	2,068
Deferred tax liabilities	3,564	4,807	6,965	3,414	7,501	5,686	6,476	1,053	1,939	1,824	6,212	13,496
Current liabilities	9	-	-	-	949	100	78	329	12	-	-	-5
<b>TOTAL LIABILITIES</b>	<b>9,115</b>	<b>4,807</b>	<b>6,965</b>	<b>3,414</b>	<b>9,297</b>	<b>8,087</b>	<b>8,852</b>	<b>17,596</b>	<b>1,951</b>	<b>1,824</b>	<b>6,212</b>	<b>15,559</b>
<b>Net assets at fair value</b>	<b>15,443</b>	<b>11,219</b>	<b>16,254</b>	<b>7,967</b>	<b>17,516</b>	<b>13,281</b>	<b>15,125</b>	<b>3,244</b>	<b>5,067</b>	<b>4,802</b>	<b>16,013</b>	<b>31,497</b>
<b>Net assets acquired according to shareholding percentatge</b>	<b>15,443</b>	<b>11,219</b>	<b>16,254</b>	<b>7,967</b>	<b>17,516</b>	<b>13,281</b>	<b>15,125</b>	<b>2,595</b>	<b>5,067</b>	<b>4,802</b>	<b>16,013</b>	<b>18,898</b>
Contributions of shares by capital increase	18,116	14,749	21,706	10,451	23,629	17,862	20,379	3,213	6,583	6,257	20,011	19,051
Deferred payments	-	-	-	-	-	-	-	-	-	-	1,000	6,816
Other transaction costs	891	1,277	1,513	930	1,388	1,103	1,222	224	422	368	1,213	1,129
<b>Purchase price</b>	<b>19,007</b>	<b>16,026</b>	<b>23,219</b>	<b>11,381</b>	<b>25,017</b>	<b>18,965</b>	<b>21,601</b>	<b>3,437</b>	<b>7,005</b>	<b>6,625</b>	<b>22,224</b>	<b>26,996</b>
Cash and other cash equivalents in the subsidiary acquired	107	2	1	2	8	2	1	1,428	108	153	61	137
<b>Cash used in the acquisition</b>	<b>784</b>	<b>1,275</b>	<b>1,512</b>	<b>928</b>	<b>1,380</b>	<b>1,101</b>	<b>1,221</b>	<b>-1,204</b>	<b>314</b>	<b>215</b>	<b>1,152</b>	<b>992</b>
<b>Difference between net assets acquired and purchase price</b>	<b>3,564</b>	<b>4,807</b>	<b>6,965</b>	<b>3,414</b>	<b>7,501</b>	<b>5,684</b>	<b>6,476</b>	<b>842</b>	<b>1,938</b>	<b>1,823</b>	<b>6,211</b>	<b>8,098</b>

	Energías Renovables del Guadiana Menor S.L.	Fercom Eólica, S.L.	Catalana d'Energies Renovables, S.L.	Empordavent, S.L.	Parque Eólico Hinojal, S.L.	Eólica del Pino, S.L.	Energia Renovable Mestral, S.L.	Fomento de Inversiones y Capital S.L.	Total
Property, plant and equipment	10	2,412	-	276	48,554	17,496	-	-	102,466
Other intangible assets	2,854	1,617	16,775	0	25,495	612	-	-	260,217
Non-current assets	-	1,706	587	424	166	1	1,332	2	5,412
Deferred tax assets	-	-	24	-	-	-	-	-	190
Current assets	-	676	3,501	36	5,726	1,422	537	303	15,366
<b>TOTAL ASSETS</b>	<b>2,864</b>	<b>6,411</b>	<b>20,887</b>	<b>736</b>	<b>79,941</b>	<b>19,531</b>	<b>1,869</b>	<b>305</b>	<b>383,651</b>
Non-current liabilities	0	5,193	2,487	758	44,762	14,883	468	-	97,821
Deferred tax liabilities	856	-	5,033	-	7,170	-	-	-	75,996
Current liabilities	5	667	1,640	35	7,295	2,811	3	383	14,311
<b>TOTAL LIABILITIES</b>	<b>861</b>	<b>5,860</b>	<b>9,160</b>	<b>793</b>	<b>59,227</b>	<b>17,694</b>	<b>471</b>	<b>383</b>	<b>188,128</b>
<b>Net assets at fair value</b>	<b>2,003</b>	<b>551</b>	<b>11,727</b>	<b>-57</b>	<b>20,714</b>	<b>1,837</b>	<b>1,398</b>	<b>-78</b>	<b>195,523</b>
	<b>2,003</b>	<b>165</b>	<b>11,727</b>	<b>-57</b>	<b>13,592</b>	<b>735</b>	<b>280</b>	<b>-78</b>	<b>172,547</b>
<b>Net assets acquired according to shareholding percentatge</b>									
Contributions of shares by capital increase	2,637	15,972	15,310	4,322	13,123	5,995	3,108	25,242	267,716
Deferred payments	-	-	2,786	-	-	-	-	-	10,602
Other transaction costs	222	2,119	1,604	502	1,066	935	177	30	18,335
<b>Purchase price</b>	<b>2,859</b>	<b>18,091</b>	<b>19,700</b>	<b>4,824</b>	<b>14,189</b>	<b>6,930</b>	<b>3,285</b>	<b>25,272</b>	<b>296,653</b>
Cash and other cash equivalents in the subsidiary acquired	-	30	-	59	71	218	1	42	2,431
<b>Cash used in the acquisition</b>	<b>222</b>	<b>2,089</b>	<b>1,604</b>	<b>443</b>	<b>995</b>	<b>717</b>	<b>176</b>	<b>-12</b>	<b>15,904</b>
<b>Difference between net assets acquired and purchase price</b>	<b>856</b>	<b>17,926</b>	<b>7,973</b>	<b>4,881</b>	<b>597</b>	<b>6,195</b>	<b>3,005</b>	<b>25,350</b>	<b>124,106</b>

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The difference between the value of the net assets acquired at fair value and their book value arises mainly from measuring certain intangible assets relating to wind farms at fair value which meet the requirement of identifiability as per IAS 38 to be recorded as intangible assets. These wind farms (some of which are under construction and others already operating) were measured in the financial statements before the acquisition at the value of the costs incurred, although their fair value is much higher according to the valuation made by an independent expert, due to the fact that certain milestones were reached in the development and implementation of a wind farm, such as the location of ideal sites for the farm, wind measurements, obtaining licenses and authorisations from official bodies for the construction of a wind farm, etc. These intangible assets are amortised over the useful life of each farm, beginning as from the time they are brought into use.

Furthermore, in accordance with IFRS-EU and the policies of the Fersa Group, the acquisitions of additional equity stakes in companies in which the Group already has control are recorded as equity transactions, and the surplus over the attributable portion of net worth of the shareholding paid to the minority interest is recognised directly in equity. The surplus relating to this transaction totals Euros 54,660 thousand, of which Euros 25,201 thousand have been recorded as less Share premium account and the remaining Euros 29,459 thousand have been subtracted from other reserves as part of the amount Euros 34,964 thousand carried on the Statement of changes in net equity (in relation to the outstanding amounts of Euros 5,505 thousand, see section b) below).

Accordingly, of the total amount of additions from business combinations in 2008 of Goodwill totalling Euros 101,059 thousand (Note 5), goodwill arising from this operation totals Euros 69,446 thousand (Euros 124,106 thousand less Euros 54,660 thousand recognised in equity). Additionally, and as a result of the purchase price allocation process, an amount of Euros 260 million has been recognised under Other intangible assets.

The goodwill is attributable to the high profitability expected from the business acquired and the synergies that are foreseen to arise after acquisition by the Fersa Group.

### **b) Other acquisitions in 2008:**

On 26 March 2008, the parent Company acquired 24.6% of Parque Eólico Hinojal S.L. reaching, after this acquisition 100% of the shareholding stakes of this company. The purchase price allocation was completed without generating any differences in relation to the provisional allocation made last year, which is as follows:

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	<b>P.E. HINOJAL, S.L.</b>
Property, plant and equipment	48,228
Other intangible assets	25,486
Non-current assets	166
Current assets	6,669
<b>TOTAL ASSETS</b>	<b>80,549</b>
Non-current liabilities	56,222
Current liabilities	3,613
<b>TOTAL LIABILITIES</b>	<b>59,835</b>
<b>Net assets at fair value</b>	<b>20,714</b>
<b>Net assets acquired according to shareholding percentage</b>	<b>5,096</b>
<b>Purchase price</b>	<b>10,601</b>
Cash and other cash equivalents in the subsidiary acquired	14
<b>Cash used in the acquisition</b>	<b>10,587</b>
<b>Difference between net assets acquired and purchase price</b>	<b>5,505</b>

Due to group policies on recording acquisitions of minority interests discussed above, the surplus price of Euros 5,505 thousand has been recognised directly in net equity.

On 16 February 2008, Fersa Energías Renovables, S.A. reached an agreement, through Siljan Port, S.L., investee company 80% owned by Fersa, to set up a Joint Venture with the Chinese company Shandong Lubei Enterprise Group Company. The new company was called Shandong Lusa New Energy Co Ltd and was 60% owned by Siljan Port, S.L. and 40% owned by Shandong Lubei Enterprise Group Company. This Joint Venture has projects for creating wind farms in the province of Shandong (China) up to 10,000 MW, and its first project has already been authorised with installed capacity of 48MW. The Fersa Group will make contributions to the Joint Venture as the projects are rolled in proportion to its shareholding.

Additionally, in 2008, other not very significant shareholdings were acquired in Entreyeltes 1, S.L., Fersa Montengro Llc, Shandong Lusa New Energy Co Ltd and Fersa Business Consulting (Shanghai) Co Ltd. Through the purchase price allocation process, the Fersa Group considers that the overprice paid relates to goodwill (total goodwill generated by these acquisitions totals Euros 1.4 million) and is attributable to the high profitability expected from the acquired business and the synergies that are foreseen to arise after the acquisition by the Fersa Group.

If the acquisitions made in 2008 had taken place on 1 January 2008, the net contribution to net income for 2008 would have been Euros 279 thousand.

## NOTE 24 - RELATED PARTY TRANSACTIONS

As per article 37 of the Financial Reform Measures Act, Law 44/2002, the transactions in 2009 carried out by Fersa Energías Renovables, S.A. and related persons or companies are as follows.

Related persons are:

- Significant shareholders in Fersa Energías Renovables, S.A., meaning those who directly or indirectly hold an interest equal to or exceeding 5%, as well as shareholders which, while not being significant, have exercised the power to appoint a member of the Board of Directors.

Based on this definition, the following are considered related entities of Fersa Energías Renovables, S.A.:

<b>Name of Registered Name of the Director</b>	<b>Total % of share capital</b>
Grupo Empresarial Enhol, S.L. (*)	22.393%
Grupo Catalana Occidente, S.A.	7.509%
Mytaros B.V.	4.043%
BCN Godia, S.L.	4.546%
Larfon, S.A.U.	2.697%
Comsa Medioambiente S.L.	5.000%
Caja General de Ahorros de Granada	4.126%
Mr. José M <sup>a</sup> Roger Ezpeleta	1.862%
<b>Total % of share capital</b>	<b>52.176%</b>

(\*) Energía Inteligente Energena, S.L. (Unipersonal) is fully owned by the Enhol Group, and holds 22.070% of the shares of the Fersa Group, a percentage that has been included in the shareholding of the Enhol Group.

- The Directors and Senior Management of the Company and their immediate families, “directors” meaning members of the Board of Directors, and “Senior Management” meaning members of the Management Committee. Transactions with the directors and senior management of the Fersa Group are disclosed in Note 25.

a) Transactions with significant shareholders:

### **Transactions with Innovación Verde Inver, S.L.U. (hereinafter Inver)**

Inver is a company belonging to the Enhol Group.

Contracts have been entered into with Inver for the integrated management of projects of the companies Eólica Postolin S.P. zoo, Eólica Kisielice S.P. zoo, Eólica Warblewoo S.P. zoo and Eólica Cieplowody S.P. zoo in 2008. The amount accrued in 2008 for this item totals Euros 413 thousand, while no amounts have accrued in 2009.

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In 2009 Inver has invoiced to Fersa Energías Renovables, S.A. Euros 343 thousand for the management of the companies in India (Generación Eólica India Limited, EN Renewable Energy Private Limited, EN Wind Power Private Limited) and France (Eoliennes de Beausemblant, SAS).

### **Transactions with Caja General de Ahorros de Granada**

Parque Eólico Hinojal, S.L. (fully owned by the Fersa Group) has a current account with the financial entity Caja General de Ahorros de Granada which balance at 31 December 2009 totals Euros 3,028 thousand (Euros 1,011 thousand at 31 December 2008), which has accrued interest in its favour of Euros 17 thousand in 2009 (Euros 14 thousand in 2008). Furthermore, Caja General de Ahorros de Granada, as the agent bank, together with a syndicate of banks, had granted a loan to Parque Eólico Hinojal, S.L.; the amount drawn down exclusively from Caja General de Ahorros de Granada at 31 December 2009 totals Euros 6,352 thousand (Euros 6,780 thousand at 31 December 2008), and interest of Euros 296 thousand has accrued in 2009 (208 thousand in 2008).

### **Office lease with Real Wind, S.L. (hereinafter Real Wind)**

The total amount accrued during 2009 with respect to the rental of the offices of the registered office of the Fersa Group in Barcelona to Real Wind, S.L. (a company fully owned by Jose Maria Roger Ezpeleta, Chairman of the Board of Directors of Fersa Energías Renovables S.A.), totals Euros 201 thousand (Euros 183 thousand at 31 December 2008). These leases have a term of five years, automatically renewable for periods of one year.

#### **b) Transactions with directors and senior management**

Except for the transactions with Real Wind mention in the preceding section, there have been no transactions with directors or senior management.

## **NOTE 25 – INFORMATION ON MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT**

### Remuneration of the members of the Board of Directors

The Board of Directors, at its meeting of 5 December 2007, unanimously adopted the remuneration system proposed by the Appointments and Remuneration Committee for the members of the Board of Directors based on fixed annual fees for being a Director, as well as fixed annual fees for being a member of the Audit Committee or the Appointments and Remuneration Committee, and fixed annual fees for sitting on the Executive Committee.

## FERSA GROUP ENERGIAS RENOVABLES

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On 25 June 2008 the General Meeting of Shareholders of the company agreed to modify article 17 bis of the Articles of Association covering the remuneration of the Directors, and made the office of director a remunerated post.

In 2009, the amount accrued by the members of the Board of Directors of Fersa Energías Renovables, S.A. totals Euros 637 thousand (Euros 546 thousand in 2008), including the emoluments for their sitting on the Board of Directors and on its different committees, and, as the case may be, for labour or direct duties that they may be performing at different executive levels in the company.

In 2008 no amounts accrued for the item mentioned in the preceding paragraph.

### Transactions with directors

In 2009 the shareholdings, office and/or duties of the directors of Fersa Energías Renovables, S.A. in other companies, with the same, analogous or complementary activity as that which constitutes its corporate purposes, (Note 1), are as follows:

<b>Board Member: José M<sup>a</sup> Roger Ezpeleta</b>		
<b>Investee company</b>	<b>Shareholding</b>	<b>Functions</b>
Real Wind, S.L.U.	100%	Sole Administrator
Eólica el Pedregoso, S.L.	On behalf of Fersa, 80%	Chairman
Eólica del Pino, S.L.	On behalf of Fersa, 80%	Chairman
Aprofitament d'energies renovables de la Terra Alta, S.L.	On behalf of FERCOM EÓLICA, 13,94% and on behalf of CATALANA D'ENERGIES RENOVABLES, S.L. 15,73%	Director
Berta Energies Renovables, S.L.	On behalf of FERCOM EÓLICA, 18,39% and on behalf of PARC EOLIC COLL DE SOM, S.L. 5,35% and on behalf of PARC EOLIC L'ARRAM, S.L. 5,35%	Chairman
Gestora Fotovoltaica de Castellón, S.L. and subsidiary companies	On behalf of FERSA, 76%	Joint Administrator
<b>Investee company</b>	<b>Shareholding</b>	<b>Functions</b>
Invetem Mediterrànea, S.L.	On behalf of Fersa, 70,83%	Director
Sinergia Andaluza, S.L.	On behalf of Fersa 60%	Director
Energías Renovables del Guadiana Menor, S.L.	On behalf of Fersa 50%	Director
Castellwind-03, S.L.	On behalf of Fersa 67,39%	Director
Fersa Panamá, S.A.	On behalf of Fersa 92%	Chairman
Siljan Port, S.L.	On behalf of Fersa 80%	Chairman
OÚ Est Wind Power	On behalf of Fersa 75%	Director
Generación Eólica India Limited	On behalf of Fersa 99,9%	Director
EN Green Energy Private Limited	On behalf of Fersa 99,9%	Director
EN Renewable Energy Private Limited	On behalf of Fersa 99,9%	Director
EN Wind Power Private Limited	On behalf of Fersa 99,9%	Director
Eolica Postolin S.P. Z o.o.	On behalf of Fersa 100%	Director
Eolica Cieplowody S.P. Z o.o.	On behalf of Fersa 100%	Director
Eolica Kisielice S.P. Z o.o.	On behalf of Fersa 100%	Director
Eolica Warblewo S.P. Z o.o.	On behalf of Fersa 100%	Director
Mangement Kisielice, Sp. z o.o	On behalf of Fersa 100%	Director
Eoliennes de Beausemblant S.A.S.	On behalf of Fersa 80%	Chairman
Fersa Italia, s.r.l.	On behalf of Fersa 100%	Chairman

**FERSA GROUP ENERGIAS RENOVABLES**  
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<b>Board Member : Energia Inteligente Energena, S.L.U.</b>		
<b>Investee company</b>	<b>Shareholding</b>	<b>Functions</b>
Energia Termosolar Enertol, S.L.	50%	--
Innovación Verde Inver, S.L.U.	100%	--
Eolica Navarra, S.L.U.	100%	--
Ynfiniti Engineering Services, S.L.	33,33%	--
Inver Bulgaria, E.O.O.D.	100%	--
Central Eólica Pampa De Malaspina, S.A.	10% * sold on 09/12/2009	--

<b>Board Member : Grupo Empresarial Enhol, S.L.</b>		
<b>Investee company</b>	<b>Shareholding</b>	<b>Functions</b>
Energia Inteligente Energena, S.L.U.	100%	--
Eolica Cabanillas, S.L.	50%	--
Eolica Montes De Cierzo, S.L.	50%	--
Eolica Caparroso, S.L.	50%	-
Eolica La Bandera, S.L.	50%	-

<b>Board Member : Caja General de Ahorros de Granada, S.A.</b>		
<b>Investee company</b>	<b>Shareholding</b>	<b>Functions</b>
Silicio Energía, S.A.	5%	-
Energia Oriental, S.L.	61,18%	-
Eólica Del Zenete, S.L.	42,99%	-

<b>Board Member : Comsa Medio Ambiente, S.L.</b>		
<b>Investee company</b>	<b>Shareholding</b>	<b>Functions</b>
Parque Solar De Ecija, S.L.	100%	Sole Administrator
Eólica La Lanchas, S.L.	100%	Sole Administrator
Eólica El Hornico, S.L.	100%	Sole Administrator
Eólica La Carrasca, S.L.	100%	Sole Administrator
Eólica Sierra Gadea, S.L.	100%	Sole Administrator
Tfm Energia Solar Fotovoltaica, S.A.	75%	Director
Comsa Energías Renovables, S.L.	100%	Director
Comsa Investments Solares, S.L.	100%	Sole Administrator
Maials Solar, S.L.	100%	Sole Administrator
Villoldo Solar, S.L.	100%	Sole Administrator
Parque Solar Viso Del Marques, S.L.	100%	Sole Administrator
Gotica Solar, S.L.	100%	Sole Administrator

<b>Board Member : Bcn Godia, S.L.</b>		
<b>Investee company</b>	<b>Shareholding</b>	<b>Functions</b>
Rotasol Energy, S.L.	40% indirect	--



## FERSA GROUP ENERGIAS RENOVABLES

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<b>Board Member</b> : Ignacio García-Nieto Portabella		
<b>Investee company</b>	<b>Shareholding</b>	<b>Functions</b>
Rotasol Energy, S.L.	5% indirect	--

### Remuneration of the Management Committee

The annual remuneration accrued as at 31 December 2009 to the members of the Management Committee, excluding that of the members who are also members of the Board of Directors, is carried under Fixed remuneration of members of the Board of Directors, totalling Euros 507 thousand in fixed remuneration (Euros 422 thousand at 31 December 2008).

Some of the contracts entered into with the members of the Management Committee include indemnity clauses that given the beneficiaries the right to receive an amount equivalent to one year's pay in the event of termination of their labour relationship as a result of unlawful dismissal.

### **NOTE 26 – AUDITORS FEES**

The fees accrued to PricewaterhouseCoopers Auditores, S.L. for auditing and other assurance services total Euros 261 thousand (Euros 226 thousand in 2008).

Furthermore, the fees accrued during the year to other companies using the PricewaterhouseCoopers mark for other services rendered to the Company totalled Euros 77 thousand, mainly for tax advisory services (Euros 221 thousand in 2008).

### **NOTE 27 – GUARANTEES WITH THIRD PARTIES**

Eolener, S.L. has given a guarantee of Euros 320 thousand for the processing of authorisations for the installation of wind farms, fully guaranteed by Fersa Energías Renovables, S.A.

The following companies have given technical guarantees to the General Directorate of Energy Policy and Mines in the following amounts (Thousand Euros) as per the provisions of RD 661/2007:

<b>Company</b>	<b>Thousands euros</b>
Eólica Cijara, S.L.	1,300
Sinergia Andaluza S.L. y Energías Renovables Guadiana Menor, S.L.	2,000
Energía Renovable Mestral Eólica, S.L.,	1,000
Castellwind 03, S.L.	2,100
Entreyeltes 1, S.L.	2,320
<b>Total</b>	<b>8,720</b>

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Fersa Energías Renovables, S.A. has given guarantees to the following entities that have given technical guarantees to the General Directorate of Energy Policy and Mines as per the provisions of RD 6/2009 in the following amounts:

<b>Company</b>	<b>Thousands euros</b>
E.A. Tajos de Bazán	310
Catalana d'Energies Renovables	1,152
Texte	150
La Tossa del Vent	210
Eolener	367
E.A. L'Arram	400
E.A. Coll de Som	210
Empordavent	960
Orta Eólica	990
Electravent	420
E.R. Guadiana Menor	800
Sinergia Andaluza	2,376
La Pedrera	870
<b>Total</b>	<b>9,215</b>

Fersa Energías Renovables, S.A. has fully guaranteed the guarantee given for the authorisation processing for the Eolener, S.L. wind farm totalling Euros 320 thousand, as well as the guarantee for Explotación Eólica la Pedrera, S.L totalling Euros 1,311 thousand given to Energías Renovables de la Región de Murcia, S.L.

Additionally, Fersa Energías Renovables, S.A. has given a guarantee for the financing of the wind farm of Generación Eólica India Limited totalling Euros 2,099 thousand and Euros 1,000 thousand in order to guarantee the credit facility from Axis Bank granted to Generación Eólica India Ltd.

Electravent, S.L. has given guarantees totalling Euros 12 thousand to the Department of the Environment and Housing of the Government of Catalonia for the temporary occupancy of land for archaeological prospecting.

The commitments, pignorations, pledges and guarantees relating to the financing contracts have been described in Note 15.

The Directors of the Fersa Group estimate that unexpected liabilities at 31 December 2009, if any, that could give rise to the commitments indicated in this Note and in Note 15, would not have a significant impact on these consolidated annual accounts.

## **FERSA GROUP ENERGIAS RENOVABLES**

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### **NOTE 28 - ENVIRONMENT**

Environmental aspects are borne in mind throughout the processing and construction of facilities, and all necessary studies required under the legislation of each country are prepared.

During 2009, and in relation to the facilities being operated, the Group incurred expenses totalling Euros 189 thousand, basically, for wildlife conservation purposes (Euros 214 thousand during 2008).

### **NOTE 29 – SUBSEQUENT EVENTS**

In relation to the loan for the financing of the wind farm of Catalana d'Energies Renovables, S.L., of 12 January 2010, the draw down of Tranche B, has been executed, and, consequently, as from that date the loan has been classified as a non-current liability.

In January 2010 Fersa Energías Renovables S.L. sold the remaining 12% of its shareholding in Parque Eólico Altos del Voltoya, S. A. The amount of the transaction totalled Euros 3.2 million. This operation, added to the sale of the 18% stake in 2009, thus completing the sale of the entire shareholding. As a whole, the sale of the 30% shareholding has totalled Euros 10 million, including Euros 0.9 million relating to the sale of the related subordinate debt, and has generated a profit of Euros 1.7 million.

Additionally, in January 2010 Fersa Energías Renovables S.A. has accepted an investment in its subsidiary Catalana d'Energies Renovables, S.L. (Cater) from the specialised renewable energy fund Green Alliance, F.C.R. Through this operation Green Alliance F.C.R. has acquired 16% of Cater and the Fersa Group has reduced its shareholding to 84%. The operation generated income of Euros 6.04 million for the Group and includes 16% of the related subordinate debt. Cater is the owner of the 45 MW Mudéfer and 12.6 MW Mudéfer II wind farms in Caseres (Tarragona), which are under construction and are expected to be brought on line in the first half of 2010. The impact of this disposal in 2010 has been a decrease in equity of Euros 0.9 million.

**FERSA GROUP ENERGIAS RENOVABLES**  
Notes to the Consolidated Annual Accounts as at 31 December 2009  
(In Thousand Euros)

**APPENDIX OF FERSA GROUP COMPANIES**

Company	Shareholding percentatges	Consolidation Method
Eólica El Pedregoso, S.L	80%	F.C.
Invetem Mediterránea, S.L	71%	F.C.
Empordavent, S.L	100%	F.C.
Eólica Del Pino, S.L	80%	F.C.
Catalana d'Energies Renovables, S.L.	100%	F.C.
Fercom Eólica, S.L.	100%	F.C.
La Tossa del Vent, S.L.	100%	F.C.
Texte, S.L.	100%	F.C.
Eolener, S.L.	100%	F.C.
Orta Eólica, S.L.	100%	F.C.
Electravent, S.L.	100%	F.C.
Gestora Fotovoltaica de Castellón, S.L.	76%	F.C.
Fotovoltaica Fer, S.L.	76%	F.C.
Weinsberg Ecotec, S.L.	76%	F.C.
Fotovoltaica Ecotec, S.L.	76%	F.C.
Joso Fotovoltaica, S.L.	76%	F.C.
Fotovoltaica Padua, S.L.	76%	F.C.
Fotovoltaica Vergos, S.L.	76%	F.C.
Fotovoltaica La Mola, S.L.	76%	F.C.
Inversions Trautt, S.L.	76%	F.C.
Fotovoltaica de Castelló, S.L.	76%	F.C.
Fotovoltaica de les Coves, S.L.	76%	F.C.
Inversions Vinroma, S.L.	76%	F.C.
Parque Eólico Hinojal , S.L	100%	F.C.
Fersa Panama, S.A.	92%	F.C.
Eólica Postolin Sp	100%	F.C.
OÜ EstWindPower	93%	F.C.
Fergest Biomasa S.L.	100%	F.C.
Parc Eòlic Coll De Som, S.L.	100%	F.C.
Parc Eòlic L'Arram, S.L.	100%	F.C.
Explotación Eólica La Pedrera S.L.	100%	F.C.
Sinergia andaluza ,S.L.	75%	F.C.
Generación Eólica India Limited	100%	F.C.
EN Renewable Energy Private Limited	100%	F.C.
EN Wind Power Private Limited	100%	F.C.
EN Green Energy Private Limited	100%	F.C.
Eólica Kisielice SP	100%	F.C.
Eólica Warblewo Sp	100%	F.C.
Eólica Cieplowody Sp	100%	F.C.
Eoliennes De Beausemblant, SAS	80%	F.C.
Castellwind 03 S.L	67%	F.C.
Fersa Cherkessk Llc	100%	F.C.
Entreyeltes 1, S.L.	51%	F.C.
FERSA Montenegro Llc	100%	F.C.

**FERSA GROUP ENERGIAS RENOVABLES**

Notes to the Consolidated Annual Accounts as at 31 December 2009

(In Thousand Euros)

Company	Shareholding percentatges	Consolidation Method
Fersa Italia, S.R.L.	100%	F.C.
Management Kisielice, S.P.z.o.o.	100%	F.C.
Shandong Lusa New Energy Co Ltd	48%	P.C.
Fersa Business Consulting (Shangai) Co Ltd	100%	F.C.
Berta Energies Renovables, S.L.	29%	E.A.
Aprofitament d'Energies Renovables de la Terra Alta, S.L.	30%	E.A.
Aprofitament d'Energies Renovables de L'Ebre S.L.	21%	E.A.
Parque Eólico Valcaire S.L.	34%	E.A.

Company	Shareholding Percentages	Consolidation Method
Los Siglos AIE	30%	P.C.
Energía Cijara, S.L.	50%	P.C.
Eólica Cijara, S.L.	50%	P.C.
E. R. Guadiana Menor, S.L.	50%	P.C.
Energía Renovable Mestral Eólica, S.L.	50%	P.C.
Siljan Port, S.L.	80%	P.C.

F.C.- Full Consolidation; P.C.- Proportional Consolidation; E.A.-Equity Accounting

## FERSA ENERGÍAS RENOVABLES GROUP

### CONSOLIDATED DIRECTORS' REPORT AT 31 DECEMBER 2009

#### 1. SIGNIFICANT EVENTS

On 7 May 2009 RDL 6/2009 was promulgated, which stipulated, amongst other provisions, a new pre-assignment registry for the Special Regime. The facilities in development that meet a series of requirements can be inscribed in this pre-assignment registry if they have the related authorisations and permits, have an equipment supply contract, have the financial capacity and have deposited a new guarantee. The inscription in the pre-assignment registry is a necessary condition for being granted the right to avail oneself of the economic regime established under RD 661/2007, which regulates the electricity production business under the Special Regime.

In December 2009 FERSA received confirmation from the Ministry of Industry, Tourism and Trade for the inscription in the above-mentioned pre-assignment registry for wind project with a total of 253.77 MW (217.27 MW attributable installed capacity). FERSA has, therefore, inscribed 58% of the MW for which it has applied for registration, 80% of which is located in Catalonia.

In 2009 Catalana d'Energies Renovables, S.L. (CATER), an investee company fully owned by Fersa, began the construction of two wind farms in Caseres (Tarragona), Mudéfer and Mudéfer II (57.6 MW). The construction of the Mudéfer II wind farm with attributable capacity of 12.6 MW has already been completed. Furthermore, the construction of the Mudéfer wind farm (45 MW) is continuing at a good pace and it is expected to come on line in the first half of 2010. Both farms have been inscribed in the pre-assignment registry as per RD 6/2009 and, accordingly, they avail themselves of the economic regime under RD 661/2007.

The production foreseen for these two wind farms is 156 Gwh per year, which represents approximately 2,700 equivalent hours (baseload of 31%), and will avoid the emission of 150,000 tonnes of CO<sub>2</sub> per year, as well as provide sufficient energy for the electricity consumption of more than 39,000 homes. The investment totals more than Euros 90 million.

In 2009 the paperwork is being completed to begin the construction of the 48 MW Els Escambrons wind farm in Almatret (Lleida). Construction of the farm, which is inscribed in the pre-assignment registry for special regime purposes, will begin in 2010 and will come on line at the beginning of 2011.

In Poland, FERSA has completed the public and electric works at the transformer substation of the wind farm in the second phase of the Kisielice wind farm, which has 11 Enercon E82-2MW turbines and a total of 22 MW of installed capacity. It is estimated that the assembly of the turbines will begin in the first quarter of 2010 and that the wind farm may begin operating the same year. The Kisielice wind farm has already had a 2 MW first phase in operation since 2008, and, accordingly, once the second phase has been completed, it will have 24 MW.

In Estonia, FERSA has increased its shareholding in OÜ Est Wind Power from 75% to 93.12%. This company holds title to the authorisations for the construction of a 75 MW wind farm in Päite and Vaivina on the northeast coast of Estonia and is one of the largest wind energy projects in the country. Additionally, a wind turbine supply contract has been entered into with Gamesa.

In India, FERSA has obtained from the Indian Renewable Energy Development Agency (IREDA) the authorisation for the financing of the 50.5 MW Hanumanhatti wind farm. The work will begin in the first half of 2010 and it is expected that it will come on line in the third quarter of the same year. This will be Fersa's second wind farm and will be added to the 31.2 MW Gadag wind farm which has been operating since 2008.

In Panama, the development of the wind farms has progressed at a good pace. In 2009 the final government permits were obtained for the construction and operation of the 105 MW Antón wind farm, in the first phase (97 MW attributable installed capacity). The environmental license has been granted by the Panamanian government through the Nacional Environmental Authorities (*Autoridad Nacional del Ambiente - ANAM*), the Final Authorisation for construction and operation granted by the Public Services Authority (*Autoridad of the Servicios Públicos - ASEP*), and the connection to the Panamanian electricity grid. The construction of the wind farm can now begin under these authorisations. It is located in the centre of the isthmus, in Coclé province and is expected to be rolled out in three phases.

Antón is Fersa's second wind farm in Panama that has obtained final authorisation, as in October 2008 the first ever final authorisation issued was obtained for the 225 MW Toabré wind farm. Fersa now has 330 MW (304 MW attributable installed capacity) authorised in Panama.

In the last stretch of the year, FERSA sold 18% of its shareholding in Parque Eólico Altos del Voltoya, S.A., thus reducing its shareholding from 30% to 12%. The transaction totalled Euros 5.7 million and generated profits for the Company of approximately Euros 1.5 million.

## **2. OPERATING AGGREGATES**

The attributable installed capacity at the end of December 2009 reached 150.4 MW, although, as a result of the partial divestment of its shareholding in Parque Eólico Altos del Voltoya S.A., FERSA ended the year with 137.8 MW.

Attributable power production has totalled 278.1 GWh, which represents an increase of 10.5% against the 251.7 GWh for last year, due, basically, to a greater contribution from the company's wind farms in France, Poland and especially India.

## SPAIN

The wind farms belonging to the companies Eólica el Pedregoso S.L. and Eólica del Pino S.L. in Tarifa (Cadiz) have logged production levels that are practically the same as last year, with a slight decrease of 3%. The production of the wind farms of Parque Eólico Hinojal S.L., also located in Tarifa (Cadiz), have generated 91.3 GWh, 7% higher than last year. Finally, the wind farms of Parque Eólico Altos del Voltoya S.A. has produced 96.0 GWh (28.8 attributable installed capacity), 16.0% less than in 2008.

## FRANCE

The wind farm belonging to SAS Eoliennes de Beausemblant has closed its year with an excellent level of production of 29.9 GWh, which is an increase of 15% on the same period last year.

## POLAND

The first phase of the (2 MW) Kisielice wind farm, which began operating in June 2008, has progressed very well in terms of production (4.7 GWh), and its wind resources this year have been of excellent quality.

## INDIA

The accumulated production of the Gadag wind farm in 2009 has totalled 56.0 GWh, which represents an increase of 72% against last year, basically due to the fact that the wind farm was not fully operative until the last quarter of 2008. Wind resources are highly seasonal, since the period of the greatest wind concentration coincides with the Monsoons, which take place in the months from June to September.

### **3. STRATEGIC AGREEMENTS**

In 2009 FERSA reached an agreement for wind farm projects in Turkey. On 13 November 2009 it signed an agreement with the Turkish company Saran Energy Group for the development and operation of renewable energy projects in Turkey. Both companies have a 50% shareholding in the Joint Venture that will be called Fersar. The new company will be mainly engaged in the development of renewable energy projects based on wind, hydro-electric, bio-mass, solar and thermo-electric technologies.

### **4. MAIN FINANCIAL AGGREGATES**

Net turnover has totalled Euros 21,415 thousand, 5.8% higher than last year.

This increase in turnover is due to the improvement in the production of the wind farms that the company has in France, Poland and India, which has offset the effects of lower wind resources in Spain and the decrease in sale prices as a whole by 12%.



Net turnover from the International Wind business is 26% of total operating revenues of the Fersa Group, a clear indicator of the progress made in the process of strategic consolidation of the strategy of internationalisation of the Group.

Operating expenses, excluding amortisation and depreciation, total Euros 9,197 thousand (including staff costs), which is an increase of 19.1%, as a result, basically, of the addition of new operating plants.

The depreciation and amortisation charge has totalled Euros 10,059 thousand, which is an increase of 23.7 %. The Gadag (India) and Hinojal wind farms have been in full operation in 2009, whilst last year they were depreciated only as from the time they were brought on line.

Net operating profit totals Euros 4,049 thousand, 18.6% lower than last year.

Net financial loss totals Euros 6,057 thousand compared to net financial loss of Euros 2,808 thousand last year.

Net income attributable to the parent Company totals Euros 1,210 thousand, 47.2% lower than in 2008.

## **5. MAIN RISKS RELATING TO THE BUSINESS OF THE FERSA GROUP**

### **a – Operational risk:**

The Group's activities are exposed to various business risks, such as the wind conditions and other meteorological conditions. The operational risk of the group is subject to technological failures, human error or errors due to external factors.

The Group makes the necessary investments to mitigate these risks and to have appropriate policies on its insurance coverage.

The Group companies are subject to current legislation in each country in relation to tariffs at which they invoice their electricity production. The modification of the legal regulatory framework could affect the results of the business.

Please note that the Group's activities are subject to compliance with the environmental legislation in force, and accordingly, subject to approval by the authorities and the granting of the respective licenses and authorisations.

### **b – Financial risk and financial instruments:**

The Group is exposed to fluctuations in interest rate curves as its entire debt to financial entities is at a floating rate. Accordingly, the Group takes out interest rate hedge contracts, basically insuring against maximum interest rates. Due their nature, these contracts meet the hedging requirements under IFRS-EU. Accordingly, the net cash flows exchanged are recorded in the income statement as they accrue. At the year end these contracts are measured individually at fair value and their value is recognised in consolidated net equity.

The Group's activities outside Spain are exposed to exchange rate fluctuation risk of foreign currencies, which could affect the net income of the respective investee companies, their market value and release to results to the parent Company.

See additional information on other financial instruments in Note 9 to the notes to the consolidated annual accounts.

## **6. ENVIRONMENT**

Environmental matters are borne in mind throughout the entire process of obtaining authorisation, building the plants and preparing the studies based on the legislation governing each company.

In 2009 and in relation to the facilities that are in operation, the Group has incurred expenses totalling Euros 189 thousand, basically, for wildlife conservation.

## **7. TREASURY SHARES**

In 2009 and under the authorisation of the General Meeting of Shareholders of 30 June 2009 and 20 February 2008, the Company has made acquisitions of treasury shares. At 31 December 2009 Fersa has 1,716,341 treasury shares.

## **8. INFORMATION REQUIRED TO BE DISCLOSED UNDER ARTICLE 116 BIS OF THE SECURITIES EXCHANGE ACT**

As per the provisions of article 116 bis of the Securities Exchange Act, Law 24/1988/28 July, promulgated under Law 6/2007/12 April, the following information is disclosed:

*a) The capital structure, including the securities that are not listed on an official EU market, indicating, as the case may be, the different types of shares, and the rights and obligations of each class of shares granted by the percentage of share capital that they represent;*

The share capital of Fersa Energías Renovables, S.A. (herein, the "company") is set at the amount of EUROS ONE HUNDRED AND FORTY MILLION THREE THOUSAND SEVEN HUNDRED AND SEVENTY-EIGHT (140,003,778) divided into ONE HUNDRED AND FORTY MILLION THREE THOUSAND SEVEN HUNDRED AND SEVENTY-EIGHT (140,003,778) shares, with a par value of EURO ONE (1) each, of the same class or series, numbered from 1 to 140,003,778, represented by accounting entries, with the same rights. The shares are fully paid (articles 5 and 6 of the Articles of Association of the company).

*b) Any restrictions on the sale or transfer of shares;*

There are no restrictions on the free sale or transfer of Company shares, and, accordingly, they can be freely transferred under the provisions of the Spanish Public Limited Companies Act, the Securities Exchange Act and the respective applicable legislation pursuant thereto.

*c) The significant direct and indirect interests in the share capital;*

The interests in the share capital are mentioned in Note 13 to the Accounts.

*d) any restrictions on voting rights;*

There are no legal or statutory restrictions on voting rights.

*e) Para-corporate agreements;*

The Company is not aware of any para-corporate agreements.

*f) The applicable standards for the appointment and replacement of the members of the governing bodies of the company and the modification of its Articles of Association;*

f.1.) The aforementioned applicable standards on the appointment and replacement of the members of the governing bodies will be compliance with the provisions of the Spanish Public Limited Companies Act and the legal or regulatory provisions as per art. 1 of the Articles of Association, as well as the provisions of article 17 of the Articles of Association, article 2 of the Regulations of the General Meeting of Shareholders and articles 10 and 11 of the Regulations of the Board of Directors, textually cited as follows:

#### **Articles of Association:**

**Article 17.-** Exercising the office of administrator will involve compliance with the following standards:

- a) Duration of the mandate will be six years.
- b) The Directors whose mandates expire can also be re-elected without restriction on the number of possible re-elections.
- c) To be elected and maintain the office does not require being a shareholder. Persons that qualify for the grounds of incompatibility or are prohibited or barred under law, insofar as stipulated thereunder, cannot hold the office of Administrator.

#### **Regulations of the General Meeting of Shareholders:**

##### **Article 2.- Classes and powers.**

“(…) The General Meeting of Shareholders is the sovereign governing body for the resolution of any and all matters reserved by Law and by the Articles of Association to its decision-making authority, and, in general, in order to adopt all the resolutions as said sovereign body of the company. In particular, and for illustrative purposes, its powers comprise:

(…) Appointing, re-electing or ratifying the members of the governing body, without prejudice to the latter’s power of cooptation. Adopting resolutions, as the case may be, to remove such members from office.”

## **Regulations of the Board of Directors:**

### **Article 10.- Appointment and incompatibilities**

“The General Meeting of Shareholders, or, as the case may be, the Board of Directors, will be competent in appointing the members thereto, as per the legal and statutory provisions.

The Directors shall comply with the legally established incompatibilities”.

### **Article 11.- Removal and re-election of Directors**

“Directors, who, after their mandate period has expired, and in compliance with the other legal and statutory provisions, will be removed from office. They must tender their resignations to the Board and formalise their respective resignation whenever the grounds for incompatibility or the legal prohibitions are met and whenever the Board resolves that the Director has committed a serious breach of his or her duties”.

f.2.) Without prejudice to the Spanish Public Limited Companies Act and legal or regulatory provisions applicable, the standards governing the modification of the Articles of Association of the company are laid down in article 14 of the Articles of Association of the company, and in articles 2 and 4 of the Regulations of the General Meeting of Shareholders, textually cited as follows:

## **Articles of Association**

**Article 14.-** “The ordinary or extraordinary General Meeting of Shareholders will be validly constituted on first call when the shareholders, present or represented, hold at least 25% of the subscribed share capital with voting rights. The Meeting will be valid on second call no matter what percentage of share capital is in attendance.

Notwithstanding the above, in order for the General Meeting to validly agree to bond issues, or an increase or decrease in share capital, or transformation, merger or demerger of the company, and, in general, **any modifications of the Articles of Association**, the shareholders attending in person or represented by proxy thereat on first call will have to hold at least 50% of the share capital with voting rights, while on second call 25% of said share capital is sufficient. When shareholders representing less than 50% of share capital with voting rights are in attendance, resolutions can only be adopted by a majority vote in favour of 2/3 of the capital present or represented at the General Meeting of Shareholders (...).”

## **Regulations of the General Meeting of Shareholders**

### **Article 2.- Classes and competencies.**

“(…) To adopt any modifications of the Articles of Association, and in particular capital increases or decreases, bond issues, the transformation, merger, demerger or winding up of the company.”

#### **Article 4.- Organisation and valid constitution of meetings**

The aforementioned article quotes the regulations on the quorum necessary for the valid constitution of the General Meeting of Shareholder, which is regulated by article 14 of the Articles of Association, to which we have referred above:

“(...) Notwithstanding the above, in order for the General Meeting of Shareholders to validly agree to bond issues, capital increases or decreases, transformation, merger or demerger of the company and, in general, **any modifications of the Articles of Association**, the shareholders attending in person or represented by proxy thereat on first call will have to hold at least 50% of the share capital with voting rights, while on second call 25% of said share capital is sufficient. When shareholders representing less than 50% of share capital with voting rights are in attendance, resolutions can only be adopted by a majority vote in favour of 2/3 of the capital present or represented at the General Meeting of Shareholders (...).”

*g) The powers of the members of the Board of Directors and, in particular, those relating to the possibility of issuing or buying back shares;*

The Ordinary General Meeting of Shareholders of 30 June 2009 adopted the following resolutions on the issuing and buying back of shares:

“ (...) **Third: Authorisation granted to the Board of Directors to increase capital under art. 153.1 b) of the Spanish Public Limited Companies Act, with the possibility of full or partial suppression of the preferred subscription right, as the case may be, voiding the delegation of powers adopted under point fourth by the Ordinary General Meeting of Shareholders of 25 June 2008.**

It is agreed to confer upon the Board of Directors the power to agree to one or several capital increases, in accordance with the conditions and within the deadlines set under art. 153.1 b) of the Spanish Public Limited Companies Act, with the possibility of full or partial suppression of the preferred subscription right, as the case may be, voiding the delegation of powers adopted under point fourth by the Ordinary General Meeting of Shareholders of 25 June 2008.

(...)

**Fifth: Authorisation for the acquisition of treasury shares within the limits and as per the requirements laid down in art. 75 of the Spanish Public Limited Companies Act.**

The General Meeting of Shareholders authorises the Board of Directors, under the terms laid down in article 75 of the Spanish Public Limited Companies Act, to make derivative acquisitions of shares of Fersa Energías Renovables, S.A., in any form of valuable consideration permitted by law, within the limits, deadlines and legal requirements applicable under current legislation, up to the maximum number of shares not exceeding the limit of company share capital permitted by law at the time of said acquisition, and at a minimum nominal price per share of Euro 1 and a maximum that does not exceed the quotation share price.

This authorisation is subject to compliance with all the other applicable legal measures, and is granted for a maximum period legally permitted as from the date of this General Meeting of Shareholders, and renders null and void that agreed at the preceding General Meeting of Shareholders of 25 June 2008, Resolution Ninth”.

Furthermore, **article 21 of the Articles of Association**, section f) on the duties of the Board of Directors, includes the power to “Acquire, negotiate, transfer or pignorate securities, shares or shareholding stakes, listed or unlisted, and to said purpose execute any legally authorised operations”.

Furthermore, the Board of Directors of the company has the power, by virtue of article **4 of the Regulations of the Board of Directors**, amongst other duties, to undertake directly or through the Audit Committee any duties imposed upon it by virtue of the company being a listed company, in particular: to oversee the control of the periodical public financial information and information in general submitted to the financial markets, and with regards to any events, decision or circumstances that could be relevant for the quotation of the shares, in order to foster as much as possible the correct formation of the prices of the company’s shares, avoiding manipulation and abuse of privileged information.

*h) The significant agreements that have been entered into by the company and that come into force, modified or concluded in the event of a change in control of the company as a result of a takeover bid, and its effects, except when its disclosure is seriously damaging to the company. This except shall not apply when the company is legally bound to disclose such information;*

The company has not adopted such significant agreements.

*i) The agreements entered into by the company and its directors and management or employees that provide for indemnities when the latter resign or are dismissed unlawfully or if their labour relationship terminates as a result of a takeover bid.*

The agreements entered into by company and its directors and management are set out in Notes 24 and 25 to the Accounts. There have not been any additional indemnity clauses to those mentioned in these Notes.

## **9.- SUBSEQUENT EVENTS**

In January FERSA sold the remaining 12% of its shareholding in Parque Eólico Altos del Voltoya, S. A. The amount of the transaction totalled Euros 3.2 million. This operation, added to the sale of the 18% stake in 2009, thus completing the sale of the entire shareholding. As a whole, the sale of the 30% shareholding has totalled Euros 10 million, including Euros 0.9 million relating to the sale of the related subordinate debt, and has generated a profit of Euros 1.7 million.

Additionally, in January 2010 FERSA has accepted an investment in its subsidiary Catalana d'Energies Renovables, S.L. (Cater) from the specialised renewable energy fund Green Alliance, F.C.R. Through this operation Green Alliance F.C.R. has acquired 16% of Cater and the Fersa Group has reduced its shareholding to 84%. The operation totals Euros 6.04 million for FERSA and includes 16% of the related subordinate debt. Cater is the owner of the 45 MW Mudéfer and 12.6 MW Mudéfer II wind farms in Caseres (Tarragona), which are under construction and are expected to be brought on line in the first half of 2010.

## **10.- CORPORATE GOVERNANCE REPORT**

**ANNUAL CORPORATE GOVERNANCE REPORT**

**PUBLIC LIMITED COMPANIES**

**PARTICULARS OF ISSUER**

DATE OF YEAR-END: 31/12/2009

Tax No.: A-62338827

Company Name: FERSA ENERGIAS RENOVABLES, S.A.



**TEMPLATE FOR ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED PUBLIC LIMITED COMPANIES**

For better insight into the template and its subsequent preparation, please read the instructions on how to fill it out at the end of this report.

**A - CAPITAL STRUCTURE**

A.1 Complete the following table on the Company's share capital:

<b>Date of last modification</b>	<b>Share capital (€)</b>	<b>Number of shares</b>	<b>Number of voting rights</b>
20/02/2008	140,003,778.00	140,003,778	140,003,778

Please indicate whether or not there are different types of shares with different rights associated:

NO

A.2 Provide details of the direct and indirect owners of significant stakes in your company at year end, excluding Directors:

<b>Name or company name of shareholder</b>	<b>Number of direct voting rights</b>	<b>Number of indirect voting rights (*)</b>	<b>% of total voting rights</b>
COMSA EMTE, S.L.	0	10,755,059	7.682
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A	0	10,513,302	7.509
CAJA DE AHORROS Y MONTE DE PIEDAD DE BALEARES	6,368,640	0	4.549
Ms LILIANA GODIA GUARDIOLA	0	6,365,075	4.546
Ms MARIA DOLORES DONADEU CASTANY	0	5,660,378	4.043
BANCO DE SABADELL, S.A.	0	5,316,570	3.797

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Mr ALFONSO LIBANO DAURELLA	0	3,775,620	2.697

Name or company name of the indirect holder of the stake	Through: name or company name of the direct holder of the stake	Number of direct voting rights	% of total voting rights
COMSA EMTE, S.L.	COMSA EMTE MEDIO AMBIENTE, S.L.	7,000,189	5.000
COMSA EMTE, S.L.	EMTE, S.A.	3,754,891	2.682
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	10,513,302	7.509
Ms LILIANA GODIA GUARDIOLA	BCN GODIA, S.L.	6,365,075	4.546
Ms MARIA DOLORES DONADEU CASTANY	MYTAROS B.V.	5,660,378	4.043
BANCO DE SABADELL, S.A.	EXPLOTACIONES ENERGÉTICAS SINIA XXI, S.L.	5,316,570	3.797
Mr ALFONSO LIBANO DAURELLA	LARFON S.A.U.	3,775,620	2.697

Indicate the most significant changes in the shareholder structure occurred during the year:

Name or company name of shareholder	Date of the transaction	Description of the transaction
COMSA EMTE, S.L.	28/07/2009	5% of share capital has been exceeded

A.3 Complete the following tables regarding the members of the company's Board of Directors who hold voting rights over the Company shares:

Name or company name of Director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Mr JOSE MARIA ROGER EZPELETA	1,000	2,605,727	1.862

<b>Name or company name of Director</b>	<b>Number of direct voting rights</b>	<b>Number of indirect voting rights (*)</b>	<b>% of total voting rights</b>
GRUPO EMPRESARIAL ENHOL, S.L.	451,318	30,899,073	22.393
BCN GODIA, S.L.	6,365,075	0	4.546
CAJA GENERAL DE AHORROS DE GRANADA	0	5,776,292	4.126
COMSA EMTE MEDIO AMBIENTE, S.L.	7,000,189	0	5.000
ENERGIA INTELIGENTE ENERGENA, S.L. UNIPERSONAL	0	0	0.000
Mr ENRIQUE LACALLE COLL	500	0	0.000
Mr ESTEBAN SARROCA PUNSOLA	1,200	0	0.002
GRUPO CATALANA OCCIDENTE, S.A.	0	10,513,302	7.509
Mr IGNACIO GARCÍA-NIETO PORTABELLA	200	0	0.000
LARFON S.A.U.	3,775,620	0	2.697
MYTAROS B.V.	5,660,378	0	4.043

<b>Name or company name of the indirect holder of the stake</b>	<b>Name or company name of the direct holder of the stake</b>	<b>Number of direct voting rights</b>	<b>% of total voting rights</b>
Mr JOSE MARIA ROGER EZPELETA	REAL WIND, S.L.	2,605,727	1.861
GRUPO EMPRESARIAL ENHOL, S.L.	GENERACIÓN EÓLICA INTERNACIONAL, S.L.	15,643,344	11.174
GRUPO EMPRESARIAL ENHOL, S.L.	EOLICA INDIA, S.L.	15,255,729	10.897
GRUPO CATALANA OCCIDENTE, S.A.	SEGUROS CATALANA OCCIDENTE S.A. DE SEGUROS Y REASEGUROS, SOCIEDAD UNIPERSONAL	10,513,302	7.509
CAJA GENERAL DE AHORROS DE GRANADA	CORPORACIÓN CAJA DE GRANADA, S.A.	3,994,539	2.853
CAJA GENERAL DE AHORROS DE GRANADA	INVERSIONES PROGRANADA, SCR, S.A.	1,781,753	1.273

<b>Name or company name of the indirect holder of the stake</b>	<b>Name or company name of the direct holder of the stake</b>	<b>Number of direct voting rights</b>	<b>% of total voting rights</b>
ENERGIA INTELIGENTE ENERGENA, S.L. UNIPERSONAL	EOLICA INDIA, S.L.	0	0.000
ENERGIA INTELIGENTE ENERGENA, S.L. UNIPERSONAL	GENERACIÓN EÓLICA INTERNACIONAL, S.L.	0	0.000
<b>% total voting rights in possession of the Board of Directors</b>			<b>52.177</b>

Fill in the following tables regarding the members of the Company's Board of Directors who own stock options in the Company:

A.4 Indicate, where applicable, the family, commercial, contractual or corporate relations which could exist between the owners of significant stakes, provided they are known by the Company, unless they are irrelevant or arise from normal trading activities:

A.5 Indicate, where applicable, the commercial, contractual or corporate relations which could exist between the holders of significant shares and the company and/or its group, unless they are irrelevant or arise from normal trading activities:

A.6 Specify whether any shareholders' agreements have been notified to the company that affect it in accordance with the provisions set forth in Article 112 of the Securities Market Act. Where applicable, give a brief description and list the shareholders associated with the agreement:

NO

Indicate whether or not the Company is aware of the existence of concerted actions among its shareholders. If so, briefly describe them:

NO

If any modification or cancellation of said agreements or concerted actions has taken place during the year, please make express mention of this.

A.7 Indicate if there is any individual person or legal entity that exercises or who might exercise control of the Company pursuant to Article 4 of the Securities Market Act. Respond where applicable:

NO

A.8 Complete the following tables concerning the Company's treasury stock:

At year end:

Number of direct shares	Number of indirect shares (*)	% of share capital
1,716,341	0	1.226

(\*) Through:

<b>Total:</b>	<b>0</b>
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Provide details of the significant changes occurring during the year pursuant to Royal Decree 1362/2007:

<b>Unrealised gains/(Losses) of treasury stock disposed of over the period (in thousand of euros)</b>	<b>- 709</b>
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A.9. Give details of the terms and conditions corresponding to the General Meeting of Shareholders' current mandate to the Board of Directors for acquiring or assigning own shares.

On 30 June 2009, the General Meeting of Shareholders of FERSA ENERGÍAS RENOVABLES, S.A. adopted the resolution transcribed below:

The General Meeting of Shareholders authorised the Board of Directors, under the terms of article 75 of the Spanish Public Limited Companies Act to acquire shares of FERSA Energías Renovables, S.A. by any means of valuable consideration permitted by law, within the limits, terms and legal requirements applicable as per current legislation in force, up to a maximum number of shares that does not exceed the limit of share capital of the company permitted under current legislation at the time of acquisition, and at a minimum price per share of the par value of Euro 1 and a maximum price that does not exceed the quotation price of the share on the stock exchange.

This authorisation is subject to compliance with all other legally applicable requirements, and is granted for the maximum period permitted legally as from the date of the General Meeting of Shareholders, and voids Resolution Nine adopted at the last General Meeting of Shareholders of 25 June 2008.

A.10 Indicate, where applicable, the legal and statutory requirements in the Articles of Association regarding the use of voting rights, and legal restrictions on the acquisition or sale of holdings in the share capital. Indicate whether or not there are legal restrictions to exercising voting rights:

NO

<b>Maximum percentage of voting rights that can be exercised by a shareholder in accordance with legal restrictions</b>	<b>0</b>
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Indicate whether or not there are statutory restrictions to exercising voting rights:

NO

<b>Maximum percentage of voting rights that can be exercised by a shareholder in accordance with statutory restrictions</b>	<b>0</b>
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Indicate whether or not there are legal restrictions to the acquisition or assignment of shares in the company's capital:

NO

A.11 Specify whether the General Meeting has agreed to take up measures of neutralisation against a takeover bid by virtue of provisions set forth in Law 6/2007.

NO

If appropriate, explain the measures approved and the terms under which the restrictions would not be enforceable:

## **B - STRUCTURE OF THE MANAGEMENT OF THE COMPANY**

### B.1 Board of Directors

B.1.1 Describe the maximum and minimum number of Directors set forth in the Articles of Association:

<b>Maximum number of Directors</b>	<b>12</b>
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<b>Minimum number of Directors</b>	<b>3</b>
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B.1.2 Complete the following table with the members of the Board:

<b>Name or company name of Director</b>	<b>Representative</b>	<b>Position on Board</b>	<b>Date first appointment</b>	<b>Date last appointment</b>	<b>Election procedure</b>
Mr JOSE MARIA ROGER EZPELETA	--	CHAIRMAN	20/06/2006	20/02/2008	VOTE OF GENERAL MEETING OF SHAREHOLDERS
GRUPO EMPRESARIAL ENHOL, S.L.	LUIS OLIVER GÓMEZ	VICE-CHAIRMAN	20/02/2008	20/02/2008	VOTE OF GENERAL MEETING OF SHAREHOLDERS
BCN GODIA, S.L.	MANUEL TORREBLANCA RAMÍREZ	DIRECTOR	02/05/2007	20/02/2008	VOTE OF GENERAL MEETING OF SHAREHOLDERS
CAJA GENERAL DE AHORROS DE GRANADA	JESÚS QUERO MOLINA	DIRECTOR	20/02/2008	20/02/2008	VOTE OF GENERAL MEETING OF SHAREHOLDERS
COMSA EMTE MEDIO AMBIENTE, S.L.	JAVIER MARTÍ DURÁN	DIRECTOR	20/02/2008	20/02/2008	VOTE OF GENERAL MEETING OF SHAREHOLDERS
ENERGIA INTELIGENTE ENERGENA, S.L. UNIPERSONAL	VIDAL AMATRIAIN MÉNDEZ	DIRECTOR	20/02/2008	20/02/2008	VOTE OF GENERAL MEETING OF SHAREHOLDERS
Mr ENRIQUE LACALLE COLL	--	DIRECTOR	30/06/2009	30/06/2009	COOPTATION
Mr ESTEBAN SARROCA PUNSOLA	--	DIRECTOR	05/06/2007	20/02/2008	VOTE OF GENERAL MEETING OF SHAREHOLDERS
GRUPO CATALANA OCCIDENTE, S.A.	JORGE ENRICH IZARD	DIRECTOR	10/07/2000	20/02/2008	VOTE OF GENERAL MEETING OF SHAREHOLDERS
Mr IGNACIO GARCÍANIETO PORTABELLA	--	DIRECTOR	05/06/2007	20/02/2008	VOTE OF GENERAL MEETING OF SHAREHOLDERS
LARFON S.A.U.	ALFONSO LIBANO DAURELLA	DIRECTOR	20/02/2008	20/02/2008	VOTE OF GENERAL MEETING OF SHAREHOLDERS
MYTAROS B.V.	JOSE VICENS TORRADAS	DIRECTOR	15/01/2004	20/02/2008	VOTE OF GENERAL MEETING OF SHAREHOLDERS

<b>Total number of Directors</b>	12
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Indicate the replacements occurring in the Board of Directors during the period:

<b>Name or company name of Director</b>	<b>Condition member of the Board at the time of replacement</b>	<b>Replacement date</b>
Mr MANUEL BARANGE BOFILL	INDEPENDENT	30/06/2009

B.1.3 Complete the following tables regarding the members of the Board of Directors and their different statuses:

#### EXECUTIVE DIRECTORS

<b>Name or company name of Director</b>	<b>Committee which proposed appointment</b>	<b>Position in the Company's management structure</b>
Mr JOSE MARIA ROGER EZPELETA	--	CHAIRMAN
GRUPO EMPRESARIAL ENHOL, S.L.	--	VICE-CHAIRMAN
ENERGIA INTELIGENTE ENERGENA, S.L. UNIPERSONAL	--	DIRECTOR

<b>Total number of Executive Directors</b>	3
<b>% total of the Board</b>	25.000

#### EXTERNAL PROPRIETARY DIRECTORS

<b>Name or company name of Director</b>	<b>Committee which proposed appointment</b>	<b>Name or title of significant shareholder he/she represents or who proposed appointment</b>
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<b>Name or company name of Director</b>	<b>Committee which proposed appointment</b>	<b>Name or title of significant shareholder he/she represents or who proposed appointment</b>
BCN GODIA, S.L.	--	BCN GODIA, S.L.
CAJA GENERAL DE AHORROS DE GRANADA	--	CAJA GENERAL DE AHORROS DE GRANADA
COMSA EMTE MEDIO AMBIENTE, S.L.	--	COMSA EMTE MEDIO AMBIENTE, S.L.
GRUPO CATALANA OCCIDENTE, S.A.	--	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS
LARFON S.A.U.	--	LARFON S.A.U.
MYTAROS B.V.	--	MYTAROS B.V.

<b>Total number of Proprietary Directors</b>	6
<b>% total of the Board</b>	50.000

#### EXTERNAL INDEPENDENT DIRECTORS

**Name or company name of Director**

Mr ENRIQUE LACALLE COLL

**Profile**

Graduate in Law and Senior Company Management.

**Name or company name of Director**

Mr ESTEBAN SARROCA PUNSOLA

**Profile**

Graduate in Economics and Certified Public Account.

**Name or company name of Director**

Mr IGNACIO GARCÍA-NIETO PORTABELLA

**Profile**

Lawyer-economist, graduate from the University of Deusto.

<b>Total number of Independent Directors</b>	3
<b>% total of the Board</b>	25.000

## OTHER EXTERNAL DIRECTORS

Detail the reasons why they cannot be considered as proprietary or independent and their relationships, either with the company or its executives or with its shareholders:

Indicate the changes, if any, in the type of Director during the period:

B.1.4 Where applicable, explain why Proprietary Directors have been appointed at the request of shareholders whose holding in the capital is less than 5%.

**Name or company name of shareholder**

BCN GODIA, S.L.

**Explanation**

For strategic and business reasons.

**Name or company name of shareholder**

CAJA GENERAL DE AHORROS DE GRANADA

**Explanation**

For strategic and business reasons.

**Name or company name of shareholder**

LARFON, S.A.U.

**Explanation**

For strategic and business reasons.

**Name or company name of shareholder**

MYTAROS, B.V.

**Explanation**

For strategic and business reasons.

Please indicate whether formal requests have been denied for attendance at the meetings of the Board solicited by shareholders whose shareholding is equal to or greater than that of other shareholders, at whose instigation they would have been designated board members appointed by a significant shareholder. If any, explain the reasons for the denial.

NO

B.1.5 Indicate whether or not a Director has resigned from his/her post before the conclusion of his/her term of office, whether or not he/she has provided the Board with reasons and through which medium and, if he/she has done so in writing to the entire Board, explain at least the reasons given:

YES

**Director's name**

Mr MANUEL BARANGE BOFILL

**Reason for resignation**

Strictly professional reasons.

B.1.6 Indicate, where applicable, the powers delegated to the Managing Director(s):

**Name or company name of Director**

ENERGIA INTELIGENTE ENERGENA, S.L. UNIPERSONAL

**Brief outline**

The Chief Executive Officers, whether they act individually or in a Group, in other words, as the Executive Committee, have been granted the power to undertake and carry out whatever is permitted under the corporate purposes of the company, and to exercise any Powers that are not expressly reserved by Law or by the Articles of Association to the Board of Directors.

**Name or company name of Director**

GRUPO EMPRESARIAL ENHOL, S.L.

**Brief outline**

The Chief Executive Officers, whether they act individually or in a Group, in other words, as the Executive Committee, have been granted the power to undertake and carry out whatever is permitted under the corporate purposes of the company, and to exercise any Powers that are not expressly reserved by Law or by the Articles of Association to the Board of Directors.

**Name or company name of Director**

Mr JOSE MARIA ROGER EZPELETA

**Brief outline**

The Chief Executive Officers, whether they act individually or in a Group, in other words, as the Executive Committee, have been granted the power to undertake and carry out whatever is permitted under the corporate purposes of the company, and to exercise any Powers that are not expressly reserved by Law or by the Articles of Association to the Board of Directors.

B.1.7 Indicate, where applicable, the Board members holding positions of administrators or executives in other companies forming part of the group of the listed company:

<b>Name or company name of Director</b>	<b>Company name of group company</b>	<b>Position</b>
Mr JOSE MARIA ROGER EZPELETA	APROFITAMENT D'ENERGIES RENOVABLES DE LA TERRA ALTA. S.L.	DIRECTOR
Mr JOSE MARIA ROGER EZPELETA	BERTA ENERGIES RENOVABLES. S.L.	CHAIRMAN
Mr JOSE MARIA ROGER EZPELETA	CASTELLWIND-03. S.L.	DIRECTOR
Mr JOSE MARIA ROGER EZPELETA	E. N. GREEN ENERGY. PVT. LTD.	DIRECTOR
Mr JOSE MARIA ROGER EZPELETA	E. N. RENEWABLE ENERGY. PVT. LTD.	DIRECTOR
Mr JOSE MARIA ROGER EZPELETA	E. N. WIND POWER. PVT. LTD.	DIRECTOR
Mr JOSE MARIA ROGER EZPELETA	ENERGIAS RENOVABLES DEL GUADIANA MENOR. S.L.	DIRECTOR
Mr JOSE MARIA ROGER EZPELETA	EOLICA CIEPLOWODY. SP.Z.O.O.	DIRECTOR
Mr JOSE MARIA ROGER EZPELETA	EOLICA KISIELICE. SP.Z.O.O.	DIRECTOR

<b>Name or company name of Director</b>	<b>Company name of group company</b>	<b>Position</b>
Mr JOSE MARIA ROGER EZPELETA	EOLICA POSTOLIN. SP.Z.O.O.	DIRECTOR
Mr JOSE MARIA ROGER EZPELETA	EOLICA WARBLEWO. SP. Z.O.O.	DIRECTOR
Mr JOSE MARIA ROGER EZPELETA	EOLIENNES DE BEAUSEMBLANT S.A.S.	CHAIRMAN
Mr JOSE MARIA ROGER EZPELETA	EÓLICA DEL PINO. S.L.	CHAIRMAN
Mr JOSE MARIA ROGER EZPELETA	EÓLICA EL PEDREGOSO. S.L.	CHAIRMAN
Mr JOSE MARIA ROGER EZPELETA	FERSA ITALIA. S.R.L.	CHAIRMAN
Mr JOSE MARIA ROGER EZPELETA	FERSA PANAMA. S.A.	CHAIRMAN
Mr JOSE MARIA ROGER EZPELETA	FOTOVOLTAICA DE CASTELLÓ. S.L.	JOINT ADMINISTRATOR
Mr JOSE MARIA ROGER EZPELETA	FOTOVOLTAICA DE LES COVES. S.L.	JOINT ADMINISTRATOR
MR JOSE MARIA ROGER EZPELETA	FOTOVOLTAICA ECOTEC. S.L.	JOINT ADMINISTRATOR
MR JOSE MARIA ROGER EZPELETA	FOTOVOLTAICA FER. S.L.	JOINT ADMINISTRATOR
MR JOSE MARIA ROGER EZPELETA	FOTOVOLTAICA LA MOLA. S.L.	JOINT ADMINISTRATOR
MR JOSE MARIA ROGER EZPELETA	FOTOVOLTAICA PADUA. S.L.	JOINT ADMINISTRATOR
MR JOSE MARIA ROGER EZPELETA	FOTOVOLTAICA VERGOS. S.L.	JOINT ADMINISTRATOR
MR JOSE MARIA ROGER EZPELETA	GENERACION EOLICA INDIA. LTD	DIRECTOR
MR JOSE MARIA ROGER EZPELETA	GESTORA FOTOVOLTAICA DE CASTELLON. S.L.	JOINT MANAGER
MR JOSE MARIA ROGER EZPELETA	INVERSIONS TRAUTT. S.L.	JOINT MANAGER
MR JOSE MARIA ROGER EZPELETA	INVERSIONS VINROMA. S.L.	JOINT MANAGER
MR JOSE MARIA ROGER EZPELETA	INVETEM MEDITERRÀNEA. S.L.	DIRECTOR
MR JOSE MARIA ROGER EZPELETA	JOSO FOTOVOLTAICA. S.L.	JOINT ADMINISTRATOR
MR JOSE MARIA ROGER EZPELETA	MANAGEMENT KISIELICE. SP. Z O.O.	DIRECTOR
MR JOSE MARIA ROGER EZPELETA	OÛ EST WIND POWER	DIRECTOR

<b>Name or company name of Director</b>	<b>Company name of group company</b>	<b>Position</b>
MR JOSE MARIA ROGER EZPELETA	SILJAN PORT. S.L.	CHAIRMAN
MR JOSE MARIA ROGER EZPELETA	SINERGIA ANDALUZA. S.L	DIRECTOR
MR JOSE MARIA ROGER EZPELETA	WEINSBERG ECOTEC. S.L.	JOINT ADMINISTRATOR

B.1.8 Identify, if applicable, the Directors of your company who are members of the Board of Directors of other companies listed on official stock exchanges in Spain other than those of your group, that have been reported to the company:

B.1.9 Indicate and, where applicable, explain whether or not the Company has laid down rules on the number of Boards on which its Directors can sit:

NO

B.1.10 With regard to Recommendation No. 8 of the Unified Code, indicate the general policies and strategies of the company that the plenary Board has reserved the right to approve:

<b>The investment and finance policy</b>	YES
<b>The definition of the structure of the group of companies</b>	YES
<b>The corporate governance policy</b>	YES
<b>The corporate social responsibility policy</b>	YES
<b>Strategic or business plan, as well as the management aims and annual budgets</b>	YES
<b>The remuneration policy and appraisal of senior management performance</b>	YES
<b>Control of risk management policy, as well as periodic monitoring of the internal information control system</b>	NO
<b>The dividend policy, as well as the treasury stock policy, with special focus on their limits.</b>	YES

B.1.11 Fill in the following tables regarding the total remuneration of the Directors earned over the year:

a) In the Company which is the object of this report:

<b>Remuneration concept</b>	<b>Data in thousands of euros</b>
Fixed remuneration	637
Variable remuneration	0
Expenses	0
Established in Articles of Association	0
Stock options and/or other financial instruments	0
Others	0

<b>Total</b>	637
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<b>Other benefits</b>	<b>Data in thousands of euros</b>
Advances	0
Credits granted	0
Pension plans and funds: contributions	0
Pension plans and funds: obligations	0
Life insurance premiums	0
Guarantees made by the Company to Directors	0

b) Through company Directors belonging to other Boards of Directors and/or the senior management of group companies:

<b>Remuneration concept</b>	<b>Data in thousands of euros</b>
Fixed remuneration	0
Variable remuneration	0
Expenses	0
Established in Articles of Association	0
Stock options and/or other financial instruments	0

<b>Remuneration concept</b>	<b>Data in thousands of euros</b>
Others	0

<b>Total</b>	0
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<b>Other benefits</b>	<b>Data in thousands of euros</b>
Advances	0
Credits granted	0
Pension plans and funds: contributions	0
Pension plans and funds: obligations	0
Life insurance premiums	0
Guarantees made by the Company to Directors	0

c) Total remuneration by type of Director:

<b>Director type</b>	<b>By company</b>	<b>By group</b>
Executive	507	0
External Proprietary	0	0
External Independent	130	0
Other External	0	0

<b>Total</b>	637	0
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d) As a percentage of the profits attributable to the controlling company:

<b>Total remuneration of Directors (in thousands of euros)</b>	637
<b>Directors' total remuneration/(net) profit attributed to the parent company (%)</b>	52.6

B.1.12 Identify members of senior management who are not also Executive Directors, and indicate the total remuneration they earned during the year:

<b>Name or company name</b>	<b>Position</b>
Mr IGNACIO MORENO HERNANDEZ	GENERAL MANAGER
Mr FRANCESC ROIG MUNILL	DEPUTY GENERAL MANAGER
Mr IÑIGO DEL VALLE GÓMEZ	FINANCE MANAGER

<b>Total remuneration of senior management (in thousands of euros)</b>	507
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B.1.13 Indicate if there are guarantee or ironclad clauses, for cases of dismissal or control changes, in favour of members of senior management, including Executive Directors of the Company or its Group. Indicate if these contracts must be notified and/or approved by the bodies of the Company or its Group:

<b>Number of beneficiaries</b>	0
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	<b>Board of Directors</b>	<b>General Meeting</b>
<b>Body that authorises the clauses</b>	NO	NO

<b>Is the General Meeting informed of the clauses?</b>	NO
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B.1.14 Indicate the process for establishing the remuneration of the members of the Board of Directors and the relevant clauses of the Articles of Association in that respect.

<b>Process for establishing payment for the members of the Board of Directors and the statutory clauses</b>
<p>The office of the administrators until the end of the fiscal year is remunerated as per the Articles of Association:</p> <p>Article 17 b of the Articles of Association:</p> <p>The annual remuneration of the directors, for their management duties as members of the Board of Directors of the company, are established up to eight percent of liquid profit, which can only be received after reserves and dividends have been appropriated as per legislation in force. The Board of Directors will distribute amongst its members this share, in the form and amount that it deems necessary, which will be disclosed in the notes to the annual accounts as legally laid down.</p> <p>Subject to agreement of the General Meeting of Shareholders under the terms of the Spanish Public Limited Companies Act, the directors who undertake executive duties shall be entitled to also participate in the incentive plans adopted for the company's executives, which confer remuneration consisting of shares, recognition of share options or remuneration indexed to share value.</p>



<b>Process for establishing payment for the members of the Board of Directors and the statutory clauses</b>
The remuneration forecast in the sections above, resulting from membership on the Board of Directors, will be compatible with our professional or labour-related payments of the Directors for any other executive or advisory duties, which, as the case may be, they undertake for the company other than supervision and decision making as Directors, which are subject to the applicable legislation in force.

Indicate whether or not the Board in its plenary session has reserved the right to adopt the following decisions:

<b>At the proposal of the chief executive of the company, the appointment and possible resignation of senior executives, as well as their compensation clauses.</b>	NO
The remuneration of Directors, as well as, in the case of executives, the additional remuneration through their executive duties and other conditions that their contracts must include.	NO

B.1.15 Indicate whether or not the Board of Directors adopts a detailed payments policy and specify the matters on which it pronounces:

NO

<b>Amount of the fixed elements, with a breakdown if applicable of the allowances for participation on the Board and its Committees and an estimate of the annual fixed remuneration to which they are entitled</b>	
<b>Variable payment concepts</b>	
<b>Main characteristics of the social benefits systems, with an estimate of the equivalent annual cost or amount.</b>	
<b>Conditions to be observed in the contracts of those who exercise senior management functions as Executive Directors</b>	

B.1.16 Specify whether the Board submits a report on the remuneration policy for Directors to voting at the General Meeting as a separate item of the agenda. Where applicable, explain the aspects of the report regarding the salary policy adopted by the Board for future years, the most significant changes in the said policies with regard to that applied during the year and the global summary of how the remuneration policy was applied during the year. Give details of the role played by the Remuneration Committee and, if external consultancy services have been used, the identity of the external consultants that have provided the service:

NO

<b>Have external consultancy services been used?</b>	

B.1.17 Indicate, where applicable, the identity of Board members who are also members of the Boards of Directors, Directors or employees of companies that hold significant stakes in the listed company and/or companies of your group:

Provide details, if appropriate, of the relevant relationships other than those included in the previous heading, of the members of the Board of Directors with the significant shareholders and/or in entities of its Group:

B.1.18 Indicate whether or not there has been any modification to the regulations of the Board during the year:

NO

B.1.19 Indicate the procedures for the appointment, re-election, assessment and removal of Directors. Provide details of the competent bodies, the procedures to be followed and the criteria applicable in each procedure.

Article 10 of the Regulations of the Board of Directors.- Appointment and incompatibilities

The General Meeting of Shareholders or, as the case may be, the Board of Directors, will be competent to appoint its members, in conformity with current applicable legislation and the articles of association.

The Directors shall respect the legally established incompatibilities.

Article 11.- Removal and re-election Directors

The Directors shall be removed from office after the mandate period for which they were appointed has expired, as well in the other cases in conformity with current applicable legislation and the articles of association. They must tender their resignation to the Board and formalise the respective removal whenever they are found to be in situations of incompatibility or legally barred and whenever the Board resolves that the Director has seriously infringed his duties.

B.1.20 Indicate cases in which Directors are compelled to resign.

In conformity with article 11 of the Regulations of the Board of Directors, the Directors of the company must tender their resignation to the Board and formalise their respective removal whenever they are found to be in situations of incompatibility or legally barred and whenever the Board resolves that the Director has seriously infringed his duties.

B.1.21 Explain whether the duties of the chief executive of the Company correspond to the position of Chairman of the Board. If this is the case, indicate the measures which have been taken to limit the risks of accumulation of powers in a single person:

NO

Indicate and, where applicable, explain whether or not rules have been laid down to empower one of the Independent Directors to request the call of a Board meeting or the inclusion of new matters on the agenda to coordinate and report the concerns of the External Directors and direct the assessment by the Board of Directors.

NO

B.1.22 Are reinforced majorities other than those applicable by law required for any type of decision?

NO

Indicate how decisions are taken in the Board of Directors, specifying at least the minimum quorum and the type of majorities for approving decisions:

B.1.23 Indicate if there are specific requirements other than those relating to Directors in order to be appointed as Chairman.

NO

B.1.24 Indicate whether the Chairman has a casting vote:

YES

<b>Matters in which a deciding vote exists</b>
According to article 3 of the Regulations of the Board of Directors, the Chairman shall preside over, as the case may be, the Executive Committee, and represent it, and will have the deciding vote.
In the case of representation, the provisions of article 6 of the Regulations shall prevail. Article 6.- Constitution, representation and adoption of resolutions.
(...) Representation to attend the meetings of the Board can only be granted to another Director or another shareholder, and must be specific to each meeting. Whosoever represents the Chairman shall preside over the meeting only in the absence of the Vice-Chairman, and shall not have the right to cast the deciding vote. (...)

B.1.25 Indicate whether the Articles of Association or the Board Regulations establish any age limit for Directors:

NO

<b>Age limit for Chairman</b>	<b>Age limit for CEO</b>	<b>Age limit for Directors</b>
0	0	0

B.1.26 Indicate whether the Articles of Association or the Board Regulations establish a limited mandate for Independent Directors:

NO

<b>Maximum number of years of mandate</b>	0
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B.1.27 If there are few or no female Directors, explain the reasons or the initiatives adopted to correct this situation.

<b>Explanation of the reasons and the initiatives</b>
We believe that in light of the current structure of the company, we have not found any female candidates. However, we are carrying out systematic actions to include a female Director on the Governing Body of the company.

In particular, indicate whether or not the Appointments and Remuneration Committee has laid down procedures to ensure that the selection processes are not subject to implicit bias that prevents the selection of female Directors and deliberately look for female candidates with the required profile:

NO

B.1.28 Indicate if there are formal processes for delegation of votes in the Board of Directors. If so, describe them briefly.

In conformity with article 19 of the Articles of Association and article 6 of the Regulations of the Board of Directors, the meeting of the Board is validly constituted when the majority of its members are present or represented thereat, and also, without the need for a prior call, when all its members are present and unanimously decide to constitute a meeting of the Board. Written ballots without a meeting shall only be permitted when no Director opposes such a procedure.

The power of representation to attend the meetings of the Board shall only be conferred upon another director or shareholder, and must be made expressly for each meeting. Whosoever represents the Chairman shall preside over the meeting in the absence of the Vice-Chairman, and shall not have the right to cast the deciding vote.

Each Director present or represented shall have the right to vote. The resolutions shall be adopted by absolute majority of the members of the Board of Directors. The resolutions adopted by the Board at each meeting will be transcribed in the Minutes Book and shall be signed by the Chairman and the Secretary.

B.1.29 Indicate the number of meetings that the Board of Directors has held over the year. Also indicate, where applicable, how many times the Board has met without the Chairman being present:

<b>Number of meetings of the Board</b>	7
<b>Number of Board meetings without the Chairman attending</b>	0

Indicate the number of meetings held by the different Board committees over the year:

<b>Number of meetings of the Executive or Delegated Committee</b>	16
<b>Number of meetings of the Audit Committee</b>	5
<b>Number of meetings of the Appointments and Remuneration Committee</b>	1
<b>Number of meetings of the Appointments Committee</b>	1
<b>Number of meetings of the Remuneration Committee</b>	0

B.1.30 Indicate the number of meetings held by the Board of Directors during the year without the attendance of all its members. When calculating the number, representations made without specific instructions shall be considered as non-attendance:

<b>Number of non-attendances of Directors during the year</b>	0
<b>% of non-attendances over the total number of votes during the year</b>	0.000

B.1.31 Indicate if the individual and consolidated Annual Accounts submitted for approval by the Board are certified previously:

NO

Identify, where applicable, the person(s) who has/have certified the Company's individual and consolidated Annual Accounts in order to be drawn up by the Board:

B.1.32 Explain, where applicable, the mechanisms established by the Board of Directors to prevent the individual and consolidated annual accounts it draws up from being submitted to the General Meeting of Shareholders with qualifications in the auditors' report.

The Board of Directors has a single committee, the Audit Committee, whose competency, in conformity with article 20 b of the Articles of Association, and Article 7 of the Regulations of the Board of Directors, is to:

Propose to the Board of Directors for submission to the General Meeting of Shareholders, the appointment of the accounts auditors of the company.

To supervise the internal auditing services should the company have such a body.

To ascertain the process for financial disclosures and the internal control systems relating to the relevant risks that the company faces.

To receive information from the accounts auditors on questions that could put their independence in jeopardy, which are related to the accounts audit, and, in general, on any other issues that are governed by legislation on auditing and the technical auditing standards in force at any time.

B.1.33 Is the Secretary of the Board a Director?

NO

B.1.34 Explain the procedures for appointing and dismissing the Secretary of the Board, indicating whether or not his/her appointment and dismissal have been reported by the Appointments Committee and adopted by the Board in its plenary session.

<b>Appointments and dismissal procedure</b>
In accordance with the provisions of article 16 of the Regulations of the Board of Directors, the latter, upon the proposal of the chairman, shall appoint a Non-member Secretary, Graduate in Law, whose professional activity shall be fully independent.
Furthermore, article 18 of the Articles of Association stipulates the following: The Board of Directors shall be entitled to regulate its own functions and internal organisation. It shall, at least, appoint from amongst its members a Chairman and elect the person to hold the office of Secretary, which can even be held by a non-Director or non-Shareholder. One or several Vice-Chairmen can be appointed.
In relation to the former and current non-Director Secretary of the company, his removal and appointment were not reported by the Appointments and Remuneration Committee given that this Committee had been established thereafter.

<b>Does the Appointments Committee report the appointment?</b>	YES
<b>Does the Appointments Committee report the dismissal?</b>	YES
<b>Does the plenary session of the Board adopt the appointment?</b>	YES
<b>Does the plenary session of the Board adopt the dismissal?</b>	YES

Is the Board Secretary commissioned with the duty of especially supervising the good governance recommendations?

YES

B.1.35 Indicate, where applicable, the mechanisms established by the Company to safeguard the independence of the auditor, financial analysts, investment banks and rating agencies.

The Regulations of the Board of Directors, article 9o stipulates:

Article 9.- Relations with the Auditors

The Board shall establish an objective, professional and ongoing relationship directly or through the Audit Committee with the external Auditor of the company appointed by the General Meeting of Shareholders. In any case, it shall respect the independence of the auditors and ensure that they are given the information they require.

B.1.36 Specify whether the Company has changed external auditor over the year. If appropriate identify the incoming and outgoing auditors:

NO

<b>Outgoing auditor</b>	<b>Incoming auditor</b>

In the case of disagreements with the outgoing auditor, explain the content of the said disagreements:

NO

B.1.37 Indicate if the audit company performs other tasks for the company and/or its group other than auditing activities, and if so, state the amount of the fees received for said activities and the percentage of the fees billed to the company and/or its group:

YES

	<b>Company</b>	<b>Group</b>	<b>Total</b>
<b>Amount of tasks other than auditing activities (in thousands of euros)</b>	152	34	186
<b>Amount of tasks other than auditing/Total amount billed by the audit company (%)</b>	60.000	38.000	54.260

B.1.38 Specify whether the Auditor's report on the Annual Accounts from the previous year includes any reservations or exceptions. Where applicable, indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of the said reservations or exceptions.

NO

B.1.39 Indicate how many years the current audit company has been auditing, without interruption, the Annual Accounts of the Company and/or its Group. Also indicate the percentage of the number of years audited by the current audit company over the total number of years that the Annual Accounts have been audited:

	<b>Company</b>	<b>Group</b>
<b>Number of years without interruption</b>	2	2

	<b>Company</b>	<b>Group</b>
<b>No. of years audited by the current audit company /No. of years the Company has been audited (%)</b>	0.2	0.3

B.1.40 Indicate the holdings of the members of the Board of Directors in the capital of companies which have the same, similar or complementary type of activity that constitutes the business purpose of the Company and of its Group, and of which the Company has been informed. Also indicate the positions or duties that they perform in these companies:

<b>Name or company name of Director</b>	<b>Name of object company</b>	<b>% holding</b>	<b>Position or duties</b>
Mr JOSE MARIA ROGER EZPELETA	REAL WIND, S.L.	100.000	SOLE ADMINISTRATOR
GRUPO EMPRESARIAL ENHOL, S.L.	EOLICA CABANILLAS, S.L.	50.000	-
GRUPO EMPRESARIAL ENHOL, S.L.	EOLICA CAPARROSO, S.L.	50.000	-
GRUPO EMPRESARIAL ENHOL, S.L.	EOLICA LA BANDERA, S.L.	50.000	-
GRUPO EMPRESARIAL ENHOL, S.L.	EOLICA MONTES DE CIERZO, S.L.	50.000	-
GRUPO EMPRESARIAL ENHOL, S.L.	ENERGIA INTELIGENTE ENERGENA, S.L. UNIPERSONAL	100.000	-
BCN GODIA, S.L.	ROTASOL ENERGY, S.L.	40.000	-
CAJA GENERAL DE AHORROS DE GRANADA	ENERGIA ORIENTAL, S.L.	61.180	-
CAJA GENERAL DE AHORROS DE GRANADA	EOLICA DEL ZENETE, S.L.	42.990	-
CAJA GENERAL DE AHORROS DE GRANADA	SILICIO ENERGIA, S.A.	5.000	-



<b>Name or company name of Director</b>	<b>Name of object company</b>	<b>% holding</b>	<b>Position or duties</b>
COMSA EMTE MEDIO AMBIENTE, S.L.	COMSA INVERSIONES SOLARES, S.L.	100.000	SOLE ADMINISTRATOR
COMSA EMTE MEDIO AMBIENTE, S.L.	EOLICA LAS LANCHAS, S.L.	100.000	SOLE ADMINISTRATOR
COMSA EMTE MEDIO AMBIENTE, S.L.	EOLICA SIERRA GADEA, S.L.	100.000	SOLE ADMINISTRATOR
COMSA EMTE MEDIO AMBIENTE, S.L.	EOLICA EL HORNICO, S.L.	100,000	SOLE ADMINISTRATOR
COMSA EMTE MEDIO AMBIENTE, S.L.	EOLICA LA CARRASCA, S.L.	100,000	SOLE ADMINISTRATOR
COMSA EMTE MEDIO AMBIENTE, S.L.	PARQUE SOLAR VISO DEL MARQUES, S.L.	100.000	SOLE ADMINISTRATOR
COMSA EMTE MEDIO AMBIENTE, S.L.	TFM ENERGIA SOLAR FOTOVOLTAICA, S.A.	75.000	DIRECTOR
COMSA EMTE MEDIO AMBIENTE, S.L.	GOTICA SOLAR, S.L.	100.000	SOLE ADMINISTRATOR
COMSA EMTE MEDIO AMBIENTE, S.L.	PARQUE SOLAR DE ECIJA, S.L.	100.000	SOLE ADMINISTRATOR
COMSA EMTE MEDIO AMBIENTE, S.L.	VILLOLDO SOLAR, S.L.	100.000	SOLE ADMINISTRATOR
COMSA EMTE MEDIO AMBIENTE, S.L.	COMSA ENERGIAS RENOVABLES, S.L.	100.000	DIRECTOR
COMSA EMTE MEDIO AMBIENTE, S.L.	MAIALS SOLAR, S.L.	100.000	SOLE ADMINISTRATOR
ENERGIA INTELIGENTE ENERGENA, S.L. UNIPERSONAL	YNFINITI ENGINEERING SERVICES, S.L.	33.330	-
ENERGIA INTELIGENTE ENERGENA, S.L. UNIPERSONAL	INNOVACIÓN VERDE INVER, S.L. UNIPERSONAL	100.000	-
ENERGIA INTELIGENTE ENERGENA, S.L. UNIPERSONAL	ENERGIA TERMOSOLAR ENERTOL, S.L.	50.000	-
ENERGIA INTELIGENTE ENERGENA, S.L. UNIPERSONAL	EOLICA NAVARRA, S.L.U.	100.000	-
ENERGIA INTELIGENTE ENERGENA, S.L. UNIPERSONAL	INVER BULGARIA, E.O.O.D.	100.000	-
ENERGIA INTELIGENTE ENERGENA, S.L. UNIPERSONAL	CENTRAL EOLICA PAMPA DE MALASPINA, S.A.	10.000	-
Mr IGNACIO GARCÍA-NIETO PORTABELLA	ROTASOL ENERGY, S.L.	5.000	-

B.1.41 Indicate and, where applicable, provide details of whether there is a procedure whereby Directors can have external assessment:

YES

<b>Details of the procedure</b>
<p>Although it is true that there is no formal procedure regulated by the internal regulations of the Company by virtue of which the directors can avail themselves of external advisory and consulting services, there is, however, an unwritten procedure that is well-known by the members of the Board of Directors.</p> <p>That is why any member of the Board of Directors can request the hiring of external advisors, the cost to be borne by the Company, in order to exercise his duties, provided that said advice concerns questions of certain importance and complexity that arise in the undertaking of his remit.</p> <p>The aforementioned procedure consists in asking for the external advice that the director believes necessary, through the Chairman or the Secretary of the Board of Directors or the General Manager of the company, who will submit this request to the Board of Directors or the respective delegated committee for their decision.</p> <p>Furthermore, this practice has been extended to any member of the delegated committees and executive officers of the company.</p>

B.1.42 Indicate and, where applicable, provide details of whether there is a procedure whereby Directors can have the information necessary to prepare the meetings of the Boards of Directors with sufficient time:

YES

<b>Details of the procedure</b>
<p>According to article 5 of the Regulations of the Board of Directors,</p> <p>The Board shall meet at least once every 3 months to discuss the issues relating to the operations of the company, and, in any case, the different points of the proposed agenda.</p> <p>In accordance with the articles of association, the Board shall meet provided that it is called by its Chairman, either on his own initiative or at the behest of two or more Directors.</p> <p>The Chairman shall set the agenda for the meetings of the Board, although one third of the Directors subject to one day's notice shall be entitled to include points on the agenda that they consider pertinent.</p> <p>The Chairman shall be entitled to confer upon any Director the power to call a meeting of the Board and set the agenda of the meetings.</p> <p>The call for each meeting of the Board, which will include the agenda, will be sent to each Director by any written means at least 48 hours in advance of the date indicated for the meeting.</p>

<b>Details of the procedure</b>
<p>In an emergency, the Chairman shall be entitled to call a meeting of the Board, even by telephone, without having to respect the minimum notice period, although the emergency must be perceived by the majority of the attendees at the beginning of the meeting.</p> <p>The Board shall meet in ordinary session at its registered office, although it shall also be entitled to hold its meetings in any other place indicated in the call.</p> <p>Furthermore, it shall be entitled to hold the meetings in different rooms simultaneously, provided that the interactivity and inter-communication between them in real time is assured.</p>

B.1.43 Indicate and, where applicable, give details of whether or not the Company has laid down rules that oblige the Directors to report and, in cases that damage the Company's credit and reputation, resign:

YES

<b>Explain the rules</b>
<p>According to article 11 of the Regulations of the Board of Directors,</p> <p>The Directors shall be removed from office after the mandate period for which they were appointed has expired, as well in the other cases in conformity with current applicable legislation and the articles of association. They must tender their resignation to the Board and formalise the respective removal whenever they are found to be in situations of incompatibility or legally barred and whenever the Board resolves that the Director has seriously infringed his duties.</p>

B.1.44 Indicate whether or not any member of the Board of Directors has informed the Company that he/she has been prosecuted or hearings against him/her have been opened for any of the offences laid down in Article 124 of the Spanish Companies Act:

NO

Indicate whether or not the Board of Directors has analysed the case. If the answer is affirmative, give a reasoned explanation of the decision taken as to whether or not the Director remains in his/her post.

NO

<b>Decision taken</b>	<b>Reasoned explanation</b>

## B.2 Committees of the Board of Directors

B.2.1 Provide details of all the committees of the Board of Directors and their members:

**AUDIT COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Type</b>
Mr ESTEBAN SARROCA PUNSOLA	CHAIRMAN	INDEPENDENT
MR IGNACIO GARCÍA-NIETO PORTABELLA	BOARD MEMBER	INDEPENDENT
MYTAROS B.V.	BOARD MEMBER	SIGNIFICANT SHAREHOLDER

**APPOINTMENTS AND REMUNERATION COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Type</b>
Mr ENRIQUE LACALLE COLL	CHAIRMAN	INDEPENDENT
BCN GODIA, S.L.	BOARD MEMBER	SIGNIFICANT SHAREHOLDER
Mr ESTEBAN SARROCA PUNSOLA	BOARD MEMBER	INDEPENDENT

**EXECUTIVE COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Type</b>
Mr JOSE MARIA ROGER EZPELETA	CHAIRMAN	EXECUTIVE
ENERGIA INTELIGENTE ENERGENA, S.L. UNIPERSONAL	BOARD MEMBER	EXECUTIVE
GRUPO EMPRESARIAL ENHOL, S.L.	BOARD MEMBER	EXECUTIVE

B.2.2 Specify whether the Audit Committee is responsible for the following:

<b>Supervising the preparation process and integrity of the financial information related to the Company and, where applicable, the Group, reviewing compliance with the standard requirements, the appropriate definition of the consolidation perimeter and the correct application of the bookkeeping criteria.</b>	<b>YES</b>
<b>Regularly reviewing the internal control and risk management systems so that the main risks can be identified, processed and appropriately publicised.</b>	<b>YES</b>
<b>Ensuring the independence and effectiveness of the internal audit duty; propose the selection, appointment, re-election and dismissal of the person in charge of the internal audit service; forward the budget for this service; receive periodic information on its activities, and verify that senior management considers the conclusions and recommendations in its reports.</b>	<b>YES</b>

<b>Setting up and supervising a mechanism that enables employees to communicate any significant irregularities, especially those related to finance and bookkeeping, and to do so in a confidential manner.</b>	<b>NO</b>
<b>Raising the selection, appointment, re-election and substitution proposals concerning the external auditor to the Board, as well as the terms and conditions of his/her contract.</b>	<b>YES</b>
<b>Likewise receiving information from the external auditor on the audit plan and the results of carrying it out and checking that senior management take its recommendations into account</b>	<b>YES</b>
<b>Guaranteeing the independence of the external auditor.</b>	<b>YES</b>
<b>In the event of groups, to see that the group auditor accepts liability for the audits of the companies that make up the group.</b>	<b>YES</b>

B.2.3 Describe the organisational and operational rules and the responsibilities attributable to each of the Board's committees.

**Committee name**

APPOINTMENTS AND REMUNERATION COMMITTEE

**Brief outline**

On 5 June 2007 an appointments and remuneration committee was set up as per the Unified Code of Good Governance, whose regulations pursuant to the same have yet to be formulated by the board of directors

**Committee name**

EXECUTIVE COMMITTEE

**Brief outline**

Article 20 of the Articles of Association stipulates that:  
The Board of Directors shall be entitled to appoint one or more Chief Executive Officers or an Executive Committee in the form and with the powers that can be legally delegated. If these powers are not limited, it is understood that the Chief Executive Officers shall be entitled to exercise all the powers of the Board of Directors, except those that cannot be delegated by law.  
Furthermore, article 7o of the Regulations of the Board of Directors, regarding the Committees of the Board of Directors, stipulates that:  
7.1. Executive Committee  
An Executive Committee can be constituted in order to improve compliance with the duties of the Board.  
The composition of the Executive Committee shall reasonably reflect the structure of the Board and respect the balance established between the different types of Directors.  
It will be made up of a minimum of 3 and a maximum of 6 Directors, and will meet at least every 3 months.  
The appointment of its members will require the favourable vote of at least two thirds of the members of the Board. The Chairman and Secretary of the Board shall undertake the duties of Chairman and Secretary of the Committee.  
The powers of the Executive Committee are:  
. To exercise the duties relating to the control of the management of the company.  
. To study and propose the main lines that define the business strategy and supervise their execution, with special emphasis on actions of diversification.  
. To deliberate on and inform, in order to bring the following matters to the Board:  
o Budgets of the company, with a breakdown of the forecasts corresponding to each business line.  
o Investments and alliances or relevant resolutions.

o Financial operations.

In the judgement of the Chairman or the majority of the members of the Executive Committee, the resolutions whose relevance does so advise shall be submitted for ratification thereafter to the Board.

### **Committee name**

AUDIT COMMITTEE

### **Brief outline**

Article 20 b of the Articles of Association of the company stipulates that:

The Board of Directors shall create a permanent Audit Committee, which shall be made up of a minimum of three members and a maximum of five, appointed by the Board of Directors itself from amongst its members with a majority of non-Executive Directors. A Chairman shall be elected from amongst the members of the Audit Committee, who must be a non-Executive Director.

The members of the Audit Committee shall exercise their office for a maximum period of 4 years, and can be re-elected. The office of chairman shall be exercised for a maximum period of 4 years, and in order to be re-elected at least one year must lapse between their removal and their re-election as a member of the Committee.

The powers of the Audit Committee, in any case, shall be as follows:

- To inform the General Meeting of Shareholders on issues that are raised by the shareholders in the areas of their remit.
- To propose to the Board of Directors, to be submitted to the General Meeting of Shareholders, the appointment of the accounts auditors of the company.
- To supervise the internal auditing services, if such a body exists in the company.
- To ascertain the financial reporting process and the internal control systems related to the relevant risks faced by the company.
- To receive information from the auditors on the issues that may put their independence in jeopardy, which are related to the accounts auditing process, and, in general, any other issues that are contemplated in auditing legislation and in the technical auditing standards in force at any time.
- To oversee compliance with the codes of conduct and good governance of the company, and, especially, the legal provisions in force in those areas.

The Audit Committee shall meet at least twice per year, once per semester, and, in any case, as often as deemed necessary by the Chairman or at the behest of one half of its members.

A meeting of the Audit Committee shall be valid when there are at least half plus one of its members present or represented and it shall adopt its resolutions by a majority vote of its members present or represented. In the event of a tie, the Chairman shall cast the deciding ballot.

The Audit Committee shall submit to the approval of the Board of Directors a report of its activities during the fiscal year that shall be submitted to the shareholders and investors thereafter.

The Board of Directors shall be entitled to lay down the above mentioned Regulations as a whole for the Audit Committee, fostering in any case its functional independence.

Furthermore, article 7.2 of the Regulations of the Board of Directors establishes the following:

#### **7.2. Audit Committee**

The Board of Directors shall create a permanent Audit Committee that will be made up of a minimum of 3 and a maximum of 5 Directors from amongst its members with a majority of non-Executive Directors. A Chairman shall be elected from amongst the non-Executive Members of this Committee.

The members of the Audit Committee shall exercise their mandate for a maximum period of 4 years and can be re-elected. The office of Chairman shall be undertaken for a maximum of 4 years. Re-election shall require the lapse of at least one year as from the date of removal, without prejudice of re-election as member of the Committee.

The powers of the Audit Committee, in any case, shall be:

To report to the General Meeting of Shareholders on the matters raised thereat which relate to its powers.

To propose to the Board of Directors, for submission to the General Meeting of Shareholders, the appointment of the accounts auditors.

To oversee the internal auditing services should such a body exist in the company.

To ascertain the financial reporting process and the internal control systems related to the relevant risks faced by the company.

To receive information from the accounts auditors on the matters that could put their independence in jeopardy, which are related to the accounting auditing process, and, in general, on any other matters that are laid down under auditing legislation and the technical auditing standards in force at any time.

To oversee compliance with the codes of conduct and good governance of the company, and, especially, the legal provisions regulating such matters.

The Audit Committee shall meet at least twice per year, once per semester, and, in any case, as often as deemed necessary by the Chairman or at the behest of one half of its members.

A meeting of the Audit Committee shall be valid when there are at least half plus one of its members present or represented and it shall adopt its resolutions by a majority vote of its members present or represented. In the event of a tie, the Chairman shall cast the deciding ballot.

The Audit Committee shall submit to the approval of the Board of Directors a report of its activities during the fiscal year that shall be submitted to the shareholders and investors thereafter.

The Board of Directors shall be entitled to lay down the above mentioned Regulations as a whole for the Audit Committee, fostering in any case its functional independence.

B.2.4 Indicate the faculties for advising, consultancy and, if relevant, appointments, for each of the committees:

**Committee name**

APPOINTMENTS AND REMUNERATION COMMITTEE

**Brief outline**

See epigraph: B.2.3.

**Committee name**

EXECUTIVE COMMITTEE

**Brief outline**

See epigraph: B.2.3.

**Committee name**

AUDIT COMMITTEE

**Brief outline**

See epigraph:B.2.3.

B.2.5 Indicate, where applicable, the existence of Committee Regulations, the location at which they are available for consultation, and the modifications that have been made during the financial year. Also indicate whether any annual report on each Committee's activities has been voluntarily drafted.

**Committee name**

EXECUTIVE COMMITTEE

**Brief outline:**

As per article 20 of the Articles of Association and article 7.1 of the Regulations of the Board of Directors, the Executive Committee can exercise all the powers of the Board of Directors, except those which under law or the articles of association cannot be delegated, to wit, the duties referring to the control of company management and deliberation or reporting to the Board on investments and relevant alliances or agreements. The Articles of Association and the Regulations of the Board of Directors are posted on the Company's website.

**Committee name**

AUDIT COMMITTEE

**Brief outline:**

The composition, organisation and competencies of the committees of the Board are regulated by the Articles of Association and the Regulations of the Board of directors, which are permanently posted on the Company's website ([www.fersa.es](http://www.fersa.es)) and on the website of the CNMV.

B.2.6 Indicate whether the makeup of the Executive Committee reflects the participation in the Board by the various Directors depending on status:

YES

## **C - RELATED-PARTY TRANSACTIONS**

C.1 Indicate whether the plenary Board has reserved the power to approve the operations that the company carries out with Directors, with major shareholders or shareholders represented on the Board, or with individuals related to these, following a favourable report from the Audit Committee or any other Committee commissioned with this duty:

YES



C.2 Detail the significant operations that imply a transferral of resources or obligations between the Company and entities within its Group and the significant shareholders of the Company:

C.3 Detail the significant operations that imply a transferral of resources or obligations between the Company or entities within its Group and the Administrators or Executives of the Company:

C.4 Detail the important operations carried out by the Company with other companies belonging to the same Group, provided that they are not eliminated in the process of drafting the consolidated financial statements and are not part of the Company's usual trading in terms of its purpose and conditions:

C.5 Indicate whether the members of the Board of Directors have been affected by any conflicts of interest over the year, in accordance with the provisions set forth in Article 127.3 of the Public Limited Companies Act.

NO

C.6 Detail the mechanisms established to detect, determine and resolve possible conflicts of interest between the Company and/or the Group, and its Directors, Executives or significant shareholders.

Article 13 of the Regulations of the Board of Directors stipulate the mechanisms for detecting, determining and, as the case may be, resolving the possible conflicts of interest between the company and/or its group, and its directors, executives or significant shareholders.

Article 13.- Business opportunity and conflict of interest

The administrators shall not be entitled, for their own benefit or that of related parties, undertake investments or any other transactions connected to the assets of the company, of which they have had knowledge stemming from their office, provided that the investment or transaction has been offered to the company or the company has an interest in it and has not waived said investment or transaction without the intervention of the administrator.

Neither shall they be entitled to use the name of the company nor invoke their office as company administrators in order to undertake transactions on their own behalf or that of related persons.

Persons related to the administrator comprise the spouse, or a person affectively analogous; the ascendants, descendants and siblings of the administrator or of the latter's spouse; the spouses of the ascendants, descendants and siblings of the administrator; and the companies in which the administrator, personally or through an intermediary, meet the requirements to qualify as such under article 4 of the Securities Exchange Act, Law 24/1998&28 July.

The administrator that is a legal person comprises the persons related to the shareholders, who, in respect of the administrator, meet the requirements for qualifying as such under article 4 of the Spanish Securities Exchange Act; the administrators, *de jure* or *de facto*, the official receivers and the powers of attorney holding the general powers of a legal person administrator; the companies that form part of the same group, as defined by article 4 of the Spanish Securities Exchange Act; and the persons who in respect of the representative of the legal person administrator qualify as persons related to the administrators in conformity with the provisions of the legal provision mentioned above.

Situations of conflict of interest involving the administrators will be reported to the Board of Directors, and they shall abstain from intervening in the transaction to which the conflict refers.

The administrators shall report their interest in the share capital of a company with the identical, analogous or complementary activity as that which constitutes the corporate purposes of the company, as well as the offices and duties they may hold or exercise on their own behalf or as employees in companies with the identical, analogous or complementary activity as that which constitutes the corporate purposes of the company.

C.7 Is more than one Group Company listed on the stock markets in Spain?

NO

Identify the subsidiary companies that are listed in Spain:

## **D - RISK CONTROL SYSTEMS**

D.1 General description of the risk policies of the Company and/or the Group, detailing and assessing the risks covered by the system, together with justification for the adaptation of the system to the profile of each risk type.

At this time there are no express regulations on the risk management and control policies of the Company, nor is there a governing body that is exclusively competent in these policies.

However, in this sense, it is the Board of Directors, as well as the Audit Committee, through external and internal advisors, which exercise the management and control of the risks to which the Company is exposed.

The Fersa Group, in general, considers Risk to be any future event or contingency that could hamper the Company's ability to successfully meet its business objectives.

D.2 Indicate whether or not any of the various types of risk (operative, technological, financial, legal, reputational, fiscal, etc.) that affect the Company and/or its Group have arisen during the year:

NO

If the answer is Yes, indicate the circumstances that caused them and whether or not the established control systems worked.

D.3 Indicate whether there is a committee or governing body that is responsible for establishing and supervising these control devices:

NO

If the answer is Yes, describe its functions.

D.4 Identification and description of the procedures for compliance with the different Regulations affecting the Company and/or its Group.

At this time there is no express regulation within the Company.

## E - GENERAL MEETING

E.1 Indicate and, where applicable, give details of whether or not there are differences between the minimums system laid down in the Spanish Companies Act and the quorum for constituting the General Meeting of Shareholders.

NO

	<b>% of quorum different to the provisions set forth in Article 102 LSA for general cases</b>	<b>% of quorum different to the provisions set forth in Article 103 LSA for these special cases set forth in article 103</b>
<b>Quorum required for the first call to meeting</b>	<b>0</b>	<b>0</b>
<b>Quorum required for the second call to meeting</b>	<b>0</b>	<b>0</b>

E.2 Indicate and, where applicable, give details of whether or not there are differences between the system laid down in the Spanish Companies Act and the system for adopting corporate agreements:

NO

Describe how the system differs from that of the LSA.

E.3 List the shareholders' rights in relation to General Meetings which differ from those of the LSA.

In conformity with the Spanish Public Limited Companies Act, article 3 of the Regulations of the General Meeting of Shareholders, this meeting shall be called by means of an announcement in the Official Gazette of the Mercantile Registry and in one of the major circulation daily newspapers of the province, at least 15 days prior to the date set, except in the event of mergers or de-mergers, in which case the call shall be made 1 month in advance.

The announcement of the call shall be submitted by the company to the Spanish Securities Exchange Commission (CNMV) and to any other governing bodies of markets on which the company's shares are traded, in accordance with legislation in force in the respective markets.

The announcement of the call shall include the date of the meeting on first call and all the matters to be discussed, indicating, as the case may be, the points on the agenda that have been included at the behest of the legitimate shareholders.

Furthermore, the date on which, as the case may be, the General Meeting of Shareholders shall meet on second call may also be included, and at least 24 hours must lapse between the first and second call. If the General Meeting of Shareholders, duly called, is not held on first call, and if the announcement does not include the date of the second call, the latter must be announced in compliance with the same advertising-related requirements as the first call, within the 15 days following the date of the General Meeting of Shareholders not held and subject to 8 days notice prior to the date of the meeting.

The text of the announcement will also be posted on the company's website.

As from the date of the announcement of the call, any shareholder shall be entitled to obtain immediately and free of charge, at the registered office of the company, the annual accounts, the proposed distribution of net income, the directors' report and the auditor's report.

Likewise, such information will be placed at the disposal of the shareholders by being posted on the company's website.

As from the date of the call of the Ordinary and Extraordinary General Meeting of Shareholders, the shareholders shall be entitled to examine, at the registered office of the company, the proposed resolutions, the reports and other documentation, the availability of which is required under Law and the Articles of Association. In the event that it is legally required, the shareholders shall be entitled also to request that the complete text of the documents made available to them at said offices or delivered to them free of charge.

Until the seventh day prior to the date set for the General Meeting of Shareholders, the shareholders shall be entitled to request in writing the reports and clarifications that they deem necessary on the matters on the agenda. The administrators must provide said information, unless the Chairman of the Board of Directors considers that this could damage the corporate interests of the company; said exception however shall not apply if the aforementioned request for reports or clarification has been made by at least one fourth of the share capital.

Notwithstanding the above, the shareholders, as from the call for the General Meeting of Shareholders, shall be entitled to make the comments they deem necessary on the points of the proposed agenda. The General Meeting of Shareholders shall not be notified of said comments, without prejudice to the fact that the Board of Directors can bear them in mind and the right of the shareholder to intervene in said deliberations of the General Meeting of Shareholders in relation to its agenda.

In the same sense, article 7 of the Regulations of the General Meeting of Shareholders sets down the regime for publicising the resolutions, indicating the following:

#### Article 7.- Publicising the resolutions

Irrespective of the legal and regulatory provisions required in each case, the shareholders shall be entitled to be informed of the resolutions adopted by the General Meeting of Shareholders through the company's website on which their entire text shall be posted.

Furthermore, the resolutions that can be inscribed in registries shall be filed for their inscription in the Mercantile Registry and published in the Official Gazette of said body.

The company shall submit the text of the resolutions adopted to the Spanish Securities Exchange Commission (CNMV) and to the governing bodies of the markets on which its shares are traded, in the manner required by the regulatory regime of each market.

The notification shall be made within the shortest time possible, and, in any case, for the purposes to which it has been established.

E.4 Indicate, where applicable, the measures adopted to encourage participation of the shareholders in General Meetings.

The General Meeting of Shareholders shall be called by means of an announcement in the Official Gazette of the Mercantile Registry and in one of the major circulation daily newspapers of the province, in conformity with the provisions of the Spanish Public Limited Companies Act. Furthermore, the announcement of the call shall be submitted by the company to the Spanish Securities Exchange Commission (CNMV) and to any other governing bodies of markets on which the company's shares are traded, in accordance with legislation in force in the respective markets.

The announcement of the call shall include the date of the meeting on first call and all the matters to be discussed, indicating, as the case may be, the points on the agenda that have been included at the behest of the legitimate shareholders.

Furthermore, the date on which, as the case may be, the General Meeting of Shareholders shall meet on second call may also be included, and at least 24 hours must lapse between the first and second call. If the General Meeting of Shareholders, duly called, is not held on first call, and if the announcement does not include the date of the second call, the latter must be announced in compliance with the same advertising-related requirements as the first call, within the 15 days following the date of the General Meeting of Shareholders not held and subject to 8 days notice prior to the date of the meeting.

The text of the announcement will also be posted on the company's website.

As from the date of the announcement of the call, any shareholder shall be entitled to obtain immediately and free of charge, at the registered office of the company, the annual accounts, the proposed distribution of net income, the directors' report and the auditor's report.

Likewise, such information will be placed at the disposal of the shareholders by being posted on the company's website.

As from the date of the call of the Ordinary and Extraordinary General Meeting of Shareholders, the shareholders shall be entitled to examine, at the registered office of the company, the proposed resolutions, the reports and other documentation, the availability of which is required under Law and the Articles of Association. In the event that it is legally required, the shareholders shall be entitled also to request that the complete text of the documents made available to them at said offices or delivered to them free of charge.

Until the seventh day prior to the date set for the General Meeting of Shareholders, the shareholders shall be entitled to request in writing the reports and clarifications that they deem necessary on the matters on the agenda. The administrators must provide said information, unless the Chairman of the Board of Directors considers that this could damage the corporate interests of the company; said exception however shall not apply if the aforementioned request for reports or clarification has been made by at least one fourth of the share capital.

Notwithstanding the above, the shareholders, as from the call for the General Meeting of Shareholders, shall be entitled to make the comments they deem necessary on the points of the proposed agenda. The General Meeting of Shareholders shall not be notified of said comments, without prejudice to the fact that the Board of Directors can bear them in mind and the right of the shareholder to intervene in said deliberations of the General Meeting of Shareholders in relation to its agenda.

Furthermore, under article 5 of the Regulations of the General Meeting of Shareholders, the Chairman shall call upon the shareholders who wish to intervene in the General Meeting of Shareholders to request information or put forward resolutions in relation to the points on the agenda or make any other representations for the record, subject to prior indication of their particulars and the number of shares they hold, and, as the case may be, those they represent.

The Chairman of the General Meeting of Shareholders and whomsoever he designates shall address the attendees in order to present the reports.

Immediately thereafter, the Chairman shall give the floor to the attendees that have asked to intervene, subject to determination of the order in which they shall do so. The shareholders shall be entitled to, in said period of time, ask for the reports and clarifications they deem necessary on the matters on the agenda.

E.5 Indicate whether the position of Chairman of the General Meeting coincides with that of Chairman of the Board of Directors. Indicate, where applicable, the measures adopted to encourage independence and effective operation of the General Meeting:

YES

<b>Details of measures</b>
Through the presence of the Independent Directors in the Board of Directors, and through the Audit Committee, as well as the Appointments and Remuneration Committee.
Based on article 5 of the Regulations of the General Meeting of Shareholders, the Chairman and Secretary of the General Meeting of Shareholders shall be the Chairman and Secretary of the Board of Directors, and, failing that, the persons that the General Meeting of Shareholders elects.
The resolutions must be adopted by the favourable vote of the majority of the share capital with voting rights present or represented at the General Meeting of Shareholders, without prejudice to the reinforced quorum required for constituting the meeting and voting established by Law or under the Articles of Association.

E.6 Indicate, where applicable, the amendments made during the financial year to the General Meeting Regulations.

No modifications have been made to the Regulations of the General Meeting of Shareholders.

E.7 Indicate the attendance data of the General Meetings held during the financial year to which this report refers:

<b>Attendance data</b>					
<b>Date of General Meeting</b>	<b>% physical presence</b>	<b>% represented</b>	<b>% remote voting</b>		<b>Total</b>
			<b>Electronic ballot</b>	<b>Others</b>	
30/06/2009	52.581	25.613	0.000	0.000	78.194

E.8 Indicate briefly any decisions taken in the General Meetings held during the financial year to which this report refers, and the percentage of votes in the case of each decision.

GENERAL MEETING OF SHAREHOLDERS OF FERSA ENERGÍAS RENOVABLES, S.A.

Held on 30 June 2009

One: Examination and adoption, as the case may be, of the Annual Accounts for the year ended 31 December 2008, as well as the examination and adoption, as the case may be, of the Consolidated Annual Accounts for said year of the Fersa Energías Renovables Group.

Vote: Adopted by virtue of the following vote:

Votes in favour: (107,559,682) (99.883% of the capital present or represented)  
 Abstaining: (125,559) (0.117% of the capital present or represented)

Two: Adoption, as the case may be, of the management of the Governing Body in 2008 and of the proposed distribution of net income for 2008.

Vote: Adopted by virtue of the following vote:

Votes in favour: (107,684,741) (100.000% of the capital present or represented)  
Votes against: (500) (0.000% of the capital present or represented)

Three: Authorization given to the Board of Directors to increase share capital under the provisions of art. 153.1 b) of the Spanish Public Limited Companies Act, with the possibility of fully or partially suppressing the pre-emptive subscription right, as the case may be, voiding the delegation of power adopted by the General Meeting of Shareholders of 25 June 2008, point four.

Vote: Adopted by virtue of the following vote:

Votes in favour: (107,541,719) (99.867% of the capital present or represented)  
Votes against: (143,272) (0.133% of the capital present or represented)  
Abstaining: (250) (0.000% of the capital present or represented)

Four: Simplified takeover merger of Energías Renovables Mestral, S.L. ('Mestral') as the merged company by Fersa Energías Renovables, S.A. ('Fersa') as the merging company, under the terms and conditions of the merger project filed with the Mercantile Registry of Barcelona. Adoption of the merger balance sheet at 31 December 2008 and supplementary resolutions thereto.

Vote: Adopted by virtue of the following vote:

Votes in favour: (107,663,914) (99.980% of the capital present or represented)  
Votes against: (777) (0.001% of the capital present or represented)  
Abstaining: (20,550) (0.019% of the capital present or represented)

Five: Authorisation for the acquisition of treasury shares within the limits and under the requirements laid down in art. 75 of the Spanish Public Limited Companies Act.

Vote: Adopted by virtue of the following vote:

Votes in favour: (107,684,351) (99.999% of the capital present or represented)  
Votes against: (777) (0.001% of the capital present or represented)  
Abstaining: (113) (0.000% of the capital present or represented)

Six: Conferral of powers to notarise the resolutions for inscription in the Mercantile Registry.

Vote: Adopted by virtue of the following vote:

Votes in favour: (107,685,241) (100.000% of the capital present or represented)

Seven: Miscellaneous.

To ratify the appointment of a director by cooptation made by the Board of Directors of the company at its meeting today, according to following indications:

To cover the vacancy of Mr. Manuel Barange Bofill, who was appointed as Independent Director by virtue of a resolution of the Board of the company of 5 June 2007, and ratified by the Extraordinary General Meeting of Shareholders of 20 February 2008 for the period of time regulated by the articles of association. The Board has appointed by cooptation the shareholder Mr. Enrique Lacalle Coll, bearing National ID nº 37.649.061-Q, married, of Spanish Nationality, residing in Barcelona (C.P. 08040), calle 60, no 19 Sector A, Zona Franca, the period of time regulated by the articles of association, as Independent Director.

Vote: Adopted by virtue of the following vote:

Votes in favour: (99,483,866) (92.384% of the capital present or represented)

Abstaining: (8,201,375) (7.616% of the capital present or represented)

E.9 Indicate whether or not there is a statutory restriction to the minimum number of shares required to attend the General Meeting:

NO

<b>Number of shares required to attend the General Meeting</b>	
--	--

E.10 Indicate and justify the Company's policies with regard to delegation of votes at the General Meeting.

The shareholders shall be entitled to be represented at the General Meeting of Shareholders by another person, by conferring such representation in writing and for each meeting. This power of proxy shall be understood notwithstanding the legal provisions in force regarding cases of familial representation and the conferral of general powers. In any case, said shareholders shall only be entitled to have one representative at the General Meeting of Shareholders.

Representation can always be revoked, and the attendance in person of the person represented at the General Meeting of Shareholders shall constitute revocation of the proxy.

In the event that the administrators of the company themselves, the custodian entities holding the share certificates or the persons responsible for the accounting entries request representation for themselves or for another party, and, in general, provided that the request is publicly filed, the document in which the proxy is presented must contain the agenda or have it appended thereto, along with the request for instructions in order to exercise the voting right.

E.11 Indicate whether the Company is aware of the institutional investors' policy of participating or not in the Company decisions:

NO

E.12 Indicate the address and means of access to corporate governance information on the website.

[www.fersa.es](http://www.fersa.es)

Shareholders and investors

Section: Corporate Governance.



## F - DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the Company's degree of compliance with the recommendations given in the Unified Code of Good Governance.

In the event of failure to comply with any such recommendations, explain the recommendation, standards, practices or criteria in question applied by the Company.

1. The Articles of Association of listed companies should not limit the maximum number of votes that can be issued by the same shareholder or contain other restrictions that prevent the Company from being taken over through the purchase of its shares on the market.

*See epigraphs: A.9, B.1.22, B.1.23 and E.1, E.2*

Complies

2. When the parent company and the subsidiary are listed, they must both publicly define the following in detail:

- a) The respective areas of activity and possible business relationships between them, as well as those of the dependent listed company with the remaining group companies;
- b) The mechanisms in place to solve possible conflicts of interest that may occur.

*See epigraphs: C.4 and C.7*

Not applicable

3. Although it is not expressly required in mercantile legislation, they should submit the transactions that involve a modification to the Company's structure for approval by the General Meeting of Shareholders, especially the following:

- a) The transformation of listed companies into holding companies through the creation of subsidiaries or the incorporation of essential activities into dependent enterprises that hitherto had been carried out by the company itself, even though this party holds full domain over the former;
- b) The acquisition or disposal of essential operating assets, when this involves an effective modification of the corporate purpose;
- c) Operations that have the same affect as liquidation of the company.

Complies

4. The detailed proposals of the agreements to be adopted by the General Meeting of Shareholders, including the information referred to in Recommendation 28, should be published with the publication of the announcement of the call to the meeting.

Complies

5. In the General Meeting of Shareholders, the matters that are substantially independent must be voted separately so that shareholders can exercise their voting preferences separately. And the said rule should be applied, in particular:

- a) To the appointment or ratification of Directors, which must be voted on separately;
- b) In the event of amendments to the Articles of Association, to each Article or group of Articles that are substantially independent.

*See epigraph: E.8*

Complies

6. The companies should allow the division of the vote so that the financial brokers legitimated as shareholders but acting on behalf of different clients can issue their votes in accordance with the instructions given by the said clients.

*See epigraph: E.4*

Complies

7. The Board should carry out its functions on the basis of a unified purpose and independence, giving the same treatment to all the shareholders and following the Company's interest, understood as maximising the Company's economic value in a sustained manner.

It should also ensure that, in its relations with the stakeholders, the company observes legislation and regulations; fulfils its duties and contracts in good faith; observes the uses and good practices of the sectors and territories in which it operates; and observes the additional principles of social responsibility it has voluntarily accepted.

Complies

8. As the core of its mission, the Board should adopt the Company's strategy and the organisation required for its implementation, as well as supervising and controlling the management's fulfilment of targets and observance of the Company's corporate interest and purpose. Accordingly, in its plenary session, the Board reserves the competency for adopting the following:

- a) The general policies and strategies of the company, and more specifically:
  - i) The strategic or business plan, as well as the management aims and annual budgets;
  - ii) The investment and finance policy;
  - iii) The definition of the group companies structure;
  - iv) The corporate governance policy;
  - v) The corporate social responsibility policy;
  - vi) The remuneration policies and assessment of performance of senior management;
  - vii) The policy for control and management of risks, as well as periodic monitoring of the internal information and control systems;
  - viii) The dividend policy, as well as the treasury stock policy, with special focus on their limits.

*See epigraphs: B.1.10, B.1.13, B.1.14 and D.3*

b) The following decisions:

- i). At the proposal of the chief executive of the company, the appointment and possible resignation of senior executives, as well as their compensation clauses.

*See epigraph: B.1.14*

- ii) The remuneration of Directors, as well as, in the case of executives, the additional remuneration through their executive duties and other conditions that their contracts must include.

*See epigraph: B.1.14*

- iii) The financial information that must be published periodically, given its status as a listed company.
- iv) All kinds of investment or operations which, due to the amount or special characteristics, are of a strategic nature, unless approval falls to the General Meeting;

v) The creation or acquisition of shareholdings in special purpose enterprises or enterprises with registered offices in countries or territories considered as tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, could hamper the Group's transparency.

c) The operations that the company carries out with Directors, with major shareholders or shareholders represented on the Board, or with related parties ("related-party transactions").

However, this authorisation by the Board should not be considered necessary for the related-party transactions that meet the following three conditions:

1. They are carried out by virtue of contracts whose terms and conditions are standardised and applied generally to many clients;
2. They are carried out at prices or rates generally established by the person acting as the supplier of the good or service in question;
3. Their amount does not exceed 1% of the Company's annual revenue.

It is recommended that the Board should approve the associated transactions after a favourable report has been issued by the Audit Committee or, where applicable, any other party to which that function has been commissioned; and, besides not exercising or delegating their right to vote, the members of the Board who are affected should leave the meeting room while the Board deliberates and votes on the matter.

It is recommended that it should not be possible to delegate the competencies attributed to the Board here, except for those mentioned in paragraphs b) and c), which may be adopted in emergencies by the Executive Committee and subsequently ratified by the Board in its plenary session.

*See epigraphs: C.1 and C.6*

#### Complies partially

In relation to b i) and ii), the Board of Directors reserves the right to adopt the decisions described in the aforementioned points, even if there is no proposal from chief executive.

However, it is the Appointments and Remuneration Committee of the Company, made up of two independent directors and one board member appointed by a significant shareholder, plus the non-member secretary, which is in responsible for studying and proposing to the Board of Directors the appointment and eventual removal of the senior managers, their severance clauses and remuneration.

Once the proposal has been tabled by the Appointments and Remuneration Committee, it is the Board of Directors that will finally adopt it, as the case may be.

Thus, article 21 section b) of the Articles of Association, stipulates that the powers of the Board of Directors, amongst others, are as follows:

'To hire, appoint, direct and inspect, control and remove employees, General Managers [...] and assign to them the remuneration considered suitable, determining their respective powers and remits and working conditions.'

At the same time, the remuneration systems for the directors is established under the Regulations of the Board, under article 14, and in the Articles of Association, article 17b (both precepts have the same wording). Said text is quoted in section B.1.14 of the IAGC, to the which we remit.

With regard to control of risks in the company, there is no express regulation of this control, nor is there a governing body that is exclusively competent for these policies.

9) The Board should have the necessary size for effective, participatory operation, which means that it should not have fewer than five or more than fifteen members.

*See epigraph: B.1.1*

#### Complies

10. The external Proprietary and Independent Directors should represent a broad majority of the Board and the number of Executive Directors should be the required minimum, taking into account the complexity of the corporate group and the percentage of participation of the Executive Directors in the Company's capital.

*See epigraphs:* A.2, A.3, B.1.3 and B.1.14

Complies

11. If there is an external Director who cannot be considered as either a proprietary or independent, the Company should explain the said circumstance and his/her association either with the Company or its executives, as well as with its shareholders.

*See epigraph:* B.1.3

Not applicable

12. Among the external Directors, the ratio between the number of Proprietary Directors and the Independent Directors should reflect the proportion between the Company's share capital represented by the Proprietary Directors and the rest of the share capital.

This criterion of strict proportionality could be reduced as the weight of the Proprietary Directors is greater than that which would correspond to the total percentage of the share capital they represent:

1° In companies with high capitalisation in which the shareholdings legally considered as majority are very few or non-existent, but there are shareholders with stock that has an absolute high value.

2° When these are companies that do not have a plurality of shareholders represented on the Board, and there are no related-parties between the shareholders.

*See epigraphs:* B.1.3, A.2 and A.3

Complies

13. The number of Independent Directors should represent at least one third of the total number of Directors.

*See epigraph:* B.1.3

Explain

The number of independent directors of the Board of Directors makes up one quarter of the total number of directors. However, the Company will try to come into line with this recommendation in the near future.

14. The character of each Director must be declared by the Board before the General Meeting of Shareholders, which shall effect or ratify their appointment, an appointment that shall be confirmed or reviewed annually, as appropriate, in the Annual Corporate Governance Report, with prior confirmation by the Appointments Committee. The said report should also explain the reasons why Proprietary Directors have been appointed at the request of shareholders whose holding is less than 5% of the share capital; and reasons should be given for the rejection, where applicable, of formal requests for presence on the Board from shareholders whose holding is equal to or higher than that of others at whose request Proprietary Directors have been appointed.

*See epigraphs:* B.1.3 and B.1.4

Complies

15. That when the number of female Directors is very low or non-existent, the Board explains the reasons and the initiatives adopted to correct this situation; and that, more specifically, the Appointments Committee ensures that when new seats on the Board are available:

- a) The selection procedures are not affected by an implicit bias that prevents female Directors from being selected;
- b) The company purposefully seeks women that satisfy the professional profile, including among potential candidates.

*See epigraphs:*        *B.1.2, B.1.27 and B.2.3*

Explain

We believe that in light of the current structure of the company, we have not found any female candidates. However, we are carrying out systematic actions to include a female Director on the Governing Body of the company.

16. That the Chairman, as the person responsible for the effective performance of the Board, ensures that the Directors receive sufficient information beforehand; stimulates the debate and active participation of Directors during the Board Sessions, safeguarding their right to take their own position and express their own opinion; and organises and coordinates the periodic assessment of the Board together with the chairmen of the relevant Committees as well as, if appropriate, that of the Managing Director or chief executive.

*See epigraph:*        *B.1.42*

Complies

17. When the Chairman of the Board is also the Company's chief executive, one of the Independent Directors should be empowered to request the call to meeting of the Board or the inclusion of new matters on the agenda; coordinate and echo the concerns of the external Directors; and direct the Board's assessment of its Chairman.

*See epigraph:*        *B.1.21*

Not applicable

18. The Secretary of the Board should make particularly sure that the Board's actions:

- a) Comply with the content and spirit of the laws and their regulations, including those approved by the regulating bodies;
- b) Are in accordance with the Articles of Association of the company and with the Meeting Rules and Regulations, those of the Board and any others that the company has;
- c) Take into consideration recommendations concerning good governance set forth in this Unified Code which the company has accepted.

And, in order to safeguard the Secretary's independence, impartiality and professionalism, his/her appointment and dismissal must be reported by the Appointments Committee and approved by the Board in its plenary session; and the said appointment and dismissal procedure must be laid down in the Board Regulations.

*See epigraph:*        *B.1.34*

Complies

19. The Board should meet as regularly as necessary to carry out its functions effectively, following the schedule of dates and business laid down at the beginning of the year, where each Director may propose other business for the agenda not considered initially.

*See epigraph:*        *B.1.29*

Complies

20. The non-attendance of the Directors should be reduced to essential cases and quantified in the Annual Corporate governance Report. And if representation is essential, it must be designated with instructions.

*See epigraphs:*        *B.1.28 and B.1.30*

Complies

21. When the Directors or the Secretary express concern for any proposal or, in the case of the Directors, for the Company's progress and the said concern is not resolved by the Board, it should be recorded in the minutes of the meeting at the request of the person expressing the said concern.

Complies

22. In its plenary session, the Board should assess the following once a year:

- a). The quality and effectiveness of the Board's performance;
- b). Based on the report prepared by the Appointments Committee, the performance of the Chairman of the Board and the chief executive of the company;
- c). The operation of its Committees, based on the report prepared by these.

*See epigraph:*        *B.1.19*

Complies

23. All the Directors should be able to exercise the right to gather the additional information they consider necessary on business that falls within the competency of the Board. And, unless the Articles of Association or the Regulations of the Board lay down otherwise, they should address their requirement to the Chairman or Secretary of the Board.

*See epigraph:*        *B.1.42*

Complies

24. All the Directors have the right to obtain the advice they need for the fulfilment of their functions from the Company. The Company should lay down the appropriate ways of exercising this right, which, under special circumstances, could include external advisory services on the Company's account.

*See epigraph:*        *B.1.41*

Complies

25. The Company should establish a guidance programme to provide new Directors with rapid and sufficient knowledge of the Company, as well as its rules on corporate governance. And that they also offer Directors updated awareness programmes whenever circumstances deem such action advisable.

Complies

26. The Company should require the Directors to devote the time and effort necessary for carrying out their function effectively and, consequently:

- a) That the Directors notify the Appointments Committee of the other professional obligations in case these could interfere with the dedication required;
- b) That the companies establish rules on the number of Boards of which their Directors can form part.

*See epigraphs:*        *B.1.8, B.1.9 and B.1.17*

Complies partially

The Company requires that the directors devote the time and effort necessary to undertake their offices effectively. However, there is no regulation on the number of boards on which the directors may sit.

27. The proposal for the appointment or re-election of Directors raised by the Board to the General Meeting of Shareholders, as well as their provisional appointment by co-optation, should be approved by the Board:

- a) At the proposal of the Appointments Committee, in the event of Independent Directors.
- b) Following a report from the Appointments Committee, in the event of remaining Directors.

*See epigraph:* B.1.2

Complies

28. The companies should publish the following information about their Directors on their website and keep the said information up-to-date:

- a). Professional and biographical profile;
- b). Other Boards of Directors to which they belong, whether or not these are listed companies;
- c). An indication of the classification of Director to which they belong, specifying, in the event of proprietary Directors, the shareholder they represent or with whom they are linked.
- d). Date of the first appointment as Director of the company, as well as subsequent appointments; and
- e). Company shares and stock options of which they are the holder.

Complies

29. The Independent Directors should not remain as such for a continued term of more than 12 years.

*See epigraph:* B.1.2

Complies

30. The Proprietary Directors should present their resignation when the shareholder they represent sells all his/her shares in the Company. They should also present their resignation, in the corresponding number, when the said shareholder lowers his/her shares in the Company to a level that requires a reduction in the number of his /her Proprietary Directors.

*See epigraphs:* A.2, A.3 and B.1.2

Complies

31. That the Board of Directors does not propose the standing down of any Independent Director prior to compliance with the statutory period for which they were appointed, unless there are good reasons observed by the Board following a report from the Appointments Committee. More specifically, justified reason shall be understood to exist when the Director has breached the duties that are inherent to their post or incurs any of the circumstances described in heading 5 of section III of definitions of this Code.

The dismissal of Independent Directors resulting from takeover bids, mergers or other similar corporate transactions that represent a change to the Company's share capital structure could be proposed when the said changes to the structure of the Board are brought about by the criterion of proportionality indicated in Recommendation 12.

*See epigraphs:* B.1.2, B.1.5 and B.1.26

Complies

32. The Company should establish rules that oblige the Directors to report and, where applicable, resign in cases that can damage the Company's reputation and credit and, in particular, oblige them to inform the Board of the criminal cases in which they appear as an accused party, as well as their subsequent procedural events.

If the Director is tried or a sentence is issued against him/her for the commencement of a hearing for any of the crimes laid down in Article 124 of the Spanish Companies Act, the Board should examine the case as soon as possible and, in view of the specific circumstances, decide whether or not it is fitting for the Director to continue in his/her post. And, the Board should give a reasoned account of all the events in the Annual Corporate Governance Report.

*See epigraphs: B.1.43, B.1.44*

Complies

33. All the Directors should clearly express their opposition when they consider that any proposed decision submitted to the Board may be contrary to the Company's interests. And this should apply especially to the Independent Directors and other Directors not affected by the potential conflict of interest in the case of decisions that may damage the shareholders not represented on the Board.

When the Board adopts significant or reiterated decisions on which the Director has formulated serious reservations, the said Director should draw the corresponding conclusions and, if he/she decides to resign, explain the reasons in the letter referred to in the following Recommendation.

The scope of this Recommendation also includes the Secretary of the Board, even though he/she does not have the status of Director.

Complies

34. When, either due to resignation or any other reason, a Director abandons his/her post before the end of his/her mandate, he/she should explain the reasons in a letter sent to all the members of the Board. And, without prejudice to the said resignation being notified as a relevant event, the reason for the resignation should be accounted for in the Annual Corporate Governance Report.

*See epigraph: B.1.5*

Complies

35. The remuneration policy approved by the Board should indicate at least the following:

- a). Amount of the fixed elements, with a breakdown if applicable of the allowances for participation on the Board and its Committees and an estimate of the annual fixed remuneration to which they are entitled
- b). Variable payment, specifically including:
  - i) Classification of Directors that apply, as well as an explanation of the relative importance of the variable items with regard to the fixed items.
  - ii) Criteria for assessing results on which any rights to payment through shares, stock options or any variable component are based;
  - iii) Fundamental parameters and basis of any annual premium system (bonus) or other benefits not paid in cash; and
  - iv) An estimate of the total amount of variable payments to which the proposed remuneration plan shall lead, in accordance with the degree of compliance with the targets or hypotheses on which it is based.



- c) Key features of the complementary pensions, life-assurance policies and similar, with an estimate of the annual equivalent amount or cost.
- d) Conditions that must be included in the contracts of senior management such as executive Directors:
  - i). Duration;
  - ii). Periods of notice; and
  - iii). Any other clauses concerning joining bonuses, as well as compensation or golden parachute clauses through early termination or termination of the contractual relationship between the company and the executive Director.

*See epigraph:*        *B.1.15*

Explain

The company's remuneration policy is laid down in conformity with article 17b of the Articles of Association.

36. The remuneration made through shares in the company or companies in the Group, options over shares or instruments referenced to the value of the share, variable remuneration associated with the Company's performance or social security systems should be limited to the Executive Directors.

This Recommendation will not cover the provision of shares when it is conditioned to the Directors maintaining them until their resignation as a Director.

*See epigraphs:*        *A.3 and B.1.3*

Complies

37. The remuneration of the external Directors must be the amount necessary for compensating the devotion, qualification and responsibility required by the post; but not so high as to compromise their independence.

Complies

38. The remuneration related to the Company's results should take into account the possible exceptions included in the external auditor's report, which may reduce the said results.

Complies

39. In the case of variable remuneration, the remuneration policies should incorporate the necessary technical precautionary measures to ensure that the said remuneration is related to the professional devotion of the beneficiaries and do not result simply from the general evolution of the markets or the Company's activity sector or other similar circumstances.

Not applicable

40. The Board should submit a report on the Directors' remuneration policy to vote at the General Meeting of Shareholders, as a separate, consultative matter on the agenda. The said report should be made available to the shareholders either separately or in any other way the Company considers appropriate.

The said report should focus particularly on the remuneration policy approved by the Board for the present year, as well as, where applicable, the policies anticipated for future years. It shall include all the matters referred to in Recommendation 35, except for circumstances that may suppose the revelation of sensitive commercial information. It shall underline the most significant changes in the said policies with regard to that applied during the past year to which the General Meeting refers. It shall also include an overall summary of how the remuneration policy was applied during the past year.

The Board should also report on the role played by the salaries committee in the preparation of the remuneration policy and, if external consultancy services are used, on the identity of the external consultants providing the service.

*See epigraph: B.1.16*

#### Explain

The Board of Directors has not submitted a remunerations report to a vote of the General Meeting of Shareholders. However, the Company expects to comply with this recommendation very shortly.

41. The report should give details of the individual remuneration paid to Directors during the year, and include:

- a) The individualised breakdown of payment to each Director, which shall include, if appropriate:
  - i) The attendance allowances and other fixed remuneration as Director;
  - ii) Additional payments as chairman or member of any of the Board's committees;
  - iii) Any payment as profit share or bonuses, and the reason why these were given;
  - iv) Defined contributions to pension schemes in favour of the Director; for the increase of the Director's consolidated rights, when these are contributions to defined payment plans;
  - v) Any agreed or paid compensation in the event of termination of their duties;
  - vi) Remuneration received as Director of other group companies;
  - vii) Payments for the performance of senior management duties carried out by executive Directors;
  - viii) Any other payment item other than the foregoing, regardless of their nature or the group company that pays them, especially when it is considered as a related-party operation or leaving it out would distort the true image of total payments received by the Director.
- b) The individualised breakdown of any shares of stock options given to Directors, or any other instrument pegged to the share value, with a breakdown of:
  - i). Number of shares or options granted over the year and the conditions for the exercise of these;
  - ii). Number of options exercised over the year with an indication of the number of shares affected and the price;
  - iii). Number of options pending exercise at the year-end, an indication of their price, date and other requirements to exercise these;
  - iv). Any modification over the year of the terms for exercising the options already granted.
- c) Information on the ratio, the previous year, between the remuneration obtained by executive Directors and the profits or other performance indicators of the company.

#### Explain

The company's remuneration policy is laid down in conformity with article 17b of the Articles of Association.

42. When there is a Delegated or Executive Committee (hereinafter called "Executive Committee"), the participation structure of the various categories of Directors should be similar to that of the Board itself and its Secretary should be the Secretary of the Board.

*See epigraphs: B.2.1 and B.2.6*

#### Complies

43. The Board should always be aware of the matters dealt with and the decisions adopted by the Executive Committee and all the members of the Board should receive a copy of the minutes of the sessions of the Executive Committee.

#### Complies

44. The Board of Directors should constitute not only the Audit Committee required by the Securities Market Act, but also one or two separate committees: the Appointments Committee and the Remuneration Committee.

The rules governing the make-up and operation of the Audit Committee and the Appointments and Remuneration Committee or Committees should be given in the Regulations of the Board and include the following:

- a) That the Board designates the members of these Committees, in accordance with the knowledge, skills and experience of the Directors and the duties of each Committee; deliberate on the proposals and reports; and report on the activity and the work carried out at the first plenary Board meeting following the committee meetings;
- b) That these Committees are made up exclusively of external Directors, with a minimum of three. The above is understood as without prejudice to the attendance of Executive Directors or senior executives when so agreed expressly by the members of the Committee.
- c) Their Chairmen should be Independent Directors.
- d) That outsourced consultancy can be used whenever deemed necessary for the performance of their duties.
- e) That minutes of their meetings be taken, with a copy sent to all Board members.

*See epigraphs: B.2.1 and B.2.3*

#### Complies

45. That the supervision of compliance with the internal codes of conduct and the rules of corporate governance are attributed to the Audit Committee, to the Appointments Committee or, if these are separate, to the Compliance or Corporate Governance Committee.

#### Complies

46. The members of the Audit Committee and, in particular, its Chairman should be appointed on the basis of their know-how and experience in bookkeeping, audits and risk management.

#### Complies

47. The listed companies should have an internal audit function which, under the supervision of the Audit Committee, should monitor the correct functioning of the internal control and information systems.

Explain

The Company is already carrying out the functions of the internal audit and is studying the internal procedures to be implemented in order to comply with this duty.

48. The person responsible for the internal audit function should present his/her annual work plan to the Audit Committee; he/she should inform it directly of the incidents occurring during its development; and, at the end of each year, submit an activities report.

Explain

Although the internal audit functions are being carried out, the person responsible for this duty has not been appointed at this time.

49. The risk control and management policies should identify at least:

- a) The different kinds of risk (operational, technological, financial, legal, those affecting the corporate reputation, etc.) which are faced by the company and which include - as part of the financial or economic risks - contingent liabilities and other off-balance sheet risks;
- b) The setting of the risk level that the company believes is acceptable;
- c) The mechanisms to mitigate the impact of the risks identified, in the event that they materialise;
- d) Internal control and information systems which shall be used to control and manage the foregoing risks, including the contingent liabilities or off-balance sheet risks.

*See epigraph: D*

Complies

50. The Audit Committee should be responsible for the following:

1. In relation to the internal control and information systems:
  - a) Supervising the preparation and completeness of the financial information concerning the company and, if appropriate, the group, checking due compliance with the governing regulations, the proper delimitation of the consolidation criteria and the correct application of accounting criteria
  - b) Periodically checking the internal control systems and risk management, to identify, manage and notify the key risks properly
  - c) Ensuring the independence and effectiveness of the internal audit function; proposing the selection, appointment, re-election and dismissal of the person in charge of the internal audit service; forwarding the budget for this service; receiving periodic information on its activities, and verifying that senior management considers the conclusions and recommendations in its reports.
  - d) Setting up and supervising a mechanism that enables employees to communicate any irregularities of importance, especially those of a financial and bookkeeping nature, and to do so in a confidential manner.
2. In relation to the external auditor:
  - a) Presenting the Board with proposals for selection, appointment, re-election and replacement of the external auditor, as well as their contractual terms.
  - b) Receiving regular information from the external auditor on the audit plan and the results of carrying it out, and checking that senior management take its recommendations into account.

- c) Ensuring the independence of the external auditor and, to this end:
- i) That the company notifies the change of auditor to the CNMV as a relevant event and attaches a declaration on the possible existence of disagreements with the outgoing auditor and, if there are any disagreement, the content thereof.
  - ii) That the company and the auditor be seen to respect the current rules governing the provision of services other than audit services, the limits on business concentration of the auditor and, in general, the other norms established to ensure independence of auditors;
  - iii) In the case of the resignation of the external auditor, it should examine the circumstances leading to the said resignation.
- d) In the event of groups, to see that the group auditor accepts liability for the audits of the companies that make up the group.

*See epigraphs: B.1.35, B.2.2, B.2.3 and D.3*

Complies partially

The Company has not laid down mechanisms that would allow the employees to confidentially and anonymously report, if considered appropriate, any potentially important irregularities, especially financial and accounting irregularities, that come to their attention in the company.

51. The Audit Committee should be able to call any of the Company's employee or manager, and also have them appear without the presence of any other executive.

Complies

52. The Audit Committee should report to the Board before the Board adopts the corresponding decisions on the following matters indicated in Recommendation 8:

- a) The financial information that must be published periodically, given its status as a listed company. The Committee should ensure that the intermediate accounts are prepared under the same bookkeeping criteria as the annual accounts and, accordingly, consider the appropriateness of a limited review by the external auditor.
- b) The creation or acquisition of shareholdings in special purpose enterprises or enterprises with registered offices in countries or territories considered as tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, could hamper the Group's transparency.
- c) The related-party transactions, unless that preliminary report function has been attributed to another of the supervision and control committees.

*See epigraphs: B.2.2 and B.2.3*

Complies

53. The Board of Directors should seek to present the accounts to the General Meeting without reservation or exception in the auditors' report and, in whatsoever exceptional case, both the Chairman of the Audit Committee and the auditors should clearly explain to shareholders the content and scope of the said reservations or exceptions.

*See epigraph: B.1.38*

Complies

54. Most of the members of the Appointments Committee (or the Appointments and Remuneration Committee, if there is only one Committee) should be Independent Directors.

*See epigraph: B.2.1*

Complies

55. Besides the functions indicated in the above recommendations, the following responsibilities should correspond to the Appointments Committee:

- a) Assessing the skills, knowledge and experience required on the Board, subsequently defining the duties and aptitudes required by the candidates to cover each vacancy, and assessing the time and dedication required to correctly perform their duties.
- b) Properly examining and organising the succession of the Chairman and chief executive and, if appropriate, making proposals to the Board to enable the foregoing succession to occur in an organised and well planned manner.
- c) Reporting the appointments and resignations of senior executives proposed to the Board by the chief executive.
- d) Notifying the Board on the gender diversity issues shown in Recommendation 14 of this Code.

*See epigraph: B.2.3*

Complies

56. The Appointments Committee should consult the Company's Chairman and chief executive, especially with regard to business concerning the Executive Directors.

And that any Director may request the Appointments Committee to consider potential candidates they consider ideal to cover vacancies.

Complies

57. Besides the functions indicated in the above Recommendations, the following responsibilities should correspond to the Remuneration Committee:

- a) Proposing to the Board of Directors:
  - i) The remuneration policy for Directors and senior executives;
  - ii) Individual remuneration of executive Directors and the other conditions of their contracts.
  - iii) The basic contractual conditions of senior executives.
- b) To ensure that the remuneration policy established by the company is duly observed.

*See epigraphs: B.1.14 and B.2.3*

Complies

58. The Remuneration Committee should consult the Company's Chairman and chief executive, especially with regard to business concerning the Executive Directors and senior executives.

Complies

## G - OTHER INFORMATION OF INTEREST

If you consider that there is any important principle or aspect regarding the corporate governance practices applied by your company, which have not been covered in this report, please explain below.

### SECTION A.3.

ENERGIA INTELIGENTE ENERGENA, S.L.U. (hereon, ENERGENA) and GROUP EMPRESARIAL ENHOL, S.L. (hereon, ENHOL GROUP) belong to the same Group of Companies, ENHOL GROUP, which holds all the shares of ENERGENA.

Both companies are members of the Board of Directors of FERSA ENERGÍAS RENOVABLES, S.A. (hereon, FERSA). Consequently, ENERGENA and ENHOL GROUP must disclose their indirect shareholdings in the company to the CNMV, indicating that each one holds a total of 30,899,073 indirect voting rights (their total percentage of voting rights in the company comes to 22.070%). The legal persons holding 30,899,073 shares of FERSA directly are the companies in the same business group, with Generación Eólica Internacional, S.L. holding 15,643,344 directly and Eólica India, S.L. holding 15,255,729 shares directly.

Accordingly, section A.3. of this year's Annual Corporate Governance Report, in relation to the voting rights of ENERGENA, states that the direct and indirect voting rights is 0% of the total voting rights, given that if the number of indirect voting rights of ENERGENA and ENHOL GROUP were stated as per the records of the CNMV in conformity with current legislation on the disclosures of significant shareholdings, the IGC template would have automatically calculated the percentages corresponding to each indirectly share of voting rights by adding up the 22.070% of the voting rights twice. Thus, the results of the % of voting rights of the Board would have been higher than that actually held by the Board of Directors of FERSA. That is why we have adopted the measure described above, in order to ensure the accuracy of the information in the IGC.

### SECTION B.2.6

If we viewed the Executive Committee *strictu sensu*, i.e., as a governing body, it could be construed that its composition does not reflect the shareholding structure of the different categories of directors on the Board of Directors.

However, the Executive Committee of the Company cannot be understood as a governing body in the strict sense, since, although formally it does receive the name of 'executive committee', it does not act as a governing body, but acts as a joint body of chief executive officers appointed by the Board.

Accordingly, by virtue of a resolution of the Board of Directors of 31 March 2008 executed in a public deed on 23 May 2008 by the notary public of Barcelona Mr. Antonio Rosselló Mestre, under number 2.278 of his official records, the Chairman of the Board and the executive officers of the Enhol, S.L. Group and Energía Inteligente Energena, S.L.U., which are part of the ENHOL GROUP, a strategic industrial shareholder of the company, were appointed chief executive officers, two of whom must act jointly, and always with the Chairman attending. Two of them can act individually or as the executive committee, but subject at all times to that described above.

In other words, we are dealing with a delegation of powers by the Board to three executive officers, two of which act jointly, but we are not dealing with a governing body in the strict sense.

## SECTION C.2.

### 1.- Innovación Verde Inver, S.L.U., a company in the ENHOL GROUP:

In relation to the related-party transactions in 2009, in the management of the subsidiary companies in India (Generación Eólica India Limited, EN Renewable Energy Private Limited, EN Wind Power Private Limited) and Francia (Eoliennes de Beausemblant, SAS), the company Innovación Verde Inver, S.L.U., has invoiced the parent company of the Fersa Group in 2009 an amount of Euros 343 thousand, which breaks down as follows:

EN RENEWABLES ENERGY PRIVATE LIMITED: 166.7

EN WIND POWER PRIVATE LIMITED: 166.7

GENERACION EOLICA INDIA LIMITED: 6.5

EOLIENNES DE BEAUSEMBLANT, SAS: 3.3

The company Innovación Verde Inver, S.L.U. is not a shareholder of the company. However, it is fully owned by the Director of the company ENERGÍA INTELIGENTE ENERGENA, S.L.U., a company belonging to the group of the significant shareholder Generación Eólica Internacional, S.L. (ENHOL GROUP). That is why these Management contracts qualify as Related-Party Transactions within the company.

### 2.- Caja General de Ahorros de Granada:

The company Parque Eólico Hinojal, S.L. (fully owned by the Fersa Group) has a current account at Caja General de Ahorros de Granada with a balance at 31 December 2009 totalling Euros 3,028 thousand accruing interest in its favour of Euros 17 thousand in 2009. Furthermore, Caja General de Ahorros de Granada, as the upstream bank, together with a bank syndicate, has extended a loan to Parque Eólico Hinojal, S.L.; the amount draw down exclusively from Caja General de Ahorros de Granada at 31 December 2009 totals Euros 6,352 thousand, and has accrued interest of Euros 296 thousand 2009.

### 3.- Office lease with Real Wind, S.L.:

Furthermore, the amount accrued in 2009, for the lease of the offices where Fersa Energías Renovables, S.A. is located in Barcelona, to Real Wind, S.L. (company fully owned by José M<sup>º</sup> Roger Ezpeleta, shareholder and Chairman of the Board of Directors of FERSA Energías Renovables, S.A.) totals Euros 201 thousand. These leases have a term of five years, extendible automatically for periods of one year.

Information on the related party transactions described above cannot be input into the IGC template (relating to section C.2) and that is why these transactions have been included in this section.

Any other information or clarification related to the preceding sections of the report can be included in this section, insofar as they are relevant and not reiterative.

Specifically, please indicate whether the company is subject to legislation other than Spanish in the area of corporate governance, and, as the case may be, include the information that must be disclosed and that differs from that required by this report.



**Binding definition of Independent Director:**

Indicate whether or not any of the Independent Directors has or has had any relationship with the Company, its significant shareholders or executives which, if sufficiently significant or important, would have meant that the Director could not be considered as independent in accordance with the definition laid down in section 5 of the Unified Code of Good Governance;

NO

Date and signature:

This Annual Corporate Governance Report has been adopted by the Board of Directors of the Company in its session held on

24/02/2010

Indicate whether or not there have been Directors who voted against or abstained from voting on the adoption of this report.

NO