

**Fersa Energías
Renovables, S.A. and
Subsidiaries**

Consolidated Annual Accounts
for the year ended
31 December 2016 and
Consolidated Directors' Report with
Independent Auditor's Report

Deloitte

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of

Fersa Energías Renovables, S.A.:

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of Fersa Energías Renovables, S.A. (hereinafter, the 'Parent Company') and its Subsidiaries (hereinafter, the 'Group'), which comprise the consolidated balance sheet as at 31 December 2016 and the consolidated profit and loss statement, consolidated statement of comprehensive income, consolidated statement of changes in net equity, consolidated statement of cash flows and consolidated notes to the financial statements for the year then ended.

Directors' Responsibility for the Consolidated Financial Statements

The Directors of the Parent Company are responsible for preparing the accompanying consolidated financial statements so that present fairly the consolidated equity, financial position and results of Fersa Energías Renovables, S.A. and Subsidiaries, in accordance with the International Financial Reporting Standards adopted by the European Union and other financial reporting regulations applicable to the Group in Spain, laid out in Note 2.1 to the accompanying consolidated financial statements, and for such internal control as the Directors may determine necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements as well as plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies applied and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the equity and financial position of Fersa Energías Renovables, S.A. and Subsidiaries as at 31 December 2016, and their consolidated results and consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards adopted by the European Union and other financial reporting regulations applicable to the Group in Spain.

Report on Other Regulatory Requirements

The accompanying consolidated Directors' Report for the year 2016 contains the explanations which the Directors of the Parent Company consider appropriate about the situation of Fersa Energías Renovables, S.A. and its Subsidiaries, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the Directors' Report is consistent with that contained in the consolidated financial statements for the year 2016. Our work as auditors was confined to checking the Directors' Report within the aforementioned scope, and did not include a review of any other information other than that drawn from the accounting records of Fersa Energías Renovables, S.A. and its Subsidiaries.

DELOITTE, S.L.

Registered in ROAC under no. S0692

Juan Antonio Bordas

21 February 2017

FERSA ENERGIAS RENOVABLES, S.A
and SUBSIDIARIES

Consolidated Annual Accounts
as at 31 December 2016

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GROUP**

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FERSA ENERGIAS RENOVABLES S.A. AND SUBSIDIARIES – CONSOLIDATED BALANCE SHEET
(thousand EUR)

ASSETS				LIABILITIES AND NET EQUITY			
	Note	31.12.16	31.12.15		Note	31.12.16	31.12.15
NON-CURRENT ASSETS		225,638	272,674	NET EQUITY	13	71,159	102,715
Intangible assets:	5	34,167	58,383	SHAREHOLDERS' EQUITY		86,871	118,442
Goodwill		1,494	7,062	Capital		98,003	98,003
Other intangible assets		32,673	51,321	Share premium account		278,948	278,948
Property, plant and equipment	6	172,478	195,399	Reserves		(258,472)	(205,042)
Investments as per equity accounting	7	7,442	4,090	Profit (loss) for the year attributable to the Parent Company		(31,608)	(53,467)
Non-current financial assets	8	5,704	8,952	VALUE ADJUSTMENTS		(16,214)	(16,392)
Deferred tax assets	19	5,847	5,850	Hedging operations		(10,115)	(11,486)
				Translation differences		(6,099)	(4,906)
				NET EQUITY ATTRIBUTED TO THE PARENT COMPANY		70,657	102,050
				MINORITY INTERESTS		502	665
				NON-CURRENT LIABILITIES		152,083	175,445
				Non-current provisions	14	1,666	2,251
				Non-current financial liabilities:	15	133,412	150,707
				Bank loans and bonds and other negotiable securities		117,870	133,423
				Other non-current liabilities		15,542	17,284
				Deferred tax liabilities	19	9,485	13,568
				Other non-current liabilities	16	7,520	8,919
CURRENT ASSETS		25,311	27,563	CURRENT LIABILITIES		27,707	22,077
Trade and other receivables:	11	5,892	6,888	Current financial liabilities:	15	19,042	15,381
Trade receivables for sales and services rendered		5,678	4,514	Bank loans and bonds and other negotiable securities		18,554	15,232
Other receivables		214	2,374	Other financial liabilities		488	149
Current financial assets	8	3,636	4,519	Trade and other payables:	17	8,001	6,329
Other current assets		115	168	Other payables		8,001	6,094
Cash and other equivalents	12	15,668	15,988	Current tax liabilities		-	235
				Other current liabilities	16	664	367
TOTAL ASSETS		250,949	300,237	TOTAL LIABILITIES AND NET EQUITY		250,949	300,237

Notes 1 to 29 and Appendix I and II are an integral part of the consolidated annual accounts as of 31 December 2016.

FERSA ENERGIAS RENOVABLES S.A. AND SUBSIDIARIES – CONSOLIDATED INCOME STATEMENT			
(thousand EUR)			
	Note	2016	2015
Net turnover	4	30,168	28,477
Own work capitalised		-	194
Other operating income		917	154
Staff costs	20	(1,795)	(1,564)
Other operating expenses		(12,908)	(9,542)
Amortisation and depreciation	5.6	(12,835)	(10,187)
Surplus provisions	14	658	-
Impairment and profit (loss) on disposal of fixed assets	2.5.b & 5,6	(30,747)	(13,721)
OPERATING PROFIT (LOSS)		(26,542)	(6,189)
Financial income		25	52
Financial expenses		(9,309)	(7,678)
Exchange differences		(101)	(144)
NET FINANCIAL INCOME (EXPENSES)	21	(9,385)	(7,770)
Profit (loss) of companies consolidated by equity accounting	7	(191)	(101)
PROFIT (LOSS) BEFORE TAX		(36,118)	(14,060)
Corporate Income Tax	19	4,425	1,087
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		(31,693)	(12,973)
Net profit (loss) for the year from discontinued operations	10	-	(42,057)
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR		(31,693)	(55,030)
a) Profit (loss) attributed to the Parent Company		(31,608)	(53,467)
b) Profit (loss) attributed to minority interests		(85)	(1,563)

PROFIT (LOSS) PER SHARE			
(euros per share)			
		2016	2015
Basic	13	(0.226)	(0.382)
Diluted	13	(0.226)	(0.382)

Notes 1 to 29 and Appendix I and II are an integral part of the consolidated annual accounts as of 31 December 2016.

FERSA ENERGIAS RENOVABLES, S.A. AND SUBSIDIARIES - CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
(thousand EUR)			
	Note	2016	2015
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR		(31,693)	(55,030)
INCOME AND EXPENSES CHARGED DIRECTLY TO NET EQUITY		(2,699)	20,634
a) Items that can be subject to reclassification to Income statement			
Cash flow hedges		(2,008)	(1,509)
Translation differences	13	(1,193)	21,649
Tax effect		502	494
b) Items that cannot be subject to reclassification to Income statement			
		-	-
RELEASES TO THE INCOME STATEMENT		2,971	2,496
Cash flow hedges	9	3,961	3,484
Tax effect		(990)	(988)
TOTAL RECOGNISED INCOME (EXPENSES)		(31,421)	(31,900)
Attributed to the Parent Company		(31,430)	(30,668)
Attributed to minority interests		9	(1,232)

Notes 1 to 29 and Appendix I and II are an integral part of the consolidated annual accounts as of 31 December 2016.

FERSA ENERGIAS RENOVABLES, S.A. AND SUBSIDIARIES - CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY

(thousand EUR)

	Share capital	Share premium account	Reserves	Profit and loss	Value adjustments	Total Parent Company	Minority interests	Total
Balance at 31-12-14	140,004	278,948	(250,660)	2,005	(38,030)	132,267	3,544	135,811
Comprehensive income for the year	-	-	-	(53,467)	22,799	(30,668)	(1,232)	(31,900)
Transactions with shareholders and minority interest								
Reduction of share capital (Note 13)	(42,001)	-	42,001	-	-	-	-	-
Dividends	-	-	-	-	-	-	(126)	(126)
Changes of the scope (Note 2)	-	-	1,628	-	(1,161)	467	(1,521)	(1,054)
Other changes in net equity								
Distribution of results	-	-	2,005	(2,005)	-	-	-	-
Other movements	-	-	(16)	-	-	(16)	-	(16)
Balance at 31-12-15	98,003	278,948	(205,042)	(53,467)	(16,392)	102,050	665	102,715
Comprehensive income for the year	-	-	-	(31,608)	178	(31,430)	9	(31,421)
Transactions with shareholders and minority interest								
Dividends	-	-	-	-	-	-	(135)	(135)
Other changes in net equity								
Distribution of results	-	-	(53,467)	53,467	-	-	-	-
Other movements	-	-	37	-	-	37	(37)	-
Balance at 31-12-16	98,003	278,948	(258,472)	(31,608)	(16,214)	70,657	502	71,159

Notes 1 to 29 and Appendix I and II are an integral part of the consolidated annual accounts as of 31 December 2016.

FERSA ENERGIAS RENOVABLES, S.A. AND SUBSIDIARIES - CONSOLIDATED CASH FLOW STATEMENT
(thousand EUR)

	Note	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES	22	8,910	5,032
Profit (loss) before tax		(36,118)	(14,060)
Adjustments to results		52,147	31,779
Amortisation and depreciation	5.6	12,835	10,187
Value adjustments due to impairment	5.6	30,747	13,721
Changes in provisions	14	(658)	-
Allocation of grants		(353)	-
Interest income	21	(25)	(52)
Borrowing costs	21	9,309	7,678
Translation differences	21	101	144
Profit (loss) from companies consolidated by equity accounting	7	191	101
Changes in working capital		2,106	(4,860)
Other cash flows from operating activities		(9,225)	(7,827)
Interests paid		(8,890)	(7,511)
Payments of corporate income tax		(335)	(316)
CASH FLOWS FROM INVESTMENT ACTIVITIES		839	(6,106)
Payment of investments		(1,212)	(38,700)
Tangible, intangible assets and real estate investments	5.6	(830)	(34,947)
Other financial assets	8	(382)	(3,753)
Collection on divestment		2,051	32,594
Other financial assets		2,051	-
Non-current assets held for sale	10	-	32,594
CASH FLOWS FROM FINANCING ACTIVITIES		(10,018)	(592)
Collections / (payments) for financial liability instruments	15	(9,883)	(465)
Issues		1,961	38,790
Returns and amortisation	13	(11,844)	(39,255)
Payments for dividends and the remuneration of other net equity instruments		(135)	(127)
Collections for dividends and the remuneration of other net equity instruments		-	-
EFFECT OF CHANGES IN EXCHANGE RATES		(51)	(72)
INCREASE / (DECREASE) IN NET CASH AND EQUIVALENTS		(320)	(1,738)
CASH AND EQUIVALENTS AT THE BEGINNING OF THE PERIOD		15,988	17,726
CASH AND EQUIVALENTS AT THE CLOSE OF THE PERIOD		15,668	15,988
BREAKDOWN OF NET CASH AND EQUIVALENTS AT THE CLOSE OF THE PERIOD			
Cash and banks		8,770	8,190
Other financial assets		6,898	7,798
TOTAL NET CASH AND EQUIVALENTS AT THE CLOSE OF THE PERIOD		15,668	15,988

Notes 1 to 29 and Appendix I and II are an integral part of the consolidated annual accounts as of 31 December 2016.

FERSA ENERGIAS RENOVABLES, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts for 2016

(thousand EUR)

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS OF FERSA ENERGÍAS RENOVABLES FOR THE YEAR 2016

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 current registered address is Avenida Navarra, nº 14, Badalona, previously it was Ronda General Mitre, nº 42, Bajos, 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.

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 and solar), 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 at 31 December 2015 were approved by the General Meeting of Shareholders on 28 June 2016.

The consolidated annual accounts of the Group for the year 2016 were formulated by the Directors of the parent Company on 21 February 2017 and will be subject to approval at 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 for the figures of profit per share, unless specifically noted otherwise.

NOTE 2 - BASIS OF PRESENTATION, ACCOUNTING POLICIES AND VALUATION NORMS

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

The consolidated annual accounts of the Fersa Group for 2016 have been prepared by the Parent Company's Directors in accordance with the 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. Other principles, accountancy norms and mandatory valuation criteria, such as the Commercial Code, the Spanish Corporation Law, the Stock Exchange Market Law and any other applicable commercial legislation have also been considered.

FERSA ENERGIAS RENOVABLES, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts for 2016

(thousand EUR)

2.2 Fair view and accounting policies

The consolidated annual accounts present fairly the consolidated net equity and the consolidated financial position of the Fersa Group at 31 December 2016, 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 2016 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 consolidated annual accounts is the responsibility of the Parent Company's Management.

The Fersa Group shows negative working capital (current assets minus current liabilities) amounting to EUR 2.396 thousand as of 31 December 2016 (positive amount of EUR 5.486 thousand as of 31 December 2015). The Directors of the Parent Company have prepared these consolidated annual accounts under the assumption of going concern, due to the existence of mitigating factors such as:

- In 2017, currently operating projects will bring in a cash flow necessary for the Group to continue the usual business activity in following years.
- On 30 January 2017, Fersa Energías Renovables, S.A. signed a novation of the 31 January 2012 loan agreement (Note 15), under which the date of settling the current debt in the amount of EUR 4.600 thousand (qualified as a short-term liability) was moved from 31 January 2017 to 31 January 2018 (Note 29)
- The Directors are currently negotiating the divestment of certain assets. Despite that, as of 31 December 2016, no assets have been qualified as held for sale due to lack of compliance with requirements established in IRFS 5.

2.3 Comparison of the information

As requested by the IFRS, the information contained in the annual consolidated accounts for the year 2016 is presented uniquely and exclusively for comparative purposes with the relative information for the year ended 31 December 2015.

2.4 Relative importance

So as to determine the information that needs to be broken down in the consolidated notes for each of the different accounting items, the Group has considered its relative importance in relation to the current consolidated annual accounts for the year 2016.

FERSA ENERGIAS RENOVABLES, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts for 2016

(thousand EUR)

2.5 Consolidation principles and standards

a) Consolidation methods

The IFRS 10 modified the definition of control existing until its entry into force, so that the new definition of control consists of three elements that are to be fulfilled: the power over the investee, the exposure or the right to the variable returns and the ability to affect those returns through power over the investee. The IFRS 10 also covers the situation commonly known as “de facto control” in which an entity can exercise control even without having the majority of voting rights and which has not been a situation expressly addressed in the current applicable regulations.

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

Full consolidation method – Subsidiary Companies

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 de-recognitions for intra-group operations. The Appendix I sets the list of 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 net equity instruments issued and the liabilities incurred or assumed on the swap date. Any contingent consideration to be transferred by the Group is recognised at its fair value at the acquisition date. Subsequent variations to the fair value of contingent consideration which are considered to be an asset or liability are recognised in accordance with IAS 39 in net income or as a change in other global net income. Any contingent consideration which is classified as net equity is not revalued and its subsequent payment is booked in net equity. The costs directly attributable to the acquisition are booked directly in the income statement.

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially valued at their fair value at the acquisition date. For each business combination, the Group may opt to recognise any non-controlling stake in the subsidiary, joint venture or associate acquired in the operation at its fair value or at the proportional part of the recognised amounts of the subsidiary, joint venture or associate’s identifiable net assets corresponding to the non-controlling stake.

The participation of third parties in net equity and the net income of the group companies is 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 overprice paid in relation to the net book value is recognised directly in net equity.

Transactions with non-controlling shares which do not result in a loss of control are recognised as net equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between the fair value of the amount paid and the corresponding acquired proportion of the book value of the subsidiary’s net assets is recorded in net equity. Gains or losses from disposals of non-controlling shares are also recorded in net equity.

Equity accounting method – Associates

FERSA ENERGIAS RENOVABLES, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts for 2016

(thousand EUR)

The equity accounting method has been used to consolidate the associates. These are companies in which the Company usually 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 I also sets a list of the companies consolidated by equity accounting.

A significant influence is understood to exist when the Group has a stake in the associate and can intervene in the decisions regarding the associate's financial and operating policies but does not control the associate.

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 consolidated income statement and the share in the net equity movements after acquisition is recognised in reserves.

If the stake in an associate is reduced but the Company continues to have a significant influence on its management, only the stake in proportion to the amounts previously recognised in other global net income are reclassified to net income when this is appropriate.

Dilution gains and losses generated in investments in associates are recognised in the consolidated income statement.

An investor will stop applying the equity accounting method from the date on which it stops having a significant influence on an associate's management. If a significant influence on the associate's management is lost, the investor will value the investment which it holds in the former associate at fair value.

b) Consolidation scope

The Appendix I 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 as of 31 December 2016.

Year 2016:

The only changes in the scope of consolidation made in 2016 were as follows:

a) Changes in shareholding or changes in consolidation method:

Company	31.12.16			31.12.15	
	% Shareholding	Consolidation method	Effective date of transaction	% Shareholding	Consolidation method
Aprofitament d'Energies renovables de la Terra Alta, S.A.	15.73%	N/A	25/02/2016	29.67%	P.E
Aprofitament d'Energies Renovables l'Ebre, S.L.	15.14%	N/A	25/02/2016	11.56%	N/A

P.E.-As per equity accounting

On 25 February 2016, a stock swap transaction was initiated under which the company from the Fercom Eólica, S.L. Group liquidated the entirety of its shares in the Aprofitament d'Energies Renovables de la Terra Alta, S.A. company and in exchange were given shares in the Aprofitament d'Energies Renovables del Ebre, S.L. company. As a result of this transaction the shareholding of the Fersa Group in the Aprofitament d'Energies Renovables de la Terra Alta, S.A. company was reduced from 29.67% to 15,73%. The loss of control means the exclusion of this company from the consolidation process based on equity accounting. The impact this operation had on the Group's equity was not significant.

b) Additions to the consolidation scope:

In the year 2016 no addition to the scope of consolidation was made.

FERSA ENERGIAS RENOVABLES, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts for 2016
(thousand EUR)

Year 2015:

The changes in the scope of consolidation made in 2015 were as follows:

a) Changes in shareholding or changes in consolidation method:

Company	31.12.15			31.12.14	
	% Shareholding	Consolidation method	Effective date of transaction	% Shareholding	Consolidation method
Parc Eòlic Mudefer, S.L.	100.00%	I.G.	30/06/2015	84.00%	I.G.
Infraestructures Comunes d'Evacuació Ribera d'Ebre, S.L.	0.00%	N/A	31/07/2015	72.06%	I.G.
Generación Eólica India Limited	0.00%	N/A	08/10/2015	100.00%	I.G.
EN Renewable Energy Limited	0.00%	N/A	08/10/2015	100.00%	I.G.
EN Wind Power Private Limited	0.00%	N/A	08/10/2015	100.00%	I.G.
Fersa India Private Limited	0.00%	N/A	08/10/2015	100.00%	I.G.
OÜ EstWindPower	0.00%	N/A	30/10/2015	93.79%	I.G.
Mozura Wind Park D.o.o.	0.00%	N/A	03/12/2015	99.00%	I.G.

I.G.- Full Consolidation

On 30 June 2015 Fersa Energías Renovables, S.A. signed with the company Taiga Mistral Gestión S.G.E.C.R., S.A. a contract for the purchase of 16% of shares of Parc Eòlic Mudéfer, S.L. (Mudéfer) for the amount of EUR 3,100 thousand. After this purchase Fersa Energías Renovables, S.A. became the sole shareholder of said company.

According to the IFRS 3, the purchase of additional equity interests in companies controlled by the Group was registered as equity transaction without increasing the goodwill and the difference between theoretical book value and the price paid to the minority was recorded directly in the equity. The impact on the equity corresponding to this operation implied a reduction of net equity by EUR 1,039 thousand.

On 31 July 2015 Fersa Energías Renovables, S.A. proceeded to dissolve and liquidate Infraestructures Comunes d'Evacuació Ribera d'Ebre, S.L. The impact of this operation supposed loss before corporate income tax amounting to EUR 4 thousand, registered in the account "Impairment and profit (loss) on disposal of fixed assets" of the consolidated income statement attached.

On 4 May 2015 the Fersa Group signed a purchase-sale contract for the transfer of 100% of the share capital of four subsidiaries in India, owners of the wind farms of Gadag (with installed capacity of 31.2 megawatts), Hanumanhatti (with installed capacity of 50.4 megawatts) and Bhakrani (with installed capacity of 20 megawatts), all of them situated in India. The buyer of said shareholdings was EM EOLO Holdings 2 B.V, a subsidiary of the US company Sun Edison Inc. The transaction was subject to the attainment of required regulatory authorisations and the previous approval by the General Meeting of Shareholders of FERSA, among other suspensive conditions. As a consequence of this agreement, from 31 March 2015 on, all the assets and liabilities subject to this transaction were considered as assets held for sale.

On 8 October 2015, after the fulfilling all of the suspensive conditions, Fersa Energías Renovables, S.A. proceeded to the effective sale of its four Indian subsidiaries for the amount of EUR 29,694 thousand. The impact of this operation supposed a net loss amounting to EUR 41,375 thousand, registered in the account "Discontinued Operations" of the consolidated income statement attached, which breaks down as follows:

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	Thousand euros
Indian subsidiaries net assets book value	68,433
Sale price	(29,694)
Sale costs associated to the transaction	1,848
Indian subsidiaries contribution to the consolidated profit (loss)	788
Total impact of the transaction	41,375

On 30 October 2015 an agreement was achieved for the sale of the total amount of shareholding (93.79%) in the company OÜ Est Wind Power for the amount of EUR 100 thousand to a third party. The impact of this transaction supposed a loss before corporate income tax amounting to EUR 132 thousand, registered in the account "Profit (loss) on disposal of fixed assets" of the consolidated income statement attached.

On 12 February 2015 Fersa Energías Renovables, S.A. signed with the Cifidex Ltd company a purchase-sale agreement under which it transferred the shareholding representing 99% of the subsidiary Mozura Windpark D.o.o (a company developing a wind farm of 46 megawatts situated in Montenegro) after the fulfilment of certain suspensive conditions established in the contract and fulfilled on 3 December 2015. The purchase-sale price amounted to EUR 2,900 thousand. The impact of this operation implied loss before corporate income tax of EUR 682 thousand, mainly due to the existence of costs related to the transaction, amount registered in the account "Profit (loss) of the year from discontinued operations".

b) Additions to the consolidation scope:

No addition to the scope of consolidation was made in the year 2015.

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 31 December 2016 and 2015.
- Measurement homogenisation: 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.
- Aggregation homogenisation: 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.

2.6 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

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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 in force 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 accumulated 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 as of 31 December 2016 and 2015 have been:

	31 December 2016		31 December 2015	
	Closing rate	Average rate	Closing rate	Average rate
US Dollar	1.0541	1.1021	1.0887	1.1130
Polish Zloty	4.4103	4.3659	4.2639	4.1909
Estonian Crown	N/A	N/A	15.6466	15.6466
Indian Rupee	N/A	N/A	72.0215	71.4487

2.7 Segment reporting

Operating segments are reported in a manner consistent with the internal information reported to Group Management in compliance with the IFRS 8. 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.

2.8 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 entry into force of the International Financial Reporting Standards, and as per IFRS 1, goodwill arising from the acquisitions before 1 January 2004 was recorded in the amount recognised

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as such in the consolidated annual accounts at 31 December 2003 prepared under Spanish accounting principles.

The cost of the combination is determined by the aggregation of:

- The fair value of the transferred assets on the acquisition date, the liabilities incurred or assumed and the equity instruments emitted.
- The fair value of any of the contingent considerations depends on the future events or the compliance with the predetermined conditions.

Costs related with the emission of equity instruments or financial liabilities exchanged for the acquired assets are not part of the combination costs.

Additionally, fees paid to legal advisors or other professionals that have intervened in the combination, and of course those costs generated internally with the same nature, are not considered part of the combination costs. Instead, these costs are directly attributed to the income statement.

If the business combination is done in different stages, in such a way that before the acquisition date (obtaining the effective control) it already existed an investment, goodwill or the negative difference will be obtained by computing the difference between:

- The cost of the business combination, plus the fair value on the acquisition date of any previous share of the acquiring company in the acquired company, and
- The value of the identifiable acquired assets minus the liabilities assumed, determined according to what was indicated previously.

Any profit or loss incurred as a consequence of the valuation at fair value on the date in which effective control is obtained over the shares of the acquired company, will be recognized in the consolidated income statement. If the investment has been valued previously according to its fair value, the valuation adjustments pending to be included in the year's result will be transferred into the income statement. On the other hand, it is presumed that the cost of the business combination is the best reference point to estimate the fair value on the acquisition date of any previously issued share.

Any goodwill coming from the acquisition of a company whose functional currency is not the Euro, will be valued in that distinct currency. The Euro conversion will take place on the balance sheet date.

Goodwill is not amortized and needs to be revised annually so as to check if any impairment needs to be done. The ending value of goodwill will be its cost value minus the accumulated impairment value. Any impairment loss is considered an immediate expense and cannot be reversed in the future.

If the combination difference happened to be negative, it would be registered in the income statement as an income.

If at the closing date of the year in which the combination takes place the valuation processes needed to apply the acquisition method described above had not been concluded, this accounting entry would be considered provisional, thus future adjustments on the provisional values would be allowed during the period it took to acquire the required information, which under no circumstances can be more than a year. The effects of the adjustments done during this period will be accounted for retroactively, modifying the comparative information if needed.

The subsequent changes in the fair value of the contingent consideration will be adjusted against results, unless such consideration has been classified as net equity in which case its further changes on fair value will not be recognized.

If after taking the efficient control sales transactions take place or subsidiary shares are bought

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without losing it, the impact of these transactions without changes in control will be accounted as net equity and will not modify the value of the consolidated goodwill.

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 on a straight-line basis over their estimated useful life (four 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 on a straight-line basis over the farm's useful life, which begins when the assets are put into operation.

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.

2.9 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:

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	<u>Years of estimated useful life</u>
Furniture and other plant	5 - 10
Computer hardware	4
Machinery and plant	25

The residual value and useful life of assets are reviewed, and adjusted if needed, 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.

2.10 Impairment of non-financial assets

Assets are reviewed for impairment as long as an event or change in circumstances indicate that the amount booked may not be recoverable. Additionally, goodwill is tested annually. Accordingly, the assets and goodwill 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.

2.11 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 evidence 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 consolidated income statement.

b) Available-for-sale financial assets:

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This account includes debt securities and net equity instruments that are not classified in any of the remaining 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 consolidated income statement.

Provisions are recorded if there is objective evidence 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 net equity instruments. The provision is the difference between costs or amortised cost less, if it was the case, any provision previously recognised in the income statement and the fair value at the time the valuation is made.

If there is objective evidence of impairment, the Group 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 asset is not active, the Group establishes the 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.

c) Investments held to maturity:

Financial assets held to maturity are debt instruments with fixed or determinable collections and fixed maturities 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.

Financial liabilities:

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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 no explicit interest accrues on them, and they are recorded at their nominal value.

Trade payables are obligations to pay for goods or services acquired from suppliers during normal trading activities. Trade payables are recorded as current liabilities if the payments accrue within one year or less (or accrue during normal trading activities, if longer). Otherwise, they are recorded as non-current liabilities. Trade payables are initially recognised at fair value and are subsequently valued at their amortised cost using the effective interest rate method.

2.12 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%.

Types of hedges:

a) Cash flow hedges:

For these derivatives, the effective part of changes in the fair value of the derivatives designated and qualifying as cash flow hedges is recognised in net equity. The gain or loss relating to the non-effective part is recognised immediately in the consolidated income statement. The amounts accumulated in net equity are released to the consolidated income statement in the year in which the hedged items affects profit or loss.

b) Fair value hedge:

The changes in the fair value of the derivatives that are designated and qualify as fair value hedges are posted in the consolidated income statement, together with any change in the fair value of the asset or liability hedged that is attributable to the risk hedged.

The adoption of the IFRS 13 has required an adjustment to the Group's valuation techniques for obtaining the fair value of derivatives. The Group has incorporated a set of bilateral credit risk in order to reflect both their own and counterparty risk in the fair value of derivatives, which was deducted under "other non-current liabilities" in the consolidated balance sheet as of 31 December 2016 and 2015, by the gross amount of EUR 183 thousand and EUR 275 thousand, respectively.

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2.13 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.

The value of these assets is calculated as the lower amount from between its book value and fair value minus the necessary expenses for its disposal and are not subject to amortisation, since the moment when they are classified as non-current assets held for sale.

Non-current assets held for sale are presented in the consolidated Balance sheet the following way: the assets in a sole account named "Non-current assets held for sale" and the liabilities also in a sole account named "Liabilities related to the non-current assets held for sale".

2.14 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.

2.15 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 net equity.

The dividends from ordinary shares are recognised as less net equity when approved by the parent Company's shareholders.

2.16 Provisions and contingent liabilities

The Directors of the parent Company have established a difference in the consolidated annual accounts between:

- a) Provisions: credit balances that cover current obligations related with past events. Its settlement is likely to originate an outflow of cash, however the moment and the amount of the settlement cannot be determined.
- b) Contingent liabilities: possible obligations arising as a consequence of past events whose future materialization is subject to whether or not one or more than one of these events ends up taking place. These events are independent of the Groups' will.

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 an onerous contract for valuable consideration exceed the profits expected to be obtained from them.

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

When it is expected that part of the disbursement necessary to settle the provision is refundable by a

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third party, the reimbursement is recognised as a separate asset, provided that its receipt is practically assured.

2.17 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 current tax is the amount that the Group pays as a consequence of the fiscal liquidations arising from Corporate Income Taxes for the year. Deductions and other fiscal advantages affecting the amount of taxes payable, excluding any account retention or payment, as well as fiscal losses that can be compensated from past years and that are effectively applicable during the current year, give rise to a lower amount of current taxes payable.

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.

Liabilities arising from deferred taxes are recognized for all the temporary differences on tax bases, except for those derived from the initial recognition of goodwill or other assets and liabilities in an operation that does not affect neither the fiscal result nor the accounting result and that is not included in a business combination.

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

Additionally, any difference that might exist between the consolidated value of an acquired company and its fiscal base will also be considered at a consolidated level. In general these differences arise from the accumulated results generated after the acquisition date, from fiscal deductions associated with the investment and from the exchange difference, in the case where the acquired company uses a currency that is not the Euro. Deferred tax assets and liabilities originated from these differences can be recognized except for, and in the case of taxable differences, those in which the investor has control over the moment of reverting the difference and in the case of the deductible differences, if it can be expected that such difference has consequences on the foreseeable future and if it is likely that the company has a tax profit of a sufficient amount.

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.

In every closure of the accounting cycle the assets registered as deferred taxes receivable are reconsidered and the needed corrections are done in the cases where doubts exist about their future payment. Moreover, in every closure, the assets that have not been registered as deferred taxes in the balance sheet are evaluated and recognized if their future recoverability in the form of future tax profits is likely.

2.18 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.

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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.

2.19 Leases

Leases in which the lessee 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 including, as the case may be, the purchase option. Each lease payment is separated 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.

2.20 Cash flow statement

The consolidated cash flows statement has been prepared using the indirect method, and, using the following expressions with the meaning 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 flow 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.

2.21 Profit or loss per share

Basic profit or loss 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 or loss 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

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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 Parent Company.

2.22 New accounting standards IFRS-EU and interpretations IFRIC

a) Effective norms and interpretations in the current year

The norms, amendments and interpretations that came into force in 2016 (which are detailed below), were taken into account effective 1 January 2016 with no significant impact on the preparation of these consolidated annual accounts:

New standards, amendments and interpretations:	Contents:	Mandatory application for annual periods beginning on:
Amendment to IAS 19 – Defined benefit plans: employee contributions (issued in November 2013)	The amendment is issued to provide the possibility to deduct these contributions from the service cost in the same period if certain requirements are fulfilled.	1 February 2015
Improvements to IFRS Cycle 2010-2012 (issued in May 2014)	Lesser amendments to a series of standards.	1 February 2015
Amendment to IAS 16 and IAS 38 – Acceptable methods of depreciation and amortisation (issued in May 2014)	Clarifies the acceptable methods of amortisation and depreciation of tangible and intangible assets.	1 January 2016
Amendments to IFRS 11 – Accounting for acquisition of interests in joint operations (issued in May 2014)	Specifies the accounting for acquisition of an interest in a joint operation when the operation constitutes a business.	1 January 2016
Amendment to IAS 16 and IAS 41: Bearer plants (issued in June 2014)	Bearer plants will be accounted for cost instead of for fair value.	1 January 2016
Improvements to IFRS Cycle 2012-2014 (issued in September 2014)	Lesser amendments to a series of standards.	1 January 2016
Amendments to IAS 1: Initiative Disclosure (December 2014)	Various clarifications related to disclosure (materiality, aggregation, order of the notes, etc.).	1 January 2016
Amendment to IAS 27 Equity method in separate financial statements (issued in August 2014)	The equity method will be allowed in separate financial statements of an investor.	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities (issued in December 2014)	Clarification regarding the exemption from consolidation of investment entities.	1 January 2016

b) Issued norms and interpretations which are not in force

At the date of preparation of these consolidated annual accounts, the following standards, amendments and interpretations had been published by the IASB but had not yet entered into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they have not been yet adopted by the European Union:

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New standards, amendments and interpretations:	Contents	Mandatory application for annual periods beginning on:
Approved for its use in the European Union		
IFRS 15 Revenue from contracts with customers (issued in May 2014)	New standard for the recognition of revenues (Replaces the IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31.	1 January 2018 r.
IFRS 9 Financial instruments: (the last phase issued in July 2014)	Replaces the requirements for the classification and measurement, recognition and derecognition of financial assets and liabilities, hedge accounting and impairments of IAS 39.	1 January 2018 r.
Not yet approved for its use in the European Union as of the issue date of this document		
New standards		
Clarifications to IFRS 15 (issued in April 2016)	The amendments clarify how to identify a performance obligation, determine whether a company is a principal or an agent, determine whether the revenue from granting a license should be recognised at a point in time or over time.	1 January 2018 r.
IFRS 16 Leases (issued in January 2016)	Replaces the IAS 17 and related interpretations. The most important change is that the new standard suggests a single lessee accounting model recognising assets and liabilities for all leases (with scarce exceptions) with the effect similar to acquisition financed by loan (assets measured at cost less accumulated depreciation and impairment)	1 January 2019 r.
Amendments and interpretations		
Amendments to IAS 7 Disclosure initiative (issued in January 2016)	New requirements of additional information to be disclosed to the users of financial statements.	1 January 2017 r.
Amendments to IAS 12 Recognition of deferred tax assets for unrealised losses (issued in January 2016)	Clarifies the methods of recognition of deferred tax assets for unrealised losses.	1 January 2017 r.
Amendments to IFRS 2 Classification and measurement of share-based payment transactions (issued in June 2016)	Lesser amendments to clarify accounting for cash-settled share-based payment transactions that include a performance condition, share-based payment transactions with net settlement features or accounting for modifications of share-based payment transactions from cash-settled to equity-settled.	1 January 2018 r.
Amendments to IFRS 4 Insurance contracts (issued in September 2016)	Allows entities to choose to apply the overlay approach when they first apply the IFRS 9 or a temporary exemption.	1 January 2018 r.
Amendments to IAS 40 Investment property (issued in December 2016)	Clarifies that transfer to or from investment property classification is possible when there is an evidenced change in use.	1 January 2018 r.
Amendments to IFRS Cycle 2014-2016 (issued in December 2016)	Lesser amendments in a series of standards (different dates of effective date)	1 January 2018 r.

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IFRIC 22 Foreign currency transactions and advance consideration (issued in December 2016)	The interpretation determines the "date of the transaction" for the purpose of determining the exchange rate in foreign currency transaction and advance consideration.	1 January 2018 r.
Amendment to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture (issued in September 2014)	Clarification in relation to these operations whether the assets sold or contributed constitute a business.	No date determined.

The Group has not considered the anticipated application of the standards and interpretations detailed above and in any case your application will be considered by the Group upon approval, if applicable, by the European Union.

In any case, the Directors of the parent company have evaluated the potential impacts of future application of these norms and consider that its enforcement will not have a significant effect on the consolidated annual accounts of the Group, except for the future IFRS 16 on leases, as the Group is currently evaluating its impact.

2.23 Significant accounting estimates and judgements

The preparation of consolidated financial statements requires the formulation of estimates and judgements. These estimates and judgements, by definition, will rarely coincide with real future data. We set out below the estimations and judgements where there is a significant risk that they will give rise to a material adjustment to the amounts of assets and liabilities recorded in the following financial year:

a) *Non-financial asset impairment*

The Group verifies whether goodwill, the remaining intangible assets and property, plant and equipment have suffered a loss for impairment of assets in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of CGUs have been calculated on the basis of the calculations of fair value from discounted cash flows based on the Group's assumptions. These calculations require the use of judgements, which, amongst others, mainly include the discount rate, the production hours and sales prices of electricity (Note 5). In addition, the Group's activities are subject to existing regulation whose amendments may affect the valuation of the assets. Consequently, if the real data differs from the estimates and judgements used, the recoverable amounts resulting from the various CGUs may vary and, consequently, require a higher or lower impairment of assets. To be able to report how sensitive this calculation of impairment is, Note 5 sets out a sensitivity analysis for reasonable variations of key judgements which has been established by Group Management.

b) *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 estimations are subject to the interpretation of current events and circumstances, projections of future events and estimates of their financial effects.

c) *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.

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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.

d) *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.

e) *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.

f) *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.

g) *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.

The Fersa Group estimates a useful life of its wind farms of 25 years (amortisation period).

2.24 Actions causing an impact on the environment

Currently they are registered as an expense or as an investment, depending on the nature, the carried out payments that are needed to comply with the legal requirements related with environmental issues. Imports registered as an investment are amortized as a function of their useful life.

No provision for risks and costs related with environment issues has been considered given that there exist no significant contingencies related with the environment protection.

2.25 Related party transactions

The Group undertakes operations with related parties at market values. Additionally, the transfer prices are adequately justified so it is estimated that no significant risks exist, thus none of them is expected to generate any future obligation that needs to be considered.

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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 operates.

Spain

The wind energy industry is a regulated sector that due to the fundamental changes it has been suffering over the last periods, has motivated the need of a new regulatory framework.

On 13 July 2013 the RDL 9/2013 was published repealing the RD-661/2007 decree, in force until that date. This Royal Decree establishes the principles of a new remunerative system for the renewable energy-generating plants and is submitted to the Government for the new remunerative system to be approved by a Royal Decree. Under this new regulatory framework, the income from the special system plants will comprise:

- The income derived from sale of electricity on the market.
- The income derived from the special remunerative system, when applicable. The special remunerative system will comprise the sum of two elements periodically revised: the remuneration for the investment and the remuneration for the operation.

In accordance to the stated criterion, the specific remuneration is composed, according to each technology, by:

- A factor per unit of installed power (investment remuneration) which covers the investment costs of a standard plant that cannot be recovered from the sale of energy in the market, and
- A factor in the operation (operative remuneration) which covers the negative difference between the operative costs and the income from the market share.

The remuneration is calculated over a standard plant throughout its regulatory useful life, taking into account:

- The standard income for the sale of the generated energy, valued at the production market price (estimated),
- The standard operative costs and
- The standard value of the initial investment

The first additional provision of the RDL 9/2013 sets the fair profitability of those facilities that have the right to an economic premium system at the date of enforcement of the RDL 9/2013; as the average profitability in the secondary market of the previous ten years to the entry into force of the RDL 9/2013 of the 10- year Government Bonds, increased in 300 basic points (equivalent to the 7.398% for the first regulatory period).

On the other hand, it is important to note that the law states the priority access criterion and distribution for the electricity of renewable energy sources and of cogeneration of high efficiency, in accordance with that established in the Community directives.

Later, in December 2013, the Law 24/2013 on the Electric Sector was enacted to replace the existing Law 54/1997, of 27 November and to cover the regulations of the RDL 9/2013 and which, among others, includes the revision criteria of the remunerative parameters:

- Every 6 years all the parameters may be revised (fair profitability rate, legally fixed).

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- Every 3 years the estimations of the income for sale of the generated energy, valued at the production market price.
- Every year, the values of the operative remuneration for the technologies whose operating expenses depend essentially on the fuel price.
- Under no circumstances, once the regulatory useful life or the standard value of the initial investment are recognised, will these values be able to be revised.
- Determines the beginning and the end of the first regulatory term: from the RDL 9/2013 entry into force (14 July 2013) until 31 December 2019 (6 years), with the first half-term ending 31 December 2016 (within 3 years).

In June 2014, the Real Decree 413/2014, of 6 June, was enacted, which regulates the activity of electricity production from renewable sources of energy, cogeneration and waste, and the Ministerial Order IET 1045/2014 which establishes new remunerative parameters of the type plants, applicable to certain plants of energy generation from renewable sources, cogeneration and waste materials.

The Royal Decree 413/2014 and the Ministerial Order IET 1045/2014 specify the amounts in euros for aforementioned remunerations for each type of technology and installation used to generate energy from renewable sources.

Due to the existence of differences between the estimated market price and the actual price, article 22 of the Royal Decree 413/2014 establishes an adjustment mechanism for specific remuneration for the purpose of adjusting the market price. As a result, future remunerations will include a compensation for the difference between the actual market price in the years 2014 - 2016 and the market price defined by the Ministerial Order IET 1045/2014. As a result, the Group has registered a non-current credit in the amount of EUR 1,574 thousand (Note 8).

On 2 December 2016 was published a draft of indexation for remuneration parameters for the aforementioned plants for the second half-term (from 1 January 2017 to 31 December 2019) in which were also established possible amounts of the operative remuneration which will be applied in the first half year of 2017, thus implementing the provisions of article 20 of the Royal Decree 13/2014, of 6 June, and article 3 of the Order IET/1345/2015, of 2 July.

Additionally, it should be recalled that within the existing regulations in this sector there is the Law 15/2012, of 27 December, of fiscal measures for the energetic sustainability. Under the current law it is stipulated, among others, a new tax, the Tax on the Value of Production of electrical energy, which levies a tax on the production activities and incorporations to the electrical energy system of a 7% rate.

France

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

- Law nº 2000-108/10 February 2000, on the modernisation and development of the electricity utilities.
- Decree nº 2000-877/7 September of that year on the authorisation for operating electricity facilities.

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

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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 2016, the tariff applied to the company in the Fersa Group in France was of 9.134 cents euro per KWh until 1 November, and from that date, of 9.171 cents euro per KWh.

On 9 December 2015, the French Energy Regulatory Commission (CRE) published an opinion concerning the new project for the decree on additional remuneration mentioned in the article L.314-18 of the Energy Code.

The opinion predicts that the producers of renewable sources energy, after the expiration of the contract for the sale of energy, will be entitled to receive an additional recompense. This additional recompense will be paid in form of a premium taking into account both installed capacity and the amount of produced energy.

Poland

In Poland, the renewable energy sources are regulated by the Energy Law of 10 April 1997 ("Energy Law") supplemented with the transitory provisions of 20 February 2015 ("2015 RES Law") along with the amendments published in December 2015 and January 2016.

Under this regulation the producers of renewable energy are entitled to the following incentives:

- market price for sale of energy on regulated market (average price for the last quarter)
- price for traded certificates of origin (Green Certificates) during 15 years following the date of the first verification of energy production.

This system of incentives works based on the price of certificates of origin limited to "substitution fee" which is currently 300.03 PLN/MWh. The price of certificates of origin (Green Certificates in the case of Postolin) on the TGE market, as of closing day for the current year, amounts to 37.76 PLN/MWh.

Under the "2015 RES Law" approved in February 2015, this system of incentives is still applicable to producers registered before 1 July 2016; whereas the producers registered afterwards will benefit from the new auction system. The plants put into operation before 1 July 2016 can opt to join the new auction system while simultaneously relinquishing the system of incentives.

The main features of the new auction system are as follows:

- There are annual energy auctions, separate for different sources of energy, with a prequalification phase in order to participate in the auction.
- For every annual auction, the required amount and maximal reference price will be published by the Ministry before every auction.
- The only criterion for winning the auction is the price: the lowest bidders are accepted until completing the required amount of energy of the auction.
- The winners will sign contracts for 15 years for the offered price. The price will be indexed annually.

The regulations established in the "2015 RES Law" have been amended by the law of 22 June 2016 to promote the auctions and the renewable energy plants with a stable generation profile.

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This amendment stipulates that the right to benefit from the system of incentives and to sell all the produced energy on the average market price of the last quarter (currently amounting to 171.52 PLN/MWh), will be valid only until 1 January 2018. From that date onwards, the final suppliers will be able to renegotiate or even terminate the contracts with the producers.

Furthermore, the Polish government have adopted during 2016 other measures which do not consider eliminating the excess supply of the certificates of origin now present in the market.

Lastly, it should be noted that the regulatory framework related to the real property tax payable to the municipality have been also changed by the amendment of 20 May 2016, affecting particularly, among others, the investments in wind farms in Poland. Under this new regulation, the real property tax of 2% affects the investment in the construction of a wind farm in its entirety.

The Fersa Group has already taken into account those new impacts related to the new Polish legislation while performing the impairment test as of 31 December 2016, which, together with the projected drop in future prices of certificates of origin has brought about the impairment of its assets (Note 5).

NOTE 4 – SEGMENT REPORTING

a) Format for presentation of business segment reporting

The business segments of the Fersa Group are wind and solar energy. Profit and loss by segment breaks down as follows:

31 December 2016	Wind					Total	Solar	Biogas	TOTAL
	Spain	Other Western Europe countries	Eastern Europe	Asia	Latin America		Western Europe	Western Europe	
Turnover by segments	23,806	2,398	3,163	-	-	29,367	801	-	30,168
EBITDA (*)	13,653	1,705	713	-	(56)	16,015	367	-	16,382
Depreciation charge	(9,145)	(749)	(2,680)	-	-	(12,574)	(261)	-	(12,835)
Surplus provisions	658	-	-	-	-	658	-	-	658
Profit (loss) on disposal of fixed assets	(420)	(23)	(30,462)	158	-	(30,747)	-	-	(30,747)
Operating profit (loss)	4,746	933	(32,429)	158	(56)	(26,648)	106	-	(26,542)
Net financial income (expense)	(6,940)	(291)	(1,891)	-	(8)	(9,130)	(255)	-	(9,385)
Participation in profit (loss) of the year of associates	(112)	-	-	-	(79)	(191)	-	-	(191)
Profit (loss) before tax									(36,118)
Corporate income tax									4,425
Profit (loss) from continuing operations									(31,693)
Net profit (loss) from discontinued operations									-
Consolidated profit (loss) for the year									(31,693)
a) Profit (loss) attributed to the parent company									(31,608)
b) Profit (loss) attributed to minority interest									(85)

EBITDA(*): Operating profit plus depreciation and impairment

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31 December 2015	Wind					Solar	Biogas	TOTAL	
	Spain	Other Western Europe countries	Eastern Europe	Asia	Latin America				
Turnover by segments	24 593	2 700	366	-	-	27 659	818	-	28 477
EBITDA (*)	15 481	2 129	(272)	-	(24)	17 314	405	-	17 719
Depreciation charge	(9 151)	(753)	(16)	-	-	(9 920)	(267)	-	(10 187)
Surplus provisions	-	-	-	-	-	-	-	-	-
Profit (loss) on disposal of fixed assets	(1 907)	(11)	(10 394)	-	(1 406)	718	(3)	-	(13 721)
Operating profit (loss)	4 423	1 365	(10 682)	-	(1 430)	(6 324)	135	-	(6 189)
Net financial income (expense)	(7 026)	(319)	(145)	-	(5)	(7 495)	(275)	-	(7 770)
Participation in profit (loss) of the year of associates	(101)	-	-	-	-	(101)	-	-	(101)
Profit (loss) before tax									(14 060)
Corporate income tax									1 087
Profit (loss) from continuing operations									(12 973)
Net profit (loss) from discontinued operations									(42 057)
Consolidated profit (loss) for the year									(55 030)
a) Profit (loss) attributed to the parent company									(53 467)
b) Profit (loss) attributed to minority interest									(1 563)

EBITDA(*): Operating profit plus depreciation and impairment

b) Format for presentation of financial information according to geographic segments

Given the Fersa Group's presence in various countries, information is grouped by geographic actions. The Fersa Group's registered office, where its main operations are carried-out, is currently in Spain. The areas of operations cover different geographic groups, including, of special note:

- Western Europe, which includes Spain and France.
- Eastern Europe, which includes Poland.
- Latin America, which includes Panama.

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

	2016	2015
Western Europe	27,005	28,111
Spain	24,607	25,411
France	2,398	2,700
Eastern Europe	3,163	366
Total	30,168	28,477

Presently the Group owns operating wind farms in Spain, France and Poland. The wind farm in Poland commenced its operation in December 2015.

The assets and liabilities by segments are as follows:

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a) By business segment

	Assets	Investment as per equity accounting	Goodwill	Liabilities
At 31.12.16				
Wind	205,221	7,442	1,494	161,321
Solar	5,937	-	-	4,139
Total	211,158	7,442	1,494	165,460

	Assets	Investment as per equity accounting	Goodwill	Liabilities
At 31.12.15				
Wind	247,639	4,090	7,062	174,848
Solar	6,137	-	-	4,640
Total	253,776	4,090	7,062	179,488

b) By geographic segment

	Assets	Investment as per equity accounting	Goodwill	Liabilities
At 31.12.16				
Western Europe	176,896	-	1,494	129,389
Eastern Europe	34,161	-	-	36,071
Latin America	101	7,442	-	-
Total	211,158	7,442	1,494	165,460

	Assets	Investment as per equity accounting	Goodwill	Liabilities
At 31.12.15				
Western Europe	186,582	397	1,495	147,865
Eastern Europe	67,093	-	5,567	31,623
Latin America	101	3,693	-	-
Total	253,776	4,090	7,062	179,488

The assets by segments consist mainly of property, plant and equipment, intangible assets, customers and debtors. Financial assets, goodwill, deferred taxes receivable, cash and other cash equivalents are excluded. The assets that have not been considered in this segmentation amount to EUR 39,791 thousand as of 31 December 2016 and to EUR 46,461 thousand as of 31 December 2015.

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Liabilities by segments consist of operating liabilities. Excluding financial debt and deferred taxes payable. The liabilities that have not been considered in the above disclosure by segments amount to EUR 14,330 thousand as of 31 December 2016 and to EUR 18,034 thousand as of 31 December 2015.

The detailed list of non-current assets, detailing Spain and the rest of the foreign countries is the following:

At 31.12.16	Goodwill	Intangible assets	Property, plant and equipment	Total
Spain	634	29,486	130,648	160,768
Poland	-	-	33,236	33,236
France	860	3,187	8,492	12,539
Rest of the world	-	-	102	102
Total	1,494	32,673	172,478	206,645

At 31.12.15	Goodwill	Intangible assets	Property, plant and equipment	Total
Spain	635	31,234	138,394	170,263
Poland	5,567	16,695	47,896	70,158
France	860	3,392	9,007	13,259
Rest of the world	-	-	102	102
Total	7,062	51,321	195,399	253,782

As a consequence of the history of asset provisions made, the totality of the accounting amount to fixed assets related with Spanish wind farms under development has been impaired.

As of 31 December 2016 the non-current assets in Spain, France and Poland correspond exclusively to operating wind farms.

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NOTE 5 – INTANGIBLE ASSETS

The movement for the year at 31 December 2016 and 2015 in the accounts under Intangible assets is as follows:

	Goodwill	Other intangible assets	Total intangible assets
Net book value at 31/12/14	10,226	81,246	91,472
Investment	112	15	127
Amortisation	-	(2,350)	(2,350)
Transfers and others	(3,622)	(26,843)	(30,465)
Impairment provision	(112)	(4,186)	(4,298)
Translation differences	458	3,439	3,897
Net book value at 31/12/15	7,062	51,321	58,383
Cost	51,291	146,478	197,769
Accumulated amortisation	-	(16,131)	(16,131)
Impairment provision	(44,229)	(79,026)	(123,255)
Net book value at 31/12/15	7,062	51,321	58,383
Amortisation	-	(2,701)	(2,701)
Impairment provision	(5,363)	(15,495)	(20,858)
Translation differences	(205)	(452)	(657)
Net book value at 31/12/16	1,494	32,673	34,167
Cost	51,086	146,025	197,111
Accumulated amortisation	-	(18,831)	(18,831)
Impairment provision	(49,592)	(94,521)	(144,113)
Net book value at 31/12/16	1,494	32,673	34,167

The transfers amounting to EUR 30,465 thousand of total intangible assets of the year 2015, corresponded to the qualification as assets held for sale of four Indian companies (Note 2 and Note 10).

The translation differences of 2016 include basically the impact of the valuation of the assets belonging to the investments done in India and Poland (India and Poland for the translation differences of 2015). The negative impact of 2016 is mainly due to the depreciation of the Polish zloty against the euro.

During the year 2015, the Group proceeded to sell and liquidate several companies whose assets were totally provisioned (Note 2.5.b). As a consequence, the amount of the cost of these assets was offset against its corresponding provision.

As of 31 December 2016 the intangible assets, still in use and completely amortised amount to EUR 394 thousand (EUR 284 thousand as of 31 December 2015).

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Impairment test:

The Fersa Group has conducted impairment tests using cash flow projections in order to determine recoverable amount. The impairment tests were made on 31 December 2016 and 2015. As a result of these tests, a net impairment provision has been recorded in the negative amount of EUR 30,883 thousand in 2016 (negative amount of EUR 13,591 thousand in 2015) which breaks down as follows:

	2016	2015
Profit (loss) on disposal of non-current assets	136	(130)
Impairment of assets	(30,883)	(13,591)
Goodwill	(5,363)	(112)
Other intangible assets	(15,495)	(4,186)
Property, plant and equipment	(12,031)	(2,606)
Transfer to profit (loss) on translation differences	-	(4,469)
Other non-current liabilities (Note 16)	2,179	-
Financial assets	(173)	(1,888)
Others	-	(330)
Total impairment and profit (loss) on disposal of non-current assets	(30,747)	(13,721)

The breakdown of the impairment provision by geographic segment is as follows:

	2016	2015
Western Europe	(420)	(1,846)
Eastern Europe	(30,463)	(10,339)
Latin America	-	(1,406)
Total	(30,883)	(13,591)

The tax effect of the impairment (reduction of related deferred tax liabilities) was the positive amount of EUR 3,946 thousand in 2016 (positive amount of EUR 1,047 thousand in 2015), without any effect on minority interest (positive effect of EUR 1,569 thousand in 2015).

The key assumptions used to calculate fair value, applied to the impairment test, are as follows:

- a) Discount rate. Discount rates have been calculated using the weighted average cost of capital ("WACC"), on the basis of the following variables:
 - The temporal value of the money or risk-free rate of each country corresponding to the profitability of 10-year Government bonds.
 - The estimated risk premium considering the estimated betas of comparable companies of the sector and a market risk premium, which are after-tax observable variables.

The detail of the Weighted average cost of capital (WACC) resulting for the main geographic segments is the following:

Year 2016

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2016			
	Spain	France	Eastern Europe (Poland)
Risk-free discount rate	1.38%	0.68%	3.63%
Risk premium *	7.08%	6.89%	5.96%
Capital cost	8.46%	7.57%	9.59%
Cost of debt	3.89%	3.03%	4.97%
After-tax weighted average cost of capital **	6.64%	5.45%	7.43%

Year 2015

2015			
	Spain	France	Eastern Europe (Poland)
Risk-free discount rate	1.65%	0.76%	2.72%
Risk premium *	8.58%	7.50%	8.33%
Capital cost	10.23%	8.26%	11.05%
Cost of debt	4.80%	4.26%	5.18%
After-tax weighted average cost of capital **	7.53%	6.28%	8.14%

* The estimated risk premium is the result of multiplying the estimated beta (sector companies average) by the market risk premium.

** Because the sources of information consulted to obtain the parameters used for the calculation of the discount rate do not offer data before taxes, the Group uses discount rates after taxes. Consequently, and to maintain the coherency of the discount rate with the methodology of calculation of the planned flows, the payment of taxes was taken into account.

- b) Production hours: the production hours employed in the calculation of the impairment test have been based, for the operating farms, on the average of the historical value of the hours employed in former years (eliminating those years that appear as outliers because of high or low wind levels) and for the farms under development, on the estimated wind hours predicted by the wind studies carried out both internally and externally.
- c) 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 framework agreements on prices, such as Poland and France, the agreed-upon price has been used. An annual increase in prices has been estimated in accordance with the regulatory framework of each one of the countries.

The net total energy prices for the year 2017, which have been considered for the main geographic segments, are the following:

- Spain: between 7.36 c€/kWh and 9.88 c€/kWh (including in this price the remuneration to the investment divided by the estimated kWh).
- France: 9.17 c€/kWh
- Poland: 20.5 cPLN/kWh (including in this price the remuneration for green certificates).

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

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- Useful life of the project: 25 years, without considering any residual value at the end of its useful life.
- Operating expenses: For future years, the operating expenses have been estimated on the basis of past experience and by applying an estimated inflation rate.

The main impacts on the impairment of year 2016 have been the following:

The Directors of the Parent Company considered it appropriate to conduct an impairment test for the Postolin farm, due to new regulations coming into force in Poland in 2016 and affecting the renewable energy sector and causing, among others, a significant increase in tax cost for local taxes (Note 3) and also due to the drop in prices of certificates of origin (a component of the selling price of energy from 108.60 zloty/KWh as of 31.12.15 to 37.76 zloty/KWh as of 31.12.16) which was registered in the second half year. As a result of this update, the Group decided to provision EUR 30,389 thousand of assets related to this wind farm.

Moreover, in 2016 an impairment of fixed assets in Spain was registered amounting to EUR 420 thousand.

As a result of the impairment, there exist certain CGUs whose book value is equal to the recoverable amount, therefore any increase in discount rate or decrease in selling price for energy will cause another impairment. Similarly, an increase in selling prices for energy or a decrease in discount rate would have a positive effect on the income statement of the Fersa Group as a consequence of the reversal of the registered provisions.

The differences between the recoverable amount and the book value (i.e. the existing "gap") for all of the wind farms of the Fersa Group by geographic segments are as follows:

	31/12/2016	31/12/2015
Western Europe	13,300	12,379
Eastern Europe	-	293
Latin America	9,944	9,912
TOTAL	23,244	22,584

The percentage increase in the after-tax discount rate and the percentage decrease in the sale price of energy that would equal the recoverable amount and the book value for all of the wind farms of the Fersa Group by geographic segments are as follows:

	31/12/2016	
	Discount rate increase	Sale prices of electricity decrease
Western Europe	22.6%	(10,7%)
Eastern Europe	0%	0%
Latin America	9.6%	(8,1%)

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	31/12/2015	
	Discount rate increase	Sale prices of electricity decrease
Western Europe	15.2%	(8,01%)
Eastern Europe	0.9%	(0,55%)
Latin America	11.5%	(10,28%)

The percentages shown here correspond to the percentage of variation concerning to the applied discount rates, they are not variations of basis points, but percentage increases in the rate.

Sensitivity analysis:

As already mentioned, there are certain assumptions whose variations could significantly affect the recoverable value of the assets subject to the impairment testing, which are the discount rate and the sale prices of electricity. The sensitivity of the results to reasonably possible changes in these assumptions, on which the Directors have based their determination of the recoverable amount of the wind farms, differentiated by the different geographic segments is as follows:

	Effect on net income (thousand EUR)	
	2016	2015
Increase of the discount rate by 10%		
Western Europe	(1,529)	(2,805)
Eastern Europe	(1,725)	(2,999)
Latin America	-	-
Total	(3,254)	(5,804)
Decrease of the discount rate by 10%		
Western Europe	-	-
Eastern Europe	1,908	-
Latin America	-	-
Total	1,908	-
	Effect on net income (thousand EUR)	
	2016	2015
Increase of the sale price of electricity by 10%		
Western Europe	-	-
Eastern Europe	3,380	-
Latin America	-	-
Total	3,380	-
Decrease of the sale price of electricity by 10%		
Western Europe	(5,095)	(5,518)
Eastern Europe	(3,380)	(4,591)
Latin America	-	-
Total	(8,475)	(10,109)

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NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

The changes for 2016 and 2015 in the accounts under Property, plant and equipment are as follows:

	Property, plant and equipment in use	Property, plant and equipment under construction	Total property, plant and equipment
Net book value at 31/12/14	214,287	15,254	229,541
Investment	33	34,787	34,820
Transfers	(18,310)	(47,203)	(65,513)
Divestment	(11)	(166)	(177)
Amortisation	(8,943)	-	(8,943)
Impairment (nota 5)	(47)	(2,571)	(2,618)
Translation differences	8,289	-	8,289
Net book value at 31/12/15	195,298	101	195,399
Cost	263,984	21,692	285,676
Accumulated amortisation	(68,686)	-	(68,686)
Impairment provision	-	(21,591)	(21,591)
Net book value at 31/12/15	195,298	101	195,399
Investment	556	274	830
Amortisation	(10,134)	-	(10,134)
Impairment (nota 5)	(11,757)	(274)	(12,031)
Translation differences	(1,586)	-	(1,586)
Net book value at 31/12/16	172,377	101	172,478
Cost	262,888	21,850	284,738
Accumulated amortisation	(78,782)	-	(78,782)
Impairment provision	(11,729)	(21,749)	(33,478)
Net book value at 31/12/16	172,377	101	172,478

The most significant investments carried out in 2015 correspond to the construction and launching of the Postolin wind farm in Poland of 34 MW, for the amount of EUR 33,675 thousand. As a consequence of the launch of said wind farm in December 2015, a transfer was made amounting to EUR 47,203 thousand from property, plant and equipment under construction to property, plant and equipment in use. The most significant investments made in 2016 correspond to expenses related to the finalisation of the launch of said wind farm.

Transfers from property, plant and equipment in use include the reclassification in March 2015 of the assets in India as assets held for sale amounting to EUR 65,513 thousand (Note 2 and Note 10).

Financial expenses capitalised during 2016 amount to EUR 24 thousand (EUR 1,986 thousand in 2015). This interest relates entirely to the financial costs of borrowed funds for the construction of the farm in Poland, mainly, until its launch. These financial expenses were deducted from financial expenses in the consolidated income statement for the year.

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As of 31 December 2016, the Group does not have commitments for the purchase of fixed assets (nor did it have such commitments as of 31 December 2015).

As of 31 December 2016 there are no payments nor advance payments to suppliers for the construction of fixed assets registered as an increase of value of assets under construction, nor were there such payments as of 31 December 2015.

Translation differences mainly include the impact on the measurements of assets relating to the investments in Poland in 2016 (India and Poland for translation differences in 2015). The negative impact for the year 2016 is due mainly to the depreciation of the Polish zloty against euro.

As of 31 December 2016 the tangible assets still in use and totally depreciated amount to EUR 76 thousand (EUR 55 thousand as of 31 December 2015).

The assets associated to the farms holding loans from credit entities under the modality of Project Finance are presented as a collateral of the mentioned credits (Note 15).

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

NOTE 7 – INVESTMENTS AS PER EQUITY ACCOUNTING

The movement for 2016 in investments recorded by equity accounting is as follows:

	Balance	Changes in	Participation	Impairment	Transfers	Translation	Balance
	31.12.15	the	in the			differences	31.12.16
		consolidation	results				
		scope					
-							
<u>Company</u>							
-							
Aprofitament d'Energies Renovables de la Terra Alta, S.A.	290	(285)	(5)	-	-	-	-
Parque Eólico Toabré S.A. (anteriormente Fersa Panamá SA.)	3,693	-	(79)	-	3,803	25	7,442
Subestación y Línea Los Siglos 2004, A.I.E.	107	-	(3)	(104)	-	-	-
Total	4,090	(285)	(87)	(104)	3,803	25	7,442

As a result of the reduction of shareholding in the Aprofitament d'Energies Renovables de la Terra Alta, S.A. company (Note 2.5 b), this company was excluded from the scope of consolidation under equity method.

The transfers amounting to EUR 3,803 thousand in Parque Eólico Toabré, S.A (Panama), are due to debt-for-equity swap and other outstanding amounts (Note 8).

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The movement for 2015 in investments recorded by equity accounting was as follows:

-	Balance 31.12.14	Changes in the consolidation scope	Participation in the results	Impairment provision	Translation differences	Balance 31.12.15
<u>Company</u>						
-						
Aprofitament d'Energies Renovables de la Terra Alta, S.A.	289	-	1	-	-	290
Parque Eolico Toabre S.A. (anteriormente Fersa Panama, SA.)	3,674	-	(92)	-	111	3,693
Subestación y Línea Los siglos 2004, A.I.E.	117	-	(10)	-	-	107
Total	4,080	-	(101)	-	111	4,090

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

	Country	Asset	Liability	Income	Net income	% Shareholding
At 31-12-16						
Berta Energies Renovables, S.L.	Spain	6,274	2,474	-	(361)	25.79%
Ferrolterra Renovables, S.L.	Spain	284	-	-	(8)	36.99%
Parque Eólico Toabré S.A. (anteriormente Fersa Panamá SA.)	Panama	6,306	3,184	-	(253)	30.00%
Subestación y Línea Los Siglos 2004, A.I.E.	Spain	244	5	40	(8)	30.30%
Total		13,108	5,663	40	(630)	

	Country	Asset	Liability	Income	Net income	% Shareholding
At 31-12-15						
Berta Energies Renovables, S.L.	Spain	6,510	2,545	-	(373)	25.79%
Aprofitament d'Energies Renovables de la Terra Alta, S.A.	Spain	957	52	173	3	29.67%
Ferrolterra Renovables, S.L.	Spain	293	-	-	(1)	36.99%
Parque Eolico Toabre S.A. (anteriormente Fersa Panama, SA.)	Panama	6,024	5,796	-	(302)	30.00%
Subestación y Línea Los siglos 2004, A.I.E.	Spain	259	9	23	(31)	30.30%
Total		14,043	8,402	196	(704)	

The information from these associates has been obtained from their not audited financial statements as of 31 December 2016 and 2015.

As of 31 December 2016 and 2015 neither of the associated companies is listed on the stock exchange.

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NOTE 8 - FINANCIAL ASSETS

The breakdown of the financial assets is as follows:

At 31 December 2016	Available-for-sale financial assets	Loans and other receivables	Investments held to maturity	Total
Net equity instruments	339	-	-	339
Other non-current financial assets	-	5,365	-	5,365
Non-current financial assets	339	5,365	-	5,704
Other current financial assets	-	-	3,636	3,636
Current financial assets	-	-	3,636	3,636

At 31 December 2015	Available-for-sale financial assets	Loans and other receivables	Investments held to maturity	Total
Net equity instruments	3	-	-	3
Other non-current financial assets	-	7,649	1,300	8,949
Non-current financial assets	3	7,649	1,300	8,952
Other current financial assets	-	-	4,519	4,519
Current financial assets	-	-	4,519	4,519

During the year 2016 a settlement took place of a long-term pledged deposit amounting to EUR 1,300 thousand, which corresponded to a collateral for the sale of the Empordavent company (Note 14).

In 2016 as in 2015 no issues, repurchases or redemptions of securities representing debt took place.

Loans and receivables

The breakdown as of 31 December 2016 and 2015 is as follows:

	31.12.16	31.12.15
Deposits and guarantees	176	184
Other loans	5,189	7,465
Total loans and other non-current items	5,365	7,649

As a consequence of the debt-for-equity swap and other receivables with the investee company Parque Eólico Toabré, S.A. (Panama) a transfer of EUR 3,803 thousand was made to investments accounted for by the equity method (Note 7).

The Royal Decree 413/2014 and the Ministerial Order IET 1045/2014 establish explicitly special remuneration for every technology and type of installation of renewable energy which would allow the plants to recover the investments and obtain a reasonable return during the useful life of the plant to which they apply. Due to the existence of differences between the estimated market price and the actual price, article 22 of the Royal Decree 413/2014 establishes an adjustment mechanism for specific remuneration for the purpose of adjusting the market price. As a result, future remunerations will include a compensation for the difference between the actual market price in the years 2014 -

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2016 and the market price defined by the Ministerial Order IET 1045/2014. As a result, the Group has registered a non-current credit in the amount of EUR 1,574 thousand.

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

Investments held to maturity

Investments held to maturity as of 31 December 2016 relate to fixed-term deposits which mature between January and December 2017. These investments are deposited mainly in Poland.

NOTE 9 – DERIVATIVE FINANCIAL INSTRUMENTS

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

Also, during 2016 hedging contracts were entered into as a form of security measure against fluctuations in energy selling prices in Spain.

To summarise, the fair value of the derivative financial instruments is as follows:

	At 31.12.16		At 31.12.15	
	Assets	Other financial liabilities	Assets	Other financial liabilities
Derivative financial instruments				
Cash flow interest rate hedge				
Non-current	-	(12,935)	-	(14,708)
Current	-	-	-	-
Cash flow interest rate negotiation				
Non-current	-	(1,336)	-	(1,375)
Current	-	-	-	-
Cash-flow energy price hedge				
Non-current	-	-	-	-
Current	-	(332)	-	-
Total	-	(14,603)	-	(16,083)

As of 31 December 2016, the Fersa Group (except for the companies Eólica el Pedregoso, S.L. and Eólica del Pino, S.L.) 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 are recorded (net of tax) under net equity.

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.

So, 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 interest rate derivatives

The breakdown of the derivative financial instruments as of 31 December 2016 and 2015, their fair value and the breakdown by maturities of the notional values are as follows:

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	Fair Value	At 31.12.16 Notional Value (thousand EUR)						Total
		2017	2018	2019	2020	2021	Years beyond	
INTEREST RATE DERIVATIVES:								
Financial swaps	(14,271)	12,552	13,269	13,974	14,799	11,502	44,255	110,351

	Fair Value	At 31.12.15 Notional Value (thousand EUR)						Total
		2016	2017	2018	2019	2020	Years beyond	
INTEREST RATE DERIVATIVES:								
Financial swaps	(16,083)	8,114	9,435	9,995	10,540	11,110	68,557	117,751

On 27 March 2015 the companies Eólica el Pedregoso, S.L. and Eólica del Pino, S.L., as a result of the refinancing process of their "Project Finance" (see Note 15) proceeded to pay off their respective hedging contracts on Euribor interest rates fluctuation associated to these loans by forming new contracts for derivatives on Euribor interest rates fluctuation in order to secure a maximum interest rate. The new derivatives cover 80% of the nominal of the loans with maturity until October 2022.

As of 31 December 2016, the derivatives purchased by the companies Eólica el Pedregoso, S.L. and Eólica del Pino, S.L. do not meet the criterion for hedge accounting under IFRS-EU, and thus in 2016 the changes of the value of those financial instruments have been recorded as income in the consolidated income statement for the year amounting to EUR 39 thousand (positive impact amounting to EUR 80 thousand in 2015).

The hedging contracts paid off by those two companies during the refinancing process have been transferred, at the date of the pay-off, to the consolidated income statement for the time of their useful life. The negative impact for the current year 2016 amounts to EUR 446 thousand (EUR 602 thousand in negative impact in 2015).

The amount subtracted from net equity of the rest of the Group's derivatives considered as accounting hedge and included in the financial result for the years 2016 and 2015 amounts to EUR 3,961 and 3,484 thousand, respectively.

The fixed interest rate hedged by the different financial instruments the Group owns at 31 December 2016 varies between 2.45% and 4.55%.

The value of the hedging contracts against fluctuations in prices of energy is not significant as of 31 December 2016 (Note 23.b).

NOTE 10 – NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

As of 31 December 2016 there are no assets nor liabilities held for sale.

On 4 May 2015 a purchase-sale contract was signed for the transfer of 100% of share capital of four Indian subsidiaries (Note 2.5.b). The transaction was subject to the attainment of required regulatory authorisations and the previous approval by the General Meeting of Shareholders of FERSA, among other suspensive conditions. Consequently, the assets and liabilities related to this transaction were considered as assets and liabilities held for sale. On 8 October 2015 all the suspensive conditions were fulfilled and thus on that date Fersa Energías Renovables, S.A. proceeded to the effective sale

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of its four Indian subsidiaries. The impact of this operation supposed a loss amounting to EUR 39,527 thousand.

NOTE 11 - TRADE AND OTHER RECEIVABLES

The breakdown of this account is as follows:

	At 31.12.16	At 31.12.15
Trade receivables	5,678	4,514
Total trade receivables for sales and services rendered	5,678	4,514
	At 31.12.16	At 31.12.15
Other receivables	76	287
Public Administration	138	2,087
Total other receivables	214	2,374
Total trade and other receivables	5,892	6,888

Inside the account "Trade receivables" the Group includes, mainly, the invoicing corresponding to the months of November and December 2016 that has not yet been collected.

In the year 2015 the amount of 'Public Administration' included mainly the VAT refundable for investments in fixed assets of the wind farm Postolin located in Poland, for a value of EUR 1,870 thousand which was collected in 2016.

There are no trade receivables or other debtors falling due in more than 12 months.

A provision for impairment of accounts receivable is not required as of 31 December 2016 and 2015. In general, on the invoices pending to receipt no interest is accrued, since their due date is less than 60 days.

There are no financial assets in default at the date of presentation of these consolidated annual accounts of the Fersa Group.

NOTE 12 - CASH AND OTHER CASH EQUIVALENTS

Cash and other cash equivalents include:

	At 31.12.16	At 31.12.15
Cash and banks	8,770	8,190
Short-term financial investments	6,898	7,798
Total	15,668	15,988

On short-term financial investments as of 31 December 2016, 0.16% of effective interest rate is accrued (0.14% in the year 2015).

There are restrictions on the draw of cash as of 31 December 2016 totalling EUR 6.795 thousand (EUR 8.043 thousand as of 31 December 2015).

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NOTE 13 - NET EQUITY

a) Share capital

The Extraordinary General Meeting of Shareholders of the Parent Company on 2 May 2007 agreed to increase share capital by EUR 37,755,975 through the issue of 37,755,975 ordinary shares with a par value of EUR 1 each, and a share premium of EUR 3 per share.

On 9 July 2007 this capital increase was accounted after it was inscribed in the Registry of the Spanish National Securities Market Commission (CNMV), 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. adopted a resolution approving of a transaction under which several business groups made contributions to the Parent Company in the form of companies with operating wind farms 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, and resulted in the incorporation of MW 562.7 and contributions totalling EUR 274,874 thousand.

On 30 June 2015 the Ordinary General Meeting of Shareholders of Fersa Energías Renovables, S.A. agreed to reduce the share capital by decreasing the nominal value of the shares by EUR 0.3 per share. Consequently, the share capital of the Company as of 31 December 2015 and 2016 amounts to EUR 98,003 thousand and is represented by 140,003,778 shares, with a value of EUR 0.7 each. As a result of this operation a special fund was created amounting to EUR 42,001 thousand.

On 19 May 2016 Audax Energía, S.A. made a bid to purchase 100% of shares of Fersa Energías Renovables, S.A. at the price of fifty cent euro (EUR 0.50) per share. On the same day, Audax Energía S.A. and some of the shareholders represented on the board of directors of Fersa and direct or indirect holders of 45.17% of the Fersa shares, entered into an irrevocable agreement to make and accept the offer.

On 15 July 2016 the Spanish National Securities Market Commission (CNMV) authorised the transaction and published the first in a series of announcements mentioned in article 22 of the Royal Decree 1066/200. On 8 August 2016 the CNMV announced that the offer made by Audax Energía, S.A. had been accepted by the holders of 99.211.899 shares representing 70,86% of the share capital of Fersa Energías Renovables, S.A.

Consequently, the Group registered in the "Other operating expenses" and "Wages, salaries and similar" accounts a non-recurrent amount of EUR 1.538 thousand as cost related to the aforementioned transaction regarding legal and financial advice expenses and bonuses for certain employees, Management and the former chairman of the Company.

All of the shares of Fersa Energías Renovables, S.A. are listed on the Spanish Stock Exchange. The share quotation as of 31 December 2016 of the Parent Company's shares was EUR 0,50 per share (EUR 0,37 as of 31 December 2015).

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The breakdown of significant shareholders (more than a 10% of share) of the Parent Company as of 31 December 2016 and 2015 is as follows:

	At 31.12.16	At 31.12.15
Shareholders	%	%
Audax Energía, S.A.	70.86%	-
Grupo Enhol	-	22.08%
Other shareholders (*)	29.14%	77.92%
Total	100.00%	100.00%

(*) None of them holds more than 10%

b) Share premium account

This account can only be affected by resolutions of the General Meeting of Shareholders of the Parent Company.

c) Legal Reserve

Companies that report profits will be 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.

As of 31 December 2016 and 2015 the Parent Company has a Legal Reserve valued at EUR 16,266.

d) Treasury shares

As of 31 December 2016 and 2015 the Parent Company does not own treasury shares.

e) Translation differences

This account in the consolidated balance sheet includes the net exchange differences arising from the translation into euros of the balances of functional currencies of the consolidated companies whose functional currency is not the euro.

The movement in the balance of this account during 2016 and 2015 is as follows:

	2016	2015
Opening balance	(4,906)	(26,555)
Disposals and divestments	-	4,469
Transfers	-	10,192
Variation in exchange differences	(1,193)	6,988
Closing balance	(6,099)	(4,906)

The transfers in 2015 corresponded to the classification of the translation differences of India as held for sale (Note 2 and Note 10).

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The following is a breakdown of the translation differences as at 2016 and 2015 by functional currency:

Functional currency	At 31.12.16	At 31.12.15
Polish zloty	(6,356)	(5,128)
U.S. dollar	257	222
Total	(6,099)	(4,906)

f) Dividends:

The proposed distribution of net income of Fersa Energías Renovables, S.A. for 2016 that the Board of Directors will propose to the General Meeting of Shareholders for its approval, is as follows:

Base of distribution	EUR
Loss	(31,247,863)
Total	(31,247,863)

Base of distribution	EUR
Retained earnings	(31,247,863)
Total	(31,247,863)

The General Meeting of Shareholders of 28 June 2016 agreed to distribute the result for the year 2015 of the Parent Company, totalling negative amount of EUR 48,426 thousand, in the following way:

Base of distribution	EUR
Loss	(48,426,457)
Total	(48,426,457)

Base of distribution	EUR
Retained earnings	(48,426,457)
Total	(48,426,457)

Profit / (loss) per share

Profit / (loss) per share is calculated by dividing the profit attributable to the net equity holders of the Parent Company by the average number of ordinary shares circulating during the period:

	At 31.12.16	At 31.12.15
Number of shares	140,003,778	140,003,778
Average number of shares	140,003,778	140,003,778
Profit (loss) attributed to the Parent Company (thousand euros)	(31,608)	(53,467)
Average number of treasury shares	-	-
Average number of shares in circulation	140,003,778	140,003,778
Profit / (loss) per share (euros per share)		
- Basic	(0.226)	(0.382)
- Diluted	(0.226)	(0.382)

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

Minority interest

The movement during the years 2016 and 2015 in this account has been as follows:

Balance at 31.12.2014	3,544
Profit (loss) attributed to minority interest	(1,563)
Effect attributed to profit for the year	5
Effect attributed to impairment provision (Note 5)	(1,568)
Expenses recognized directly in net equity	332
Dividends	(127)
Changes in consolidation scope (Note 2.5.b)	(1,521)
Balance at 31.12.2015	665
Profit (loss) attributed to minority interest	(85)
Effect attributed to profit for the year	(85)
Expenses recognized directly in net equity	94
Dividends	(135)
Other	(37)
Balance at 31.12.2016	502

The breakdown of the main minorities of the Group at 31 December 2016 is as follows:

Entity	Investee company	Percentage of shareholding	Minority interests
Centrale des Vignes S.A.	Eoliennes de Beausemblant SAS	20%	648
Other entities			(146)
TOTAL			502

The breakdown of the main minorities of the Group at 31 December 2015 was as follows:

Entity	Investee company	Percentage of shareholding	Minority interests
Centrale des Vignes S.A.	Eoliennes de Beausemblant SAS	20%	652
Other entities			13
Total			665

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NOTE 14 – PROVISIONS

	Balance 31.12.14	Additions	Transfer to held for sale	Translation difference	Balance 31.12.15	Additions	Disposals	Translation differences	Balance 31.12.16
Provision for liabilities	655	-	-	-	655	-	(655)	-	-
Provision for dismantling	1,987	295	(772)	86	1,596	80	-	(10)	1,666
Totals	2,642	295	(772)	86	2,251	80	(655)	(10)	1,666

Provision for liabilities

This account includes provisions recognised for liabilities arising mainly from probable lawsuits.

During 2016, a provision for liabilities was cancelled amounting to EUR 655 thousand related to the guarantee in favour of Acciona Energía, S.A. to ensure the payment of an eventual complementary tax assessment of the Tax on construction, installations and building works (ICIO) as a consequence of the purchase-sale in 2011 of the Empordavent, S.L. company. The Directors of Fersa and their legal advisers consider this tax as totally settled and have cancelled the provision assuming that any future settlements related to it were improbable.

The information on the nature of the disputes with third parties and the Group's position for each of them is stated in the Contingencies section of Note 26.

Dismantling provision

As of 31 December 2016, the Group has recorded a provision of EUR 1,666 thousand (EUR 1,596 thousand as of 31 December 2015) to cover the costs of dismantling the wind farms that are now in operation.

NOTE 15 - FINANCIAL LIABILITIES

The movement in the accounts under financial liabilities in 2016 and 2015 is as follows:

	Balance 31.12.15	Increases	Decreases	Cancellation by payment	Translation differences	Transfer to held for sale	Transfers	Balance 31.12.16
Debts with credit entities	133,423	(81)	-	-	(197)	-	(15,275)	117,870
Derivative financial liabilities	16,083	-	(1,813)	-	-	-	-	14,270
Other financial liabilities	1,201	71	-	-	-	-	-	1,272
Total non-current financial liabilities	150,707	(10)	(1,813)	-	(197)	-	(15,275)	133,412
Debts with credit entities	15,232	7,161	-	(19,005)	(109)	-	15,275	18,554
Derivative financial liabilities	-	334	-	-	-	-	-	334
Other financial liabilities	149	5	-	-	-	-	-	154
Total current financial liabilities	15,381	7,500	-	(19,005)	(109)	-	15,275	19,042

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	Balance 31.12.14	Increases	Decreases	Cancellation by payment	Translation differences	Transfer to held for sale	Transfers	Balance 31.12.15
Debts with credit entities	152,234	27,392	-	(2,861)	3,602	(32,240)	(14,704)	133,423
Derivative financial liabilities	17,635	-	(1,552)	-	-	-	-	16,083
Other financial liabilities	3,166	76	(2,041)	-	-	-	-	1,201
Total non-current financial liabilities	173,035	27,468	(3,593)	(2,861)	3,602	(32,240)	(14,704)	150,707
Debts with credit entities	21,227	10,260	-	(26,919)	496	(4,536)	14,704	15,232
Derivative financial liabilities	-	-	-	-	-	-	-	-
Other financial liabilities	8,562	1,062	-	(9,475)	-	-	-	149
Total current financial liabilities	29,789	11,322	-	(36,394)	496	(4,536)	14,704	15,381

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

	Book value		Fair value	
	At 31.12.16	At 31.12.15	At 31.12.16	At 31.12.15
Debts with credit entities	117,870	133,423	107,437	128,312

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 2016 and 2015 on the financial liabilities with similar maturities and credit characteristics.

On 1 February 2012, Fersa Energías Renovables S.A. signed a financial contract with the financial entities Banco Santander, S.A., Banco Popular Español S.A., Banco Español de Crédito, S.A., Bankinter, S.A. and CaixaBank, S.A. by which it was agreed to restructure the financial debt these entities had granted to Fersa. With this restructuring agreement the financial debt hold by Fersa has been substituted by a Syndicated Loan contract which has been structured in two different tranches:

- First tranche: a loan of EUR 22,961 thousand, totally settled ahead of schedule on 28 December 2015.
- Second tranche: a credit line for EUR 4,600 thousand with a unique due date on 31 January 2015.

During 2015 the whole outstanding amount of the first tranche was settled and on 29 January 2015 a novation of the corporate financing was signed, prolonging the maturity period of the tranche B till 31 January 2017.

On 30 January 2017, another novation of the contract for the tranche B was signed prolonging the maturity period till 31 January 2018 (Note 29).

This refinancing contract includes divestment compromises of certain assets as well as some limitations on new investments. Moreover the contract has as collateral the pledge of the shares of the different companies of the Fersa Group.

Furthermore, the contract established the obligation of presenting some information periodically to the banking agent, in particular, the Disposable Cash Flow, the application of funds to the Minimum Operating Cash, the amount kept as Reserve funds and the mismatches in cash. It also establishes a

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restriction on any additional debt with the exemption of credit lines, whose maximum permitted amount is the same as the maximum permitted amount in the second tranche once this tranche has been terminated and fully repaid.

The following tables describe the gross consolidated financial liabilities by instrument at 31 December 2016 and 2015 and their maturities, taking into consideration the impact of the derivative instruments and the other financial liabilities:

	2017	2018	2019	2020	2021	2022 and beyond	Total
At 31 December 2016:							
Commercial banks and other financial liabilities							
Fixed	16,429	10,718	11,189	11,659	11,963	52,029	113,987
Floating	2,613	3,939	4,112	4,285	4,397	19,122	38,468
Total	19,042	14,657	15,301	15,944	16,360	71,151	152,454
	2016	2017	2018	2019	2020	2021 and beyond	Total
At 31 December 2015:							
Commercial banks and other financial liabilities							
Fixed	11,999	10,254	10,711	11,286	11,860	80,683	136,793
Floating	3,382	6,086	1,557	1,625	1,694	14,951	29,295
Total	15,381	16,340	12,268	12,911	13,554	95,634	166,088

If we were to exclude the impact of derivatives on the financial liabilities, all the financial liabilities, both for 2016 and 2015, would accrue interest at a floating rate.

The following tables describe the gross financial liabilities by foreign currency as of 31 December 2016 and 2015 and their maturities, taking into account the impact of the derivatives and the other financial liabilities:

	2017	2018	2019	2020	2021	2022 and beyond	Total
At 31 December 2016:							
Borrowings denominated in euro	17,283	12,781	13,425	14,068	14,484	54,730	126,770
Borrowings denominated in zloty	1,759	1,876	1,876	1,876	1,876	16,421	25,684
Total	19,042	14,657	15,301	15,944	16,360	71,151	152,454
	2016	2017	2018	2019	2020	2021 and beyond	Total
At 31 December 2015:							
Borrowings denominated in euro	11,861	14,399	10,327	10,970	11,613	76,710	135,880
Borrowings denominated in zloty	3,520	1,941	1,941	1,941	1,941	18,924	30,208
Total	15,381	16,340	12,268	12,911	13,554	95,634	166,088

The main features of these loans are as follows:

Geographic segment	Amount drawn down	Average interest rate	Maturity
Western Europe	126,770	1.82%	Between 2017 and 2028
Eastern Europe	25,684	4.81%	Between 2017 and 2030
Total	152,454		

The companies included in the consolidation scope Eólica del Pino S.L., Eólica el Pedregoso S.L., SAS Eoliennes de Beausemblant, Parque Eólico Hinojal S.L., Parc Eólic Mudéfer S.L., Gestora

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Fotovoltaica de Castellón S.L. and Eólica Postolin Sp. z o.o. have bank loans under Project Finance agreements for which they have pledged their treasury shares.

Moreover, the loans granted to Eólica del Pino S.L., Eólica el Pedregoso S.L., SAS Eoliennes de Beausemblant, Parque Eólico Hinojal S.L., Parc Eòlic Mudéfer S.L., Gestora Fotovoltaica de Castellón S.L. and Eólica Postolin Sp. z o.o. 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.

Regarding the loans for financing the wind farms that contain ratio compliance clauses for financing of this type, as of 31 December 2016 and 2015, for the companies Eólica del Pino, S.L., Eólica el Pedregoso, S.L., SAS Eoliennes Beausemblant and Parc Eòlic Mudéfer, S.L there are no indications of non-compliance with the requirements described in these contracts that could give rise to their early redemption.

The Group has obtained exemptions of compliance from financial entities (Waivers) before 31 December 2016 for the company Gestora Fotovoltaica de Castellón, S.L., Eólica Postolin Sp. z o.o and Parque Eólico Hinojal S.L., therefore the non-compliance of the ratio obligations shall not cause acceleration of debt repayment and it has remained registered as a non-current liability.

There are no breaches of the financial obligations foreseen at the close of the next period by any of the companies of the Group.

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 end of the years 2016 and 2015 following amounts are held as guarantee:

Company	31.12.2016	31.12.2015
Eólica el Pedregoso, S.L.	300	300
Eólica del Pino, S.L.	150	150
Eoliennes de Beausemblant SAS	632	632
Parque Eólico Hinojal, S.L.	700	1,899
Parc Eólic Mudefer, S.L.	3,573	3,573
Eólica Postolin Sp. z o.o.	1,440	1,489
Total	6,795	8,043

NOTE 16 - OTHER LIABILITIES

The following is a breakdown of "Other Liabilities" as at 31 December 2016 and 2015:

	At 31.12.16	At 31.12.15
Grants received	6,192	6,990
Long-term deferred payments	1,328	1,929
Other non-current liabilities	7,520	8,919
Short-term deferred payments	664	367
Other current liabilities	664	367

The company Eólica Postolin Sp. z o.o. has received non-repayable grants from the European Union through the Polish Ministry of Economy for the construction of its wind farm amounting to PLN 38,354 thousand (EUR 9,019 thousand). The received subsidies are registered in the profit (loss) according to the amortisation of the wind farm. During 2016 the last payment of the subsidies was collected amounting to EUR 1,961 thousand.

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As a consequence of recognising a provision for assets related to the wind farm Postolin, the Group also has recorded in the income account the proportional part of the amount of the subsidies received pending transfer to the income account amounting to EUR 2,179 thousand (Note 5).

'Deferred payments' include outstanding payments for the purchase of various wind farms. As of 31 December 2016, it is estimated that EUR 664 thousand (EUR 367 thousand as of 31 December 2015) will be payable next year and that EUR 1,328 thousand (EUR 1,929 thousand as of 31 December 2015) will be paid in more than 12 months. As of 31 December 2016 and as of 31 December 2015 the total amount of deferred payments is related to the purchase of the wind farm Parque Eólico Toabré, S.A. (previously Fersa Panamá, S.A.). As of 31 December 2016, it is estimated that the payment schedule will be as follows:

	2017	2018	2019	Total
Total deferred payment	664	664	664	1,992

No interest accrues on these deferred payments.

NOTE 17 - TRADE AND OTHER PAYABLES

The breakdown at 31 December 2016 and 2015 is as follows:

	At 31.12.16	At 31.12.15
Public Administration	1,369	1,674
Other creditors	6,632	4,420
Current tax liabilities	-	235
Trade and other payables	8,001	6,329

Most of the accounts payable fall due between 30 and 90 days and no interest is accrued on them.

For the companies of the Group which have their tax residence in Spain, we set out below the information required by the 3rd Additional Disposition of the law 15/2010/5 July of "Information Duty", modified by the second final disposition of the law 31/2014/3 December, which modifies the law of capital companies for the improvement of corporate governance, in accordance with the Resolution of 29 January 2016, of the Spanish Institute of Accounting and Book Audit, regarding the information to be incorporated into the notes to the annual accounts for the years beginning with 1 January 2015, in relation to the average period of payment to providers in trading operations, published in BOE on 4 February 2016:

	2016	2015
	Days	Days
Average period of payment to providers ⁽¹⁾	70.98	35.31
Paid operations ratio	36.54	39.10
Ratio of the operations with pending payment	131.45	12.24
	(thousand euros)	(thousand euros)
Total payments carried out	7,283	9,608
Total pending payments	4,147	1,581

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- (1) Under the law 11/2013/26 July, the maximum legal time limit for payment, applicable to the companies of the Group which have their tax residence in Spain, is of 30 days, except for the case when by agreement a longer time period is established, which under no circumstances can exceed 60 days.

The payments detailed in the above table as payments to providers refer to those which by their nature are trade payables for debts with suppliers of goods and services, in such a way that they include the needed information for the 'Other creditors' account found as current liabilities in the consolidated balance sheet.

The increase of the ratio of the operations with pending payment is fundamentally due to the existence of certain agreements with suppliers related to the extraordinary costs of the OPA, under which the maturity date of payment was prolonged (Note 13)

NOTE 18 - RISK MANAGEMENT

The Fersa Group has developed appropriate procedures for identifying, analysing, managing and mitigating all risks to which, in light of its activities, it is exposed, highlighting the following:

- 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 on which a fixed interest rate is accrued as well as the cash flows from the financial assets and liabilities indexed to a floating interest rate, and, accordingly, they impact both net 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 manage its exposure to interest rate fluctuations.

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

	At 31.12.2016	At 31.12.2015
Fixed interest rate	113,987	136,792
Floating interest rate	38,467	29,296
Total	152,454	166,088

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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	Net effect on net equity
2016	10% (10%)	101 (101)	1,034 (1,034)
2015	10% (10%)	(106) 106	1,404 (1,404)

This effect does not include the impact that would result from interest rate fluctuations on asset impairments, considered in Note 5.

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 and net income.

The various non-Euro currencies with which the Fersa Group has operated in 2016 and 2015 are the dollar, rupee and zloty. The sensitivity of net income and consolidated net equity (corresponding to Reserves for translation differences) of the Fersa Group to a 10% variation (increase and decrease) in the exchange rate against the euro is as follows:

	Increase/decrease in the Exchange rate of functional currency	Effect on net equity	Effect on net income
2016	Polish zloty	3,576	2
	U.S. dollar	110	(181)
	Increase by 10%	3,686	(179)
	Polish zloty	(3,576)	(2)
	U.S. dollar	(110)	181
	Decrease by (10%)	(3,686)	179
2015	Polish zloty	2,346	2
	U.S. dollar	107	(218)
	Increase by 10%	2,453	(216)
	Polish zloty	(2,346)	(2)
	U.S. dollar	(107)	218
	Decrease by (10%)	(2,453)	216

Commodity price of electricity risk

The Fersa Group is exposed to the risk of fluctuations in commodity prices given that its sales are

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linked to the average price of electricity.

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 and the received remunerations to the investment, is as follows:

	Increase/decrease in the price (electricity sale price)	Effect on net income before tax
2016	10% (10%)	2,814 (2,814)
2015	10% (10%)	2,705 (2,705)

This effect does not include the impact that would result from fluctuations in the electricity sale price on asset impairments, considered in Note 5.

Credit risk

As of 31 December 2016 and 2015 there are no provisions of impairment of accounts receivable as they are not considered necessary.

As of 31 December 2016 and 2015, 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 Group (which includes the availability of credit and cash or cash equivalents) on the basis of the expected cash flows. The schedule established for expected cash flows of financial debt (without taking into account financial interests) is included in Note 15, to which the payments corresponding to Trade and other payables maturing in 2017 should also be added (Note 17).

As of 31 December 2016, available liquidity amounts to EUR 15,668 thousand, which entirely belongs to cash and other cash equivalents (EUR 15,988 thousand as of 31 December 2015).

Capital management

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

The Fersa Group's debt is broken down between corporate debt and debt for the financing of projects (Project Finance). Corporate debt finances the parent Company's activities. Projects are generally financed by 20 / 30% of net equity and 80 / 70% of external financing by means of Project Finance which, by its own structure, guarantees the debt service (cover and leverage index and recording of a

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reserve fund for the debt service).

The leverage ratio is as follows:

	At 31.12.16	At 31.12.15
Long-term financial liabilities (Note 15)	117,870	133,423
Short-term financial liabilities (Note 15)	18,554	15,232
Cash and other cash equivalents (Note 12)	(15,668)	(15,988)
Derivatives (Note 9)	14,603	16,083
Net financial liabilities:	135,359	148,750
Parent Company (Note 13)	70,657	102,050
Minority interest (Note 13)	502	665
Net equity:	71,159	102,715
Leverage (Net financial liability / (Net financial liability + Net equity))	65.54%	59.15%

NOTE 19 - TAX SITUATION

The correlation between the applicable tax rate and the effective tax rate for 2016 and 2015 is as follows:

	2016	%	2015	%
Profit (loss) before tax	(36,118)		(14,060)	
Theoretical ta	(9,030)	25%	(3,937)	28%
Impairment of fixed assets	3,761		2,216	
Divestments	(329)		(24,309)	
Unrecognized tax credits	1,127		24,907	
Deferred tax	-		-	
Other	46		36	
Corporate income tax accrued	(4,425)		(1,087)	

As of 31 December 2016, the Group has tax loss carry-forwards (TLC's) available for offset amounting to EUR 129,009 thousand (EUR 125,806 thousand as of 31 December 2015), and a deferred tax asset balance of EUR 10,127 thousand (EUR 10,441 thousand as of 31 December 2015). The breakdown of these unrecognised credits is as follows:

	At 31.12.16	At 31.12.15
Tax credit loss carry-forwards	31,939	31,441
Deferred tax assets	10,127	10,441
Total	42,066	41,882

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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.

The income tax expense (revenue) for the year is as follows:

Corporate income tax	2016	2015
Current tax	310	480
Deferred tax	(4,735)	(1,567)
Total	(4,425)	(1,087)

The following table reflects the movements during 2016 and 2015 of deferred tax:

	Balance 31.12.15	Increases	Decreases	Transfers	Translation differences	Balance 31.12.16
Deferred tax assets	5,850	311	(314)	-	-	5,847
Deferred tax liabilities	(13,568)	(599)	4,568	-	114	(9,485)
Total	(7,718)	(288)	4,254	-	114	(3,638)

	Balance 31.12.14	Increases	Decreases	Transfers	Translation differences	Balance 31.12.15
Deferred tax assets	6,629	712	(1,356)	(135)	-	5,850
Deferred tax liabilities	(20,626)	(376)	1,621	7,053	(1,240)	(13,568)
Total	(13,997)	336	265	6,918	(1,240)	(7,718)

Deferred tax assets include mainly the tax effect of the hedging contracts (Note 9). The additions in deferred tax assets for the years 2016 and 2015 relate, mainly, to the effect of the measurement of these hedging contracts.

The decreases in deferred tax liabilities during the year 2015 include, mainly, the tax effect of the allocation to the provision for impairment of the amount of EUR 3,946 thousand (EUR 1,047 thousand in 2015). The transfers in the year 2015 of EUR 135 thousand in deferred tax assets and of EUR 7,053 thousand in deferred tax liabilities correspond to the classification as assets and liabilities held for sale of the four Indian subsidiaries (Note 2 and Note 10).

There are no significant deferred tax liabilities connected with temporary differences in shareholding in subsidiaries, investees, associate companies and joint ventures.

In accordance with current tax legislation, tax returns cannot be considered as definitive 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.

As from 1 January 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.	Fotovoltaica de Castelló, S.L.U.	Fotovoltaica de Les Coves, S.L.U.
Eólica del Pino, S.L.	Fotovoltaica Fer, S.L.U.	Gestora Fotovoltaica de Castellón, S.L.
Parc Eòlic Mudèfer, S.L.	Weinsberg Ecotec, S.L.U.	Explotación Eólica La Pedrera, S.L.U.
Fercom Eólica, S.L.U.	Fotovoltaica Ecotec, S.L.U.	Parc Eòlic Coll de Som, S.L.U.
Parque Eólica Hinojal, S.L.U.	Joso Fotovoltaica, S.L.U.	Parc Eòlic L'Arram, S.L.U.
Inversions Vinroma, S.L.U.	Fotovoltaica Padua, S.L.U.	
Inversions Trautt, S.L.U.	Fotovoltaica Vergos, S.L.U.	
Fersa Asesoramiento y Gestión, S.L.U.	Fotovoltaica La Mola, S.L.U.	

As a consequence of the acquisition of Fersa Energías Renovables S.A. by Audax Energía S.A. (Note 13), from 1 January 2017 on, Fersa and a major part of the companies of its Group will join the group to which Audax Energía S.A. belongs.

On 2 December 2016 the Royal Decree-Law 3/2016 was passed, which establishes a set of tax measures to increase the limits of the carry-forwards, impose the obligation to reverse historic portfolio impairments which were tax-deductible and restrict the tax deductibility of negative income arising from transfer of shares.

NOTE 20 - STAFF COSTS

The breakdown of staff costs for the years 2016 and 2015 is as follows:

	2016	2015
Wages and salaries	1,617	1,361
Social security expenses	178	203
Total Staff costs	1,795	1,564

The totality of the value included in Social welfare expenses corresponds to Social Security.

The average number of employees for the years 2016 and 2015 breaks down as follows:

	2016	2015
Management	3	4
Technicians	13	19
Other	1	1
Total	17	24

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 2016 and 2015 broken down by category and gender is as follows:

At 31.12.16	Men	Women	Total
Management	1	1	2
Technicians	7	3	10
Total	8	4	12

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At 31.12.15	Men	Women	Total
Management	1	2	3
Technicians	8	5	13
Other	-	1	1
Total	9	8	17

NOTE 21 - NET FINANCIAL INCOME (EXPENSE)

The breakdown of this account in the consolidated income statement for 2016 and 2015 is as follows:

	2016	2015
Interests	25	52
Total financial income	25	52
Cost of borrowings	(9,309)	(7,678)
Exchange losses	(101)	(144)
Total financial expenses	(9,410)	(7,822)
Net financial income (loss)	(9,385)	(7,770)

NOTE 22 – CASH FLOWS

Cash flows from operating activities

The breakdown of cash flow from operations in 2016 and 2015 is as follows:

	2016	2015
Profit (loss) before tax	(36,118)	(14,060)
Adjustments to results	52,147	31,779
Amortisation and depreciation	12,835	10,187
Valuation adjustments due to impairment	30,747	13,721
Variation in provisions	(658)	-
Allocation of subsidies	(353)	-
Interest income	(25)	(52)
Interest expenses	9,309	7,678
Translation differences	101	144
Net income of companies consolidated by equity accounting	191	101
Changes in working capital (excluding the effects of changes in consolidation scope and translation differences):	2,106	(4,860)
Trade and other receivables	996	1,363
Other current assets	53	-
Trade and other payables	2,631	(929)
Other current liabilities	(1,574)	(5,294)
Other cash flows from operating activities	(9,225)	(7,827)
Interest paid	(8,890)	(7,511)
Collection of interest	-	-
Collections (payments) of corporate income tax	(335)	(316)
CASH FLOW FROM OPERATING ACTIVITIES	8,910	5,032

FERSA ENERGIAS RENOVABLES, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts for 2016
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NOTE 23 – INFORMATION ON RELATED PARTY TRANSACTIONS

On 8 August 2016 the Spanish National Securities Market Commission (CNMV) approved of the acquisition of 70.86% of the Fersa Energías Renovables, S.A. shares by Audax Energía, S.A., which this way became the major shareholder. The actual transfer of control to Audax Energía, S.A. took place on 12 August 2016 when the contract of purchase of shares/voting rights in the share capital of Fersa Energías Renovables, S.A. from the shareholders involved in the transaction, came into being.

Related persons are:

- a) Significant shareholders in Fersa Energías Renovables, S.A., meaning those who directly or indirectly hold an interest equal to or exceeding 3%, as well as shareholders which, while not being significant, have exercised the power to appoint a member of the Board of Directors:

According to this definition, until 12 August 2016, the following are considered related entities of Fersa Energías Renovables, S.A.:

Name or company name	Total % of share capital
Grupo Empresarial Enhol, S.L. (*)	22.08%
Grupo Comsa Emte, S.L.	7.68%
Grupo Catalana Occidente, S.A.	7.51%
Windmill Investment, S.A.R.L.	4.04%
Larfon, S.A.U.	2.85%

(*) Eólica Navarra, S.L.U. is wholly owned by the Enhol Group and owns 21.716% of the Fersa Group's shares, which is included in Enhol Group's stake.

From 12 Augusts 2016 on, the following is considered related entity of Fersa Energías Renovables, S.A.:

Name or company name	Total % of share capital
Audax Energía, S.A.	70.86%

- b) The Directors and Senior Management of any company belonging to the Fersa Group and their immediate families, "Directors" meaning members of the Board of Directors, and "Senior Management" meaning people who report directly to the Company's Board of Directors or its top Senior Manager and, at all events, to its internal auditor. Transactions with the directors and senior management of the Fersa Group are disclosed in Note 24.

The transactions between related companies have been carried out at arm's length.

The transactions involving services rendered between Group companies have been objective and unbiased and carried out at arm's length, based on the incremental cost system, under which the estimated cost plus a margin has been allocated to the different Group or related companies. Thus, the costs shared by the parent company and other Group companies are distributed and charged by project and activity, based on parameters of activity and hourly charges (using periodical slips per employee). Detailed definitions of the services and remits to be carried out are prepared, and the average indicators used to calculate the charges are determined.

FERSA ENERGIAS RENOVABLES, S.A. AND SUBSIDIARIES

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Moreover, on the loans that the Parent Company has extended to the Group companies, associates or multi-group companies financial interest based on a market rate is accrued.

The transactions carried out in 2016 and 2015 between Fersa Energías Renovables, S.A. and its related parties are as follows:

a) Transactions with significant shareholders until 12 August 2016:

During the second half-year of 2014 Fersa Energías Renovables, S.A. signed a number of loans granted by the main shareholders in connection with the construction of a new wind farm Postolin for the amount of EUR 6,500 thousand.

The breakdown of the contribution of the lenders is as follows:

	Amount
Grupo Catalana Occidente, S.A. (*)	3,412
Larfon, S.A.U.	1,500
Windmill Investment, S.A.R.L.	838
Hijos de José Bassols, S.A. (**)	600
Grupo Empresarial Enhol, S.L.	150
Total	6,500

(*) This loan was increased by EUR 500 thousand during the second half-year of 2015.

(**) Company related to Mr Tomás Feliu Bassols.

On these loans interest was accrued for the amount of EUR 973 thousand during the year 2015.

The contributions were totally repaid during the second half-year of 2015, as well as the interest accrued at the date of repayment.

b) Transactions with significant shareholders after 12 August 2016:

Due to the fact that Generación Iberia, S.L. ("Generiber") is a company which belongs to the same group as Audax Energía, S.A., and the latter holds 70,86% of the share capital of Fersa Energías Renovables, S.A, it is considered that transactions carried out between both entities should be regarded as related party transactions.

The Fersa Group, through its wind subsidiaries in Spain, signed with Generiber hedge contracts for fixed price of sale and base load capacity (MW) for the following periods of 2016:

PERIOD	WEEK 41 (10-16 Oct'16)	WEEK 42 (17-23 Oct'16)	WEEK 43 (24-30 Oct'16)	November 2016 (01-30 Nov'16)	December 2016 (01-31 Dic'16)
Hedge price (€/MW)	49.6	52.6	51.6	51.6	51.6
Capacity (MW)	2.5	2.5	2	7.5	7.5

c) Transactions with Directors and senior management:

During the year 2015 some services were rendered by the Riva y García Proyectos S.A. company in which the former director, Ignacio García-Nieto Portabella, was an administrator, regarding the revision of the financial planning of the Group. The fees accrued on these services amounted to EUR 37 thousand. In the year 2016 no amount was charged by that entity and the former director for this kind of services.

FERSA ENERGIAS RENOVABLES, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts for 2016

(thousand EUR)

Since September 2015 till August 2016 Guillermo Mora Griso rendered assessment to the Board of Directors of Fersa Energías Renovables, S.A. and for their management in the area of administration and management of company's and Group's operations. The fees accrued on all kind of services during 2016 amount to EUR 344 thousand (EUR 23 thousand in 2015). Guillermo Mora Griso was the attorney in fact of Grupo Empresarial Enhol, S.L., which was a member and the Chairman of the Board of Directors of Fersa Energías Renovables, S.A. until 16 August 2016.

NOTE 24 - INFORMATION ON MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration of the members of the Board of Directors

The Board of Directors of the Parent Company, at its meeting of 29 February 2016, unanimously adopted the remuneration system proposed by the Appointments and Remuneration Committee.

Furthermore the General Meeting of Shareholders of Fersa Energías Renovables, S.A. at its meeting on 28 June 2016 approved for consultation purposes the report put forward by the Appointments and Remuneration Committee effective as from 1 January 2016 onwards.

The Group's remuneration policy is designed to reward dedication, qualifications and responsibility required by the office of Director, without comprising the latter's independence. The remuneration includes the exigency, the dedication, qualifications and responsibility required by this function.

Remuneration is divided into the following basic elements:

- Per diems: The amount varies on the basis of the type of Director and the meetings of the Board of Directors held.
- Sitting on the Board: Consists of annual fixed remuneration for the members of the Board of Directors, which varies on the basis of the type of Director. The remuneration comprises the performance of duties either individually or jointly and the oversight and responsibility required by the function.
- Delegated Committees: Consists of annual fixed remuneration for the members of the Delegated Committees, which varies depending on the type of Director.

In 2015, the members of the Executive Committee and the members of the Board of Directors, excluding independent directors, waived explicitly their remuneration.

In 2016 the inside Directors of the Parent Company have waived their remuneration for sitting on the delegated committees during this year, as well waived 50% of their remuneration as members of the Board, with the exception of Grupo Empresarial Enhol, S.L. (Chairman of the Board), which has waived the entirety of their remuneration; the decision in this regard was made during the meeting of the Board of Directors on 29 February 2016.

As a result of the situation described in the above paragraph, the remuneration for the inside Directors of the previous Board amounted to EUR 56 thousand in 2016.

Accordingly, during 2016, the total amount accrued for the members of the Board of Directors of Fersa Energías Renovables, S.A. amounts to EUR 168 thousand (EUR 203 thousand in 2015), for sitting on the Board of Directors and its different Delegated Committees, as well as remuneration relating to labour-related duties or direct responsibilities at different executive levels, where appropriate.

In 2016, the amounts paid for civil liability insurance premiums of the Directors were of EUR 171 thousand.

FERSA ENERGIAS RENOVABLES, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts for 2016
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As of 31 December 2016 the Board of Directors of the Parent Company is composed of 7 men (8 men and 1 woman as of 31 December 2015).

Transactions with Directors

Article 229 of the Spanish Corporate Enterprises Act, adopted by Royal Legislative Decree 1/2010/2 July, has imposed on Directors, or their individual representatives, the duty to report to the Board of Directors, and failing that, the other Directors, or, in the case of a Sole Administrator, the General Meeting of Shareholders, any direct or indirect conflict of interest they may have with the Company. The Director affected must abstain from intervening in the resolutions or decisions on the operation to which the conflict refers.

It should be noted that in 2016 no situations of direct or indirect conflict of interest occurred between the members of the Board of Directors and the Company.

In 2016, no contracts were terminated, amended or early extinguished between the Company and any of its partners or Board members or persons acting on their behalf, which would concern transactions beyond the usual scope of the Company's business activity, or which would be entered into on terms different than usually.

Likewise, the Directors must report the direct or indirect shareholdings which either they or the people related to them hold in the capital of a company with the same, analogous or complementary type of activity as that which constitutes the corporate purposes of the Group, and likewise report the offices and duties they undertake therein.

Accordingly, we present below the following information provided to the Company by the Directors who during the year have held offices on the Board of Directors of the Group (see Appendix II).

Management's remunerations

The total remuneration accrued for all kinds of reasons in 2016 to the members of the Management amounts to EUR 616 thousand (EUR 594 thousand of remuneration for the year 2015). Additionally, in 2016, the amount of EUR 165 thousand was paid on different grounds in connection with the termination of the contract with the previous Deputy General Manager and the Chief Financial Officer.

In 2016 the amount of EUR 41 thousand was paid on various grounds in connection with the termination of the contract with the previous General Manager (EUR 121 thousand on various grounds in 2015).

The Management consists of one woman and one man as of 31 December 2016 (two women and one man as of 31 December 2015).

As of 31 December 2016, there is one contract signed with Management which establishes the right to receive a severance payment in the event of termination of the employment relationship for certain reasons.

FERSA ENERGIAS RENOVABLES, S.A. AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts for 2016
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NOTE 25 – AUDITORS' FEES

The fees accrued during the year 2016 to Deloitte, S.L. for audit services amount to EUR 130 thousand and for other related services, to EUR 36 thousand (EUR 146 thousand for auditing and EUR 41 thousand for other services during the year 2015).

Additionally, the fees accrued during the year 2016 by other companies that also use the brand Deloitte, S.L. as a consequence of other services provided to the Group, amount to EUR 23 thousand (EUR 96 thousand in 2015).

Furthermore, the fees accrued during the year 201 by other auditing firms for audit services amount to EUR 5 thousand for audit services (EUR 10 thousand in 2015).

NOTE 26 – COMMITMENTS AND CONTINGENCIES

Guarantees with third parties

The following Group 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, RD 1955/2000 and RD1454/2005:

Company	At 31.12.2016	At 31.12.2015
Castellwind 03, S.L.	2,100	2,100
Ferrolterra Renovables, S.L.	133	133
Fercom Eólica, S.L.	320	320
Total	2,553	2,553

In the present year 2016 an existing guarantee was substituted to cover a possible payment of the ICIO tax of Empordavent, S.L. by a surety of EUR 1,300 thousand without pledge.

The compromises, pledges and guarantees related with the financing contracts have already been explained in Note 15.

The Directors of the Company estimate that the unexpected liabilities at 31 December 2016, if any, that could arise from the commitments indicated in this Note and in Note 15, would not be significant to these consolidated annual accounts.

Contractual commitments

The following table shows the minimum total payments for non-cancellable operating leases at 31 December 2016 and 2015:

Period	At 31.12.16	At 31.12.15
Up to one year	1,036	974
Between one and five years	5,145	5,140
More than five years	11,431	16,199
Total	17,612	22,313

FERSA ENERGIAS RENOVABLES, S.A. AND SUBSIDIARIES

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(thousand EUR)

Operating lease expenses of the Group during the year 2016 amount to EUR 1,108 thousand (EUR 951 thousand in 2015).

Contingencies

There are different appeals against regional tendering procedures, awarding decisions, urban planning resolutions or lease contracts validity, which concern to the following companies of the Group: Eólica Ciepłowody Sp. z o.o., Fersa Aventura, S.L. and Fercom Eólica, S.L. As of 31 December 2016, the total value of the investment in these wind farms under construction is totally provisioned.

The Fersa Group considers that the provisions and value adjustments recorded in these consolidated annual accounts adequately cover the contingencies stated in this Note and therefore, it does not expect that they will generate any liabilities or value adjustments other than those which have been recorded (Note 14).

NOTE 27 - 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 2016 and in relation to the facilities being operated, the Group incurred environmental expenses of EUR 116 thousand, basically, for wildlife conservation purposes (EUR 111 thousand in 2015).

NOTE 28 – GREENHOUSE GAS EMISSIONS RIGHTS

On 27 August 2004 Royal Decree Law 5/2004, which regulates the regime for trading in greenhouse gas emissions rights, was adopted, the objective of which was to assist in complying with the obligations under the Kyoto Protocol Convention.

The Group has not been assigned CO₂ emissions and has no expenses arising from the consumption of these rights. The Directors of the Fersa Group does not expect that any penalties or contingencies will arise from compliance with the requirements under Law 1/2005.

The wind farm of the Polish company Eólica Postolin Sp. z o.o. was endorsed to obtain Green Certificates. The volume of Green Certificates generated during the year 2016 by the company amounts to EUR 503 thousand.

NOTE 29 - SUBSEQUENT EVENTS

On 30 January 2017, Fersa Energías Renovables, S.A. renewed the corporate financing agreement. The main resolution of the novation is to extend the date of settling the debt in the amount of EUR 4.600 thousand by one year, that is moving it to 31 January 2018 (Note 15).

There have been no other significant events subsequent to the end of the year.

APPENDIX I: FERSA GROUP COMPANIES

FERSA GROUP COMPANIES AS OF 31 DECEMBER 2016

Company	Address	Shareholding percentage	Consolidation method
Eólica El Pedregoso, S.L.	Ronda General Mitre 42 Bajos, Barcelona ESPAÑA	80%	I.G.
Eólica Del Pino, S.L.	Ronda General Mitre 42 Bajos, Barcelona ESPAÑA	80%	I.G.
Parc Eòlic Mudefer, S.L.	Ronda General Mitre 42 Bajos, Barcelona ESPAÑA	100%	I.G.
Fercom Eólica, S.L.	Ronda General Mitre 42 Bajos, Barcelona ESPAÑA	100%	I.G.
Gestora Fotovoltaica de Castellón, S.L.	Avinguda Diagonal, número 459, 2º 2ª, Barcelona ESPAÑA	76%	I.G.
Fotovoltaica Fer, S.L.	Avinguda Diagonal, número 459, 2º 2ª, Barcelona ESPAÑA	76%	I.G.
Weinsberg Ecotec, S.L.	Avinguda Diagonal, número 459, 2º 2ª, Barcelona ESPAÑA	76%	I.G.
Fotovoltaica Ecotec, S.L.	Avinguda Diagonal, número 459, 2º 2ª, Barcelona ESPAÑA	76%	I.G.
Joso Fotovoltaica, S.L.	Avinguda Diagonal, número 459, 2º 2ª, Barcelona ESPAÑA	76%	I.G.
Fotovoltaica Padua, S.L.	Avinguda Diagonal, número 459, 2º 2ª, Barcelona ESPAÑA	76%	I.G.
Fotovoltaica Vergos, S.L.	Avinguda Diagonal, número 459, 2º 2ª, Barcelona ESPAÑA	76%	I.G.
Fotovoltaica La Mola, S.L.	Avinguda Diagonal, número 459, 2º 2ª, Barcelona ESPAÑA	76%	I.G.
Inversions Trautt, S.L.	Avinguda Diagonal, número 459, 2º 2ª, Barcelona ESPAÑA	76%	I.G.
Fotovoltaica de Castelló, S.L.	Avinguda Diagonal, número 459, 2º 2ª, Barcelona ESPAÑA	76%	I.G.
Fotovoltaica de les Coves, S.L.	Avinguda Diagonal, número 459, 2º 2ª, Barcelona ESPAÑA	76%	I.G.
Inversions Vinroma, S.L.	Avinguda Diagonal, número 459, 2º 2ª, Barcelona ESPAÑA	76%	I.G.
Parque Eólico Hinojal, S.L.	Ronda General Mitre 42 Bajos, Barcelona ESPAÑA	100%	I.G.
Eólica Postolin Sp	Krasinskiego n° 19, Bydgoszcz, POLONIA	100%	I.G.
Fersa Asesoramiento y Gestión, S.L.	Ronda General Mitre 42 Bajos, Barcelona ESPAÑA	100%	I.G.
Parc Eòlic Coll De Som, S.L.	Ronda General Mitre 42 Bajos, Barcelona ESPAÑA	100%	I.G.
Parc Eòlic L'Arram, S.L.	Ronda General Mitre 42 Bajos, Barcelona ESPAÑA	100%	I.G.
Explotación Eólica La Pedrera S.L.	Ronda General Mitre 42 Bajos, Barcelona ESPAÑA	100%	I.G.
Eólica Warblewo Sp	Krasinskiego n° 19, Bydgoszcz, POLONIA	65%	I.G.
Eólica Cieplowody Sp	Krasinskiego n° 19, Bydgoszcz, POLONIA	100%	I.G.
Eoliennes De Beausemblant, SAS	1 Chemin de Lavigne (64800) Mirepeix, Ródano-Alpes, FRANCIA	80%	I.G.
Castellwind 03 S.L.	Ronda General Mitre 42 Bajos, Barcelona ESPAÑA	60%	I.G.
Entreyeltes 1, S.L.	C/Farmaceutico Obdulio Fernandez 11 Burgos ESPAÑA	51%	I.G.
Berta Energies Renovables, S.L.	Travessera de Gràcia, 56 entresuelo Barcelona ESPAÑA	26%	P.E.
Parque Eólico Toabré, S.A.	Cincuenta, edificio 2000, 5a planta Ciudad de Panamá, PANAMÁ	30%	P.E.
A.I.E. Subestación y Línea 2004	Gregorio Mayans, 3 Valencia ESPAÑA	30%	P.E.
Ferrolterra Renovables, S.L.	Avda. Gonzalo Navarro 36-38, Pol. Rio do Pozo, Narón (A Coruña) ESPAÑA	37%	P.E.
Fersa-Aventalia, S.L.	Ronda General Mitre 42 Bajos, Barcelona ESPAÑA	80%	I.G.

I.G.- Full Consolidation; P.E.- Equity Accounting

APPENDIX II: INFORMATION ON MEMBERS OF THE BOARD OF DIRECTORS REQUIRED IN ACCORDANCE WITH ARTICLE 229 OF THE SPANISH CAPITAL COMPANIES ACT

Board Member: Rafael Garcés Beramendi			
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Iberdrola, S.A.	-	0,00%	-

Board Member: Mytaros B.V.		Related party: D. José Vicens Torradas	
Investee company	Direct Shareholding	Indirect Shareholding	Functions
TAIGA V	14,63%	-	Investor
EL CONJURO	9,70%	7,32%	Chairman/investor

Board Member: Grupo Empresarial Enhol, S.L.			
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Eolica Bulgaria EAD	-	97,50%	-
Eolica Suvorovo EAD	-	97,50%	-
Aguas Vivas Allipén Tacura, S.A.	99,99%	0,01%	-
Energía Renovable del Bío Bío, S.A.	72,49%	26,82%	-
Eólica Camarico, S.A.	71,50%	28,79%	-
Inversiones Krokis SpA	100%	-	-
Electra de Malvana, S.A.	32%	-	-
Eólica del Ebro, S.A.U.	100%	-	-
Eólica Erla, S.L.	49%	-	-
Eólica La Cantera, S.L.	78,01%	-	-
Eólica La Foradada, S.L.	78,01%	-	-
Eólica ValTomás, S.L.	78,01%	-	-
Generación Eólica Internacional, S.L.	97,50%	-	-
Ingeniería, Energía y Medio Ambiente, S.L.	10%	-	-
LDV Casares, S.L.	75%	-	-
LDV Cerro Cortijo de Guerra, S.L.U.	-	75%	-
LDV Cortijo de Guerra, S.L.	75%	-	-
LDV Sierra de Arcas, S.L.	66%	-	-
Recursos Eólicos de Aragón, S.L.	48%	-	-
Sistemas Energéticos La Jimena, S.A.	40%	-	-
Sistemas Energéticos Moncayo, S.A.	25%	-	-
Sistemas Energéticos Torralba, S.A.	40%	-	-
Energía Renovable del Centro, S.A.	-	94,91%	-
Energía Renovable del Sur, S.A.	-	95%	-
Energía Renovable La Joya, S.A.	-	94,91%	-
Energía Renovable La Niña, S.A.	-	94,91%	-
Energía Renovable del Centro, S.A.	-	94,91%	-
Perú Energía Renovable, S.A.	95%	-	-
Generacja Wiatrowa Polska Sp. Z o.o.	-	97,50%	-

S.C. Carpatia Energia Eolica S.R.L.	99,99%	-	-
Energia Capidava S.R.L.	0,00%	97,50%	-
Energia Ivanu S.R.L.	0,00%	97,50%	-
Energia Yalahia S.R.L.	0,00%	97,50%	-
SC Generacion Eolica Dacia S.R.L.	-	97,50%	-

Board Member: Grupo Empresarial Enhol, S.L.		Related party: ALGO PROYECTO, S.L. (Partner and Director)	
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Eolica Bulgaria EAD	-	25%	-
Eolica Suvorovo AD	-	25%	-
Inver Bulgaria EOOD	-	25%	-
Aguas Vivas Allipén Tacura, S.A.	-	25%	-
Energía Renovable del Bío Bío, S.A.	-	25%	-
Eólica Camarico, S.A.	-	25%	-
Inversiones Krokis SpA	-	25%	-
Biomasa de Cultivos Culbi, S.L.U.	-	25%	-
Electra de Malvana, S.A.	-	8%	-
Energías Renovables de América, S.L.U.	50%	-	-
Energía Termosolar Enertol, S.L.	-	25%	-
Eólica Cabanillas, S.L.	-	25%	-
Eólica Caparroso, S.L.	-	25%	-
Eólica del Ebro, S.A.U.	-	25%	-
Eólica Erla, S.L.	-	12%	-
Eólica La Bandera, S.L.	-	25%	-
Eólica La Cantera, S.L.	-	19,50%	-
Eólica La Foradada, S.L.	-	19,50%	-
Eólica Navarra, S.L.U.	-	25%	-
Eólica ValTomás, S.L.	-	19,50%	-
Generación Eólica Internacional, S.L.	-	25%	-
Grupo Empresarial Enhol, S.L.	25%	-	Director (pfr. Luis Oliver Gómez)
Hydrico Proyectos y Servicios, S.L.	50%	-	-
Ingeniería, Energía y Medio Ambiente, S.L.	-	2,50%	-
Innovación Verde Inver, S.L.U.	-	25%	-
LDV Casares, S.L.	-	18,75%	-
LDV Cerro Cortijo de Guerra, S.L.U.	-	18,75%	-
LDV Cortijo de Guerra, S.L.	-	18,75%	-
LDV Sierra de Arcas, S.L.	-	16,50%	-
Recursos Eólicos de Aragón, S.L.	-	12%	-
Sistemas Energéticos Boyal, S.L.	-	10,01%	-
Sistemas Energéticos La Jimena, S.A.	-	25%	Director
Sistemas Energéticos Moncayo, S.A.	-	6,25%	-
Sistemas Energéticos Torralba, S.A.	-	10%	-
Syntetic Gas, S.L.	-	12,50%	Chairman of the Board of Directors
Wind Engineering, S.L.	-	8,50%	-

Compañía Eólica Casas, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica de Tamaulipas, S.A. de C.V.	-	18,75%	Chairman of the Board of Directors
Compañía Eoloeléctrica de Ciudad Victoria, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eoloeléctrica de Matamoros, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica El Amparo, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica El Cielo, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica El Palmar, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica La Esperanza, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica La Mesa, S.A. de C.V.	-	24,9985	Chairman of the Board of Directors
Compañía Eólica Ocelote, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica Praxedis, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica Reynosa, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica Río Bravo, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica San Andrés, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica Tres Huastecas, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica Vicente Guerrero, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica Viento Libre, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Energías Renovables del Golfo, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Promotora Eólica México, S.A. de C.V.	-	35%	Chairman of the Board of Directors
Promotora y Desarrolladora del Istmo, S.A. de C.V.	-	26,25%	Chairman of the Board of Directors
Proyecto Energético Caborca, S.A. de C.V.	-	35,00%	Chairman of the Board of Directors
Grupo Energía México Gemex, S.A. de C.V.	-	25%	Chairman of the Board of Directors
Servicios y Desarrollos Energéticos, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Energía Renovable del Centro, S.A.	-	23,73%	-
Energía Renovable del Sur, S.A.	-	23,75%	-
Energía Renovable La Joya, S.A.	-	23,73%	-
Perú Energía Renovable, S.A.	-	23,75%	-
Generacja Wiatrowa Polska Sp. Z o.o.	-	25%	-
S.C. Carpatia Energia Eolica S.R.L.	-	25%	-
Energia Capidava S.R.L.	-	25%	-
Energia Ivanu S.R.L.	-	25%	-
Energia Yalahia S.R.L.	-	25%	-
SC Generacion Eolica Dacia S.R.L.	-	25%	-

Board Member: Grupo Empresarial Enhol, S.L.	Related party: DINAL INNOVACIONES, S.L. (Partner and Director)		
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Eolica Bulgaria EAD	-	25%	-
Eolica Suvorovo EAD	-	25%	-
Inver Bulgaria EOOD	-	25%	-
Aguas Vivas Allipén Tacura, S.A.	-	25%	-
Energía Renovable del Bío Bío, S.A.	-	25%	-
Eólica Camarico, S.A.	-	25%	-
Inversiones Krokis SpA	-	25%	-
Biomasa de Cultivos Culbi, S.L.U.	-	25%	-

Electra de Malvana, S.A.	-	8%	-
Energía Termosolar Enertol, S.L.	-	25%	-
Eólica Cabanillas, S.L.	-	25%	-
Eólica Caparroso, S.L.	-	25%	-
Eólica del Ebro, S.A.U.	-	25%	-
Eólica Erla, S.L.	-	12%	-
Eólica La Bandera, S.L.	-	25%	-
Eólica La Cantera, S.L.	-	19,50%	-
Eólica La Foradada, S.L.	-	19,50%	-
Eólica Navarra, S.L.U.	-	25%	-
Eólica ValTomás, S.L.	-	19,50%	-
Generación Eólica Internacional, S.L.	-	25%	Sole Administrator (pfr. Ernesto Oliver)
Grupo Empresarial Enhol, S.L.	25%	-	Director (pfr Ernesto Oliver)
Ingeniería, Energía y Medio Ambiente, S.L.	-	2,50%	-
Innovación Verde Inver, S.L.U.	-	25%	-
LDV Casares, S.L.	-	18,75%	-
LDV Cerro Cortijo de Guerra, S.L.U.	-	18,75%	-
LDV Cortijo de Guerra, S.L.	-	18,75%	-
LDV Sierra de Arcas, S.L.	-	16,50%	-
Recursos Eólicos de Aragón, S.L.	-	12%	-
Sistemas Energéticos Boyal, S.L.	-	10,01%	-
Sistemas Energéticos La Jimena, S.A.	-	25%	-
Sistemas Energéticos Moncayo, S.A.	-	6,25%	-
Sistemas Energéticos Torralba, S.A.	-	10%	-
Syntetic Gas, S.L.	-	12,50%	-
Wind Engineering, S.L.	-	8,50%	-
Energía Renovable del Centro, S.A.	-	23,73%	-
Energía Renovable del Sur, S.A.	-	23,75%	-
Energía Renovable La Joya, S.A.	-	23,73%	-
Energía Renovable La Niña, S.A.	-	23,73%	-
Perú Energía Renovable,S.A.	-	23,75%	-
Generacja Wiatrowa Polska Sp. Z o.o.	-	25%	-
S.C. Carpatia Energia Eolica S.R.L.	-	25%	-
Energia Capidava S.R.L.	-	25%	-
Energia Ivanu S.R.L.	-	25%	-
Energia Yalahia S.R.L.	-	25%	-
SC Generacion Eolica Dacia S.R.L.	-	25%	-

Board Member: Grupo Empresarial Enhol, S.L.	Related party: INNOVACIONES FAOLSAN, S.L. (Partner and Director)		
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Eólica Bulgaria EAD	-	25%	-
Eólica Suvorovo EAD	-	25%	-
Inver Bulgaria EOOD	-	25%	-
Aguas Vivas Allipén Tacura, S.A.	-	25%	-
Energía Renovable del Bío Bío, S.A.	-	25%	Joint Administrator (pfr Antonio Oliver)
Eólica Camarico, S.A.	-	25%	-
Inversiones Krokis SpA	-	25%	Joint Administrator (pfr Antonio Oliver)
Biomasa de Cultivos Culbi, S.L.U.	-	25%	Joint Administrator (pfr Antonio Oliver)
Electra de Malvana, S.A.	-	8%	Director (pfr Antonio Oliver)
Energía Termosolar Enertol, S.L.	-	25%	-
Eólica Cabanillas, S.L.	-	25%	Director (pfr Antonio Oliver)
Eólica Caparroso, S.L.	-	25%	Director (pfr Antonio Oliver)
Eólica del Ebro, S.A.U.	-	25%	Joint Administrator (pfr Antonio Oliver)
Eólica Erla, S.L.	-	12%	-
Eólica La Bandera, S.L.	-	25%	Chairman of the Board of Directors (pfr Antonio Oliver)
Eólica La Cantera, S.L.	-	19,50%	-
Eólica La Foradada, S.L.	-	19,50%	-
Eólica Navarra, S.L.U.	-	25%	Joint Administrator (pfr Antonio Oliver)
Eólica ValTomás, S.L.	-	19,50%	-
Generación Eólica Internacional, S.L.	-	25%	-
Grupo Empresarial Enhol, S.L.	25%	-	Joint Chief Executive Officer (pfr Antonio Oliver)
Ingeniería, Energía y Medio Ambiente, S.L.	-	2,50%	-
Innovación Verde Inver, S.L.U.	-	25%	Joint Administrator (pfr Antonio Oliver)
LDV Casares, S.L.	-	18,75%	Secretary Member of the Board (pfr Antonio Oliver)
LDV Cerro Cortijo de Guerra, S.L.U.	-	18,75%	Secretary Member of the Board (pfr Antonio Oliver)
LDV Cortijo de Guerra, S.L.	-	18,75%	Chairman of the Board of Directors (pfr Antonio Oliver)
LDV Sierra de Arcas, S.L.	-	16,50%	-
Recursos Eólicos de Aragón, S.L.	-	12%	-
Sistemas Energéticos Boyal, S.L.	-	10,01%	Director (pfr Antonio Oliver)
Sistemas Energéticos La Jimena, S.A.	-	25%	-
Sistemas Energéticos Moncayo, S.A.	-	6,25%	-
Sistemas Energéticos Torralba, S.A.	-	10%	Chairman of the Board of Directors (pfr Antonio Oliver)
Syntetic Gas, S.L.	-	12,50%	-
Wind Engineering, S.L.	-	8,50%	-
Energía Renovable del Centro, S.A.	-	23,73%	-
Energía Renovable del Sur, S.A.	-	23,75%	-
Energía Renovable La Joya, S.A.	-	23,73%	-
Energía Renovable La Niña, S.A.	-	23,73%	-
Perú Energía Renovable,S.A.	-	23,75%	-

Generacja Wiatrowa Polska Sp. Z o.o.	-	25%	-
S.C. Carpatia Energia Eolica S.R.L.	-	25%	-
Energia Capidava S.R.L.	-	25%	-
Energia Ivanu S.R.L.	-	25%	-
Energia Yalahia S.R.L.	-	25%	-
SC Generacion Eolica Dacia S.R.L.	-	25%	-

Board Member: Grupo Empresarial Enhol, S.L.		Related party: MEGANIUM INVERSIONES S.L. (Partner and Chief Executive Officer)	
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Eolica Bulgaria EAD	-	25%	-
Eolica Suvorovo AD	-	25%	-
Inver Bulgaria EOOD	-	25%	-
Aguas Vivas Allipén Tacura, S.A.	-	25%	-
Energía Renovable del Bío Bío, S.A.	-	25%	Joint Administrator (pfr. Mariano Oliver)
Eólica Camarico, S.A.	-	25%	-
Inversiones Krokis SpA	-	25%	Joint Administrator (pfr. Mariano Oliver)
Biomasa de Cultivos Culbi, S.L.U.	-	25%	Joint Administrator (pfr. Mariano Oliver)
Electra de Malvana, S.A.	-	8%	Director (pfr. Mariano Oliver)
Energías Renovables de América, S.L.U.	50%	-	-
Energía Termosolar Enertol, S.L.	-	25%	-
Eólica Cabanillas, S.L.	-	25%	Chairman of the Board of Directors (pfr. Mariano Oliver)
Eólica Caparrosó, S.L.	-	25%	Chairman of the Board of Directors (pfr. Mariano Oliver)
Eólica del Ebro, S.A.U.	-	25%	Joint Administrator (pfr. Mariano Oliver)
Eólica Erla, S.L.	-	12%	-
Eólica La Bandera, S.L.	-	25%	Secretary Member of the Board (pfr. Mariano Oliver)
Eólica La Cantera, S.L.	-	19,50%	-
Eólica La Foradada, S.L.	-	19,50%	-
Eólica Navarra, S.L.U.	-	25%	Joint Administrator (pfr. Mariano Oliver)
Eólica ValTomás, S.L.	-	19,50%	-
Generación Eólica Internacional, S.L.	-	25%	-
Grupo Empresarial Enhol, S.L.	25%	-	Joint Chief Executive Officer (pfr. Mariano Oliver)
Hydrico Proyectos y Servicios, S.L.	50%	-	-
Ingeniería, Energía y Medio Ambiente, S.L.	-	2,50%	-
Innovación Verde Inver, S.L.U.	-	25%	Joint Administrator (pfr. Mariano Oliver)
LDV Casares, S.L.	-	18,75%	Chairman of the Board of Directors (pfr. Mariano Oliver)
LDV Cerro Cortijo de Guerra, S.L.U.	-	18,75%	Chairman of the Board of Directors (pfr. Mariano Oliver)
LDV Cortijo de Guerra, S.L.	-	18,75%	Secretary Member of the Board (pfr. Mariano Oliver)
LDV Sierra de Arcas, S.L.	-	16,50%	-
Recursos Eólicos de Aragón, S.L.	-	12%	-
Sistemas Energéticos Boyal, S.L.	-	10,01%	-
Sistemas Energéticos La Jimena, S.A.	-	25%	Director (pfr. Mariano Oliver)

Sistemas Energéticos Moncayo, S.A.	-	6,25%	Chairman of the Board of Directors (pfr. Mariano Oliver)
Sistemas Energéticos Torralba, S.A.	-	10%	-
Syntetic Gas, S.L.	-	12,50%	-
Wind Engineering, S.L.	-	8,50%	-
Compañía Eólica Casas, S.A. de C.V.	-	25,00%	-
Compañía Eólica de Tamaulipas, S.A. de C.V.	-	18,75%	-
Compañía Eoloeléctrica de Ciudad Victoria, S.A. de C.V.	-	25,00%	-
Compañía Eoloeléctrica de Matamoros, S.A. de C.V.	-	25,00%	-
Compañía Eólica El Amparo, S.A. de C.V.	-	25,00%	-
Compañía Eólica El Cielo, S.A. de C.V.	-	25,00%	-
Compañía Eólica El Palmar, S.A. de C.V.	-	25,00%	-
Compañía Eólica La Esperanza, S.A. de C.V.	-	25,00%	-
Compañía Eólica La Mesa, S.A. de C.V.	-	24,9985	-
Compañía Eólica Ocelote, S.A. de C.V.	-	25,00%	-
Compañía Eólica Praxedis, S.A. de C.V.	-	25,00%	-
Compañía Eólica Reynosa, S.A. de C.V.	-	25,00%	-
Compañía Eólica Río Bravo, S.A. de C.V.	-	25,00%	-
Compañía Eólica San Andrés, S.A. de C.V.	-	25,00%	-
Compañía Eólica Tres Huastecas, S.A. de C.V.	-	25,00%	-
Compañía Eólica Vicente Guerrero, S.A. de C.V.	-	25,00%	-
Compañía Eólica Viento Libre, S.A. de C.V.	-	25,00%	-
Energías Renovables del Golfo, S.A. de C.V.	-	25,00%	-
Promotora Eólica México, S.A. de C.V.	-	35%	-
Promotora y Desarrolladora del Istmo, S.A. de C.V.	-	26,25%	-
Proyecto Energético Caborca, S.A. de C.V.	-	35,00%	-
Grupo Energía México Gemex, S.A. de C.V.	-	25%	-
Servicios y Desarrollos Energéticos, S.A. de C.V.	-	25,00%	-
Energía Renovable del Centro, S.A.	-	23,73%	-
Energía Renovable del Sur, S.A.	-	23,73%	-
Energía Renovable La Joya, S.A.	-	23,73%	-
Perú Energía Renovable, S.A.	-	23,75%	-
Generacja Wiatrowa Polska Sp. Z o.o.	-	25%	-
S.C. Carpatia Energia Eolica S.R.L.	-	25%	-
Energia Capidava S.R.L.	-	25%	-
Energia Ivanu S.R.L.	-	25%	-
Energia Yalahia S.R.L.	-	25%	-
SC Generacion Eolica Dacia S.R.L.	-	25%	-

Board Member: Grupo Empresarial Enhol, S.L.	Related party: Gonzalo Oliver Amatriain (Chairman of the Board of Directors)		
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Eolica Bulgaria EAD	-	<0,01%	-
Eolica Suvorovo AD	-	<0,01%	-
Inver Bulgaria EOOD	-	<0,01%	-
Aguas Vivas Allipén Tacura, S.A.	-	<0,01%	-

Energía Renovable del Bío Bío, S.A.	-	<0,01%	-
Enhol Chile SpA	-	<0,01%	-
Eólica Camarico, S.A.	-	<0,01%	-
Inversiones Krokis SpA	-	<0,01%	-
Biomasa de Cultivos Culbi, S.L.U.	-	<0,01%	-
Electra de Malvana, S.A.	-	<0,01%	-
Energías Renovables de América, S.L.U.	-	<0,01%	-
Energía Termosolar Enertol, S.L.	-	<0,01%	-
Eólica Cabanillas, S.L.	-	<0,01%	-
Eólica Caparroso, S.L.	-	<0,01%	-
Eólica del Ebro, S.A.U.	-	<0,01%	-
Eólica Erla, S.L.	-	<0,01%	-
Eólica La Bandera, S.L.	-	<0,01%	-
Eólica La Cantera, S.L.	-	<0,01%	-
Eólica La Foradada, S.L.	-	<0,01%	-
Eólica Navarra, S.L.U.	-	<0,01%	-
Eólica ValTomás, S.L.	-	<0,01%	-
Generación Eólica Internacional, S.L.	-	<0,01%	-
Grupo Empresarial Enhol, S.L.	-	<0,01%	Chairman of the Board of Directors
Hydrico Proyectos y Servicios, S.L.	-	<0,01%	-
Ingeniería, Energía y Medio Ambiente, S.L.	-	<0,01%	-
Innovación Verde Inver, S.L.U.	-	<0,01%	-
LDV Casares, S.L.	-	<0,01%	Director
LDV Cerro Cortijo de Guerra, S.L.U.	-	<0,01%	Director
LDV Cortijo de Guerra, S.L.	-	<0,01%	-
LDV Sierra de Arcas, S.L.	-	<0,01%	-
Recursos Eólicos de Aragón, S.L.	-	<0,01%	-
Sistemas Energéticos Boyal, S.L.	-	<0,01%	-
Sistemas Energéticos La Jimena, S.A.	-	<0,01%	-
Sistemas Energéticos Moncayo, S.A.	-	<0,01%	-
Sistemas Energéticos Torralba, S.A.	-	<0,01%	-
Syntetic Gas, S.L.	-	<0,01%	Director
Wind Engineering, S.L.	-	<0,01%	Chairman of the Board of Directors
Compañía Eólica Casas, S.A. de C.V.	-	<0,01%	-
Compañía Eólica de Tamaulipas, S.A. de C.V.	-	<0,01%	-
Compañía Eoloeléctrica de Ciudad Victoria, S.A. de C.V.	-	<0,01%	-
Compañía Eoloeléctrica de Matamoros, S.A. de C.V.	-	<0,01%	-
Compañía Eólica El Amparo, S.A. de C.V.	-	<0,01%	-
Compañía Eólica El Cielo, S.A. de C.V.	-	<0,01%	-
Compañía Eólica El Palmar, S.A. de C.V.	-	<0,01%	-
Compañía Eólica La Esperanza, S.A. de C.V.	-	<0,01%	-
Compañía Eólica La Mesa, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Ocelote, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Praxedis, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Reynosa, S.A. de C.V.	-	<0,01%	-

Compañía Eólica Río Bravo, S.A. de C.V.	-	<0,01%	-
Compañía Eólica San Andrés, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Tres Huastecas, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Vicente Guerrero, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Viento Libre, S.A. de C.V.	-	<0,01%	-
Energías Renovables del Golfo, S.A. de C.V.	-	<0,01%	-
Promotora Eólica México, S.A. de C.V.	-	<0,01%	Director
Promotora y Desarrolladora del Istmo, S.A. de C.V.	-	<0,01%	-
Proyecto Energético Caborca, S.A. de C.V.	-	<0,01%	Director
Grupo Energía México Gemex, S.A. de C.V.	-	<0,01%	-
Servicios y Desarrollos Energéticos, S.A. de C.V.	-	<0,01%	-
Energía Renovable del Centro, S.A.	-	<0,01%	-
Energía Renovable del Sur, S.A.	-	<0,01%	-
Energía Renovable La Joya, S.A.	-	<0,01%	-
Energía Renovable La Niña, S.A.	-	<0,01%	-
Perú Energía Renovable, S.A.	-	<0,01%	-
Generacja Wiatrowa Polska Sp. Z o.o.	-	<0,01%	-
S.C. Carpatia Energia Eolica S.R.L.	-	<0,01%	-
Energia Capidava S.R.L.	-	<0,01%	-
Energia Ivanu S.R.L.	-	<0,01%	-
Energia Yalahia S.R.L.	-	<0,01%	-
SC Generacion Eolica Dacia S.R.L.	-	<0,01%	-

Board Member: Grupo Empresarial Enhol, S.L.	Related party: Diego Oliver Gimeno (Secretary Member of the Board)		
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Eolica Bulgaria EAD	-	<0,01%	-
Eolica Suvorovo AD	-	<0,01%	-
Inver Bulgaria EOOD	-	<0,01%	-
Aguas Vivas Allipén Tacura, S.A.	-	<0,01%	-
Energía Renovable del Bío Bío, S.A.	-	<0,01%	-
Enhol Chile SpA	-	<0,01%	-
Eólica Camarico, S.A.	-	<0,01%	-
Inversiones Krokis SpA	-	<0,01%	-
Biomasa de Cultivos Culbi, S.L.U.	-	<0,01%	-
Electra de Malvana, S.A.	-	<0,01%	-
Energía Termosolar Enertol, S.L.	-	<0,01%	-
Eólica Cabanillas, S.L.	-	<0,01%	-
Eólica Caparros, S.L.	-	<0,01%	-
Eólica del Ebro, S.A.U.	-	<0,01%	-
Eólica Erla, S.L.	-	<0,01%	-
Eólica La Bandera, S.L.	-	<0,01%	-
Eólica La Cantera, S.L.	-	<0,01%	-
Eólica La Foradada, S.L.	-	<0,01%	-
Eólica Navarra, S.L.U.	-	<0,01%	-

Eólica ValTomás, S.L.	-	<0,01%	-
Generación Eólica Internacional, S.L.	-	<0,01%	-
Grupo Empresarial Enhol, S.L.	-	<0,01%	Secretary Member of the Board
Hydrico Proyectos y Servicios, S.L.	-	<0,01%	-
Ingeniería, Energía y Medio Ambiente, S.L.	-	<0,01%	-
Innovación Verde Inver, S.L.U.	-	<0,01%	-
LDV Casares, S.L.	-	<0,01%	-
LDV Cerro Cortijo de Guerra, S.L.U.	-	<0,01%	-
LDV Cortijo de Guerra, S.L.	-	<0,01%	Director
LDV Sierra de Arcas, S.L.	-	<0,01%	-
Recursos Eólicos de Aragón, S.L.	-	<0,01%	-
Sistemas Energéticos Boyal, S.L.	-	<0,01%	-
Sistemas Energéticos La Jimena, S.A.	-	<0,01%	-
Sistemas Energéticos Moncayo, S.A.	-	<0,01%	-
Sistemas Energéticos Torralba, S.A.	-	<0,01%	-
Syntetic Gas, S.L.	-	<0,01%	Director
Wind Engineering, S.L.	-	<0,01%	Director
Energía Renovable del Centro, S.A.	-	<0,01%	-
Energía Renovable del Sur, S.A.	-	<0,01%	-
Energía Renovable La Joya, S.A.	-	<0,01%	-
Energía Renovable La Niña, S.A.	-	<0,01%	-
Perú Energía Renovable, S.A.	-	<0,01%	-
Generacja Wiatrowa Polska Sp. Z o.o.	-	<0,01%	-
S.C. Carpatia Energia Eolica S.R.L.	-	<0,01%	-
Energia Capidava S.R.L.	-	<0,01%	-
Energia Ivanu S.R.L.	-	<0,01%	-
Energia Yalahia S.R.L.	-	<0,01%	-
SC Generacion Eolica Dacia S.R.L.	-	<0,01%	-

Board Member: Eólica Navarra, S.L. Unipersonal			
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Eolica Bulgaria EAD	-	97,50%	-
Eolica Suvorovo EAD	-	97,50%	-
Agua Vivas Allipén Tacura, S.A.	99,99%	0,01%	-
Energía Renovable del Bío Bío, S.A.	72,49%	26,82%	-
Eólica Camarico, S.A.	71,50%	28,79%	-
Inversiones Krokis SpA	100%	-	-
Electra de Malvana, S.A.	32%	-	-
Eólica del Ebro, S.A.U.	100%	-	-
Eólica Erla, S.L.	49%	-	-
Eólica La Cantera, S.L.	78,01%	-	-
Eólica La Foradada, S.L.	78,01%	-	-
Eólica ValTomás, S.L.	78,01%	-	-
Generación Eólica Internacional, S.L.	97,50%	-	-

Ingeniería, Energía y Medio Ambiente, S.L.	10%	-	-
LDV Casares, S.L.	75%	-	-
LDV Cerro Cortijo de Guerra, S.L.U.	-	75%	-
LDV Cortijo de Guerra, S.L.	75%	-	-
LDV Sierra de Arcas, S.L.	66%	-	-
Recursos Eólicos de Aragón, S.L.	48%	-	-
Sistemas Energéticos La Jimena, S.A.	40%	-	-
Sistemas Energéticos Moncayo, S.A.	25%	-	-
Sistemas Energéticos Torralba, S.A.	40%	-	-
Energía Renovable del Centro, S.A.	-	94,91%	-
Energía Renovable del Sur, S.A.	-	95%	-
Energía Renovable La Joya, S.A.	-	94,91%	-
Energía Renovable La Niña, S.A.	-	94,91%	-
Energía Renovable del Centro, S.A.	-	94,91%	-
Perú Energía Renovable, S.A.	95%	-	-
Generacja Wiatrowa Polska Sp. Z o.o.	-	97,50%	-
S.C. Carpatia Energia Eolica S.R.L.	99,99%	-	-
Energia Capidava S.R.L.	0,00%	97,50%	-
Energia Ivanu S.R.L.	0,00%	97,50%	-
Energia Yalahia S.R.L.	0,00%	97,50%	-
SC Generacion Eolica Dacia S.R.L.	-	97,50%	-

Board Member: Eolica Navarra, S.L. Unipersonal		Related party: Grupo Empresarial Enhol, S.L. (Sole Shareholder and Parent Company of the group)	
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Eolica Bulgaria EAD	-	100%	-
Eolica Suvorovo EAD	-	100%	-
Inver Bulgaria EOOD	100%	-	-
Aguas Vivas Allipén Tacura, S.A.	-	100%	-
Energía Renovable del Bío Bío, S.A.	-	100%	-
Eólica Camarico, S.A.	-	100%	-
Inversiones Krokis SpA	-	100%	-
Biomasa de Cultivos Culbi, S.L.U.	100%	-	-
Electra de Malvana, S.A.	-	32%	-
Energía Termosolar Enertol, S.L.	50%	-	-
Eólica Cabanillas, S.L.	100%	-	-
Eólica Caparroso, S.L.	100%	-	-
Eólica del Ebro, S.A.U.	-	100%	-
Eólica Erla, S.L.	-	49%	-
Eólica La Bandera, S.L.	100%	-	-
Eólica La Cantera, S.L.	-	78,01%	-
Eólica La Foradada, S.L.	-	78,01%	-
Eólica Navarra, S.L.U.	100%	-	-
Eólica ValTomás, S.L.	-	78,01%	-
Generación Eólica Internacional, S.L.	2,50%	97,50%	-

Ingeniería, Energía y Medio Ambiente, S.L.	-	10%	-
Innovación Verde Inver, S.L.U.	100%	-	-
LDV Casares, S.L.	-	75%	-
LDV Cerro Cortijo de Guerra, S.L.U.	-	75%	-
LDV Cortijo de Guerra, S.L.	-	75%	-
LDV Sierra de Arcas, S.L.	-	66%	-
Recursos Eólicos de Aragón, S.L.	-	48%	-
Sistemas Energéticos Boyal, S.L.	40,02%	-	-
Sistemas Energéticos La Jimena, S.A.	-	100%	-
Sistemas Energéticos Moncayo, S.A.	-	25%	-
Sistemas Energéticos Torralba, S.A.	-	40%	-
Syntetic Gas, S.L.	50%	-	-
Wind Engineering, S.L.	-	34%	-
Energía Renovable del Centro, S.A.	-	94,91%	-
Energía Renovable del Sur, S.A.	-	95%	-
Energía Renovable La Joya, S.A.	-	94,91%	-
Energía Renovable La Niña, S.A.	-	94,91%	-
Perú Energía Renovable,S.A.	-	95%	-
Generacja Wiatrowa Polska Sp. Z o.o.	-	100%	-
S.C. Carpatia Energia Eolica S.R.L.	-	100%	-
Energia Capidava S.R.L.	-	100%	-
Energia Ivanu S.R.L.	-	100%	-
Energia Yalahia S.R.L.	-	100%	-
SC Generacion Eolica Dacia S.R.L.	-	100%	-

Board Member: Eolica Navarra, S.L. Unipersonal	Related party: MEGANIUM INVERSIONES, S.L. (Joint Administrator)		
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Eolica Bulgaria EAD	-	25%	-
Eolica Suvorovo AD	-	25%	-
Inver Bulgaria EOOD	-	25%	-
Aguas Vivas Allipén Tacura, S.A.	-	25%	-
Energía Renovable del Bío Bío, S.A.	-	25%	Joint Administrator (pfr. Mariano Oliver)
Eólica Camarico, S.A.	-	25%	-
Inversiones Krokis SpA	-	25%	Joint Administrator (pfr. Mariano Oliver)
Biomasa de Cultivos Culbi, S.L.U.	-	25%	Joint Administrator (pfr. Mariano Oliver)
Electra de Malvana, S.A.	-	8%	Director (pfr. Mariano Oliver)
Energías Renovables de América, S.L.U.	50%	-	-
Energía Termosolar Enertol, S.L.	-	25%	-
Eólica Cabanillas, S.L.	-	25%	Joint Administrator (pfr. Mariano Oliver)
Eólica Caparrosos, S.L.	-	25%	Joint Administrator (pfr. Mariano Oliver)
Eólica del Ebro, S.A.U.	-	25%	Joint Administrator (pfr. Mariano Oliver)
Eólica Erla, S.L.	-	12%	-
Eólica La Bandera, S.L.	-	25%	Joint Administrator (pfr. Mariano Oliver)

Eólica La Cantera, S.L.	-	19,50%	-
Eólica La Foradada, S.L.	-	19,50%	-
Eólica Navarra, S.L.U.	-	25%	Joint Administrator (pfr. Mariano Oliver)
Eólica ValTomás, S.L.	-	19,50%	-
Generación Eólica Internacional, S.L.	-	25%	-
Grupo Empresarial Enhol, S.L.	25%	-	Joint Chief Executive Officer (pfr. Mariano Oliver)
Hydrico Proyectos y Servicios, S.L.	50%	-	-
Ingeniería, Energía y Medio Ambiente, S.L.	-	2,50%	-
Innovación Verde Inver, S.L.U.	-	25%	Joint Administrator (pfr. Mariano Oliver)
LDV Casares, S.L.	-	18,75%	Chairman of the Board of Directors (pfr. Mariano Oliver)
LDV Cerro Cortijo de Guerra, S.L.U.	-	18,75%	Chairman of the Board of Directors (pfr. Mariano Oliver)
LDV Cortijo de Guerra, S.L.	-	18,75%	Secretary Member of the Board (pfr. Mariano Oliver)
LDV Sierra de Arcas, S.L.	-	16,50%	-
Recursos Eólicos de Aragón, S.L.	-	12%	-
Sistemas Energéticos Boyal, S.L.	-	10,01%	-
Sistemas Energéticos La Jimena, S.A.	-	25%	Director (pfr. Mariano Oliver)
Sistemas Energéticos Moncayo, S.A.	-	6,25%	Chairman of the Board of Directors (pfr. Mariano Oliver)
Sistemas Energéticos Torralba, S.A.	-	10%	-
Syntetic Gas, S.L.	-	12,50%	-
Wind Engineering, S.L.	-	8,50%	-
Compañía Eólica Casas, S.A. de C.V.	-	25,00%	-
Compañía Eólica de Tamaulipas, S.A. de C.V.	-	18,75%	-
Compañía Eoloeléctrica de Ciudad Victoria, S.A. de C.V.	-	25,00%	-
Compañía Eoloeléctrica de Matamoros, S.A. de C.V.	-	25,00%	-
Compañía Eólica El Amparo, S.A. de C.V.	-	25,00%	-
Compañía Eólica El Cielo, S.A. de C.V.	-	25,00%	-
Compañía Eólica El Palmar, S.A. de C.V.	-	25,00%	-
Compañía Eólica La Esperanza, S.A. de C.V.	-	25,00%	-
Compañía Eólica La Mesa, S.A. de C.V.	-	24,9985	-
Compañía Eólica Ocelote, S.A. de C.V.	-	25,00%	-
Compañía Eólica Praxedis, S.A. de C.V.	-	25,00%	-
Compañía Eólica Reynosa, S.A. de C.V.	-	25,00%	-
Compañía Eólica Río Bravo, S.A. de C.V.	-	25,00%	-
Compañía Eólica San Andrés, S.A. de C.V.	-	25,00%	-
Compañía Eólica Tres Huastecas, S.A. de C.V.	-	25,00%	-
Compañía Eólica Vicente Guerrero, S.A. de C.V.	-	25,00%	-
Compañía Eólica Viento Libre, S.A. de C.V.	-	25,00%	-
Energías Renovables del Golfo, S.A. de C.V.	-	25,00%	-
Promotora Eólica México, S.A. de C.V.	-	35%	-
Promotora y Desarrolladora del Istmo, S.A. de C.V.	-	26,25%	-
Proyecto Energético Caborca, S.A. de C.V.	-	35,00%	-
Grupo Energía México Gemex, S.A. de C.V.	-	25%	-
Servicios y Desarrollos Energéticos, S.A. de C.V.	-	25,00%	-

Energía Renovable del Centro, S.A.	-	23,73%	-
Energía Renovable del Sur, S.A.	-	23,73%	-
Energía Renovable La Joya, S.A.	-	23,73%	-
Perú Energía Renovable,S.A.	-	23,75%	-
Generacja Wiatrowa Polska Sp. Z o.o.	-	25%	-
S.C. Carpatia Energia Eolica S.R.L.	-	25%	-
Energia Capidava S.R.L.	-	25%	-
Energia Ivanu S.R.L.	-	25%	-
Energia Yalahia S.R.L.	-	25%	-
SC Generacion Eolica Dacia S.R.L.	-	25%	-

Board Member: Eolica Navarra, S.L. Unipersonal		Related party: INNOVACIONES FAOLSAN, S.L. (Joint Administrator)	
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Eolica Bulgaria EAD	-	25%	-
Eolica Suvorovo EAD	-	25%	-
Inver Bulgaria EOOD	-	25%	-
Aguas Vivas Allipén Tacura, S.A.	-	25%	-
Energía Renovable del Bío Bío, S.A.	-	25%	Joint Administrator (pfr Antonio Oliver)
Eólica Camarico, S.A.	-	25%	-
Inversiones Krokis SpA	-	25%	Joint Administrator (pfr Antonio Oliver)
Biomasa de Cultivos Culbi, S.L.U.	-	25%	Joint Administrator (pfr Antonio Oliver)
Electra de Malvana, S.A.	-	8%	Director (pfr Antonio Oliver)
Energía Termosolar Enertol, S.L.	-	25%	-
Eólica Cabanillas, S.L.	-	25%	Joint Administrator (pfr Antonio Oliver)
Eólica Caparroso, S.L.	-	25%	Joint Administrator (pfr Antonio Oliver)
Eólica del Ebro, S.A.U.	-	25%	Joint Administrator (pfr Antonio Oliver)
Eólica Erla, S.L.	-	12%	-
Eólica La Bandera, S.L.	-	25%	Joint Administrator (pfr Antonio Oliver)
Eólica La Cantera, S.L.	-	19,50%	-
Eólica La Foradada, S.L.	-	19,50%	-
Eólica Navarra, S.L.U.	-	25%	Joint Administrator (pfr Antonio Oliver)
Eólica ValTomás, S.L.	-	19,50%	-
Generación Eólica Internacional, S.L.	-	25%	-
Grupo Empresarial Enhol, S.L.	25%	-	Joint Chief Executive Officer (pfr Antonio Oliver)
Ingeniería, Energía y Medio Ambiente, S.L.	-	2,50%	-
Innovación Verde Inver, S.L.U.	-	25%	Joint Administrator (pfr Antonio Oliver)
LDV Casares, S.L.	-	18,75%	Secretary Member of the Board (pfr Antonio Oliver)
LDV Cerro Cortijo de Guerra, S.L.U.	-	18,75%	Secretary Member of the Board (pfr Antonio Oliver)
LDV Cortijo de Guerra, S.L.	-	18,75%	Chairman of the Board of Directors (pfr Antonio Oliver)
LDV Sierra de Arcas, S.L.	-	16,50%	-
Recursos Eólicos de Aragón, S.L.	-	12%	-
Sistemas Energéticos Boyal, S.L.	-	10,01%	Director (pfr Antonio Oliver)

Sistemas Energéticos La Jimena, S.A.	-	25%	-
Sistemas Energéticos Moncayo, S.A.	-	6,25%	-
Sistemas Energéticos Torralba, S.A.	-	10%	Chairman of the Board of Directors (pfr Antonio Oliver)
Syntetic Gas, S.L.	-	12,50%	-
Wind Engineering, S.L.	-	8,50%	-
Energía Renovable del Centro, S.A.	-	23,73%	-
Energía Renovable del Sur, S.A.	-	23,75%	-
Energía Renovable La Joya, S.A.	-	23,73%	-
Energía Renovable La Niña, S.A.	-	23,73%	-
Perú Energía Renovable, S.A.	-	23,75%	-
Generacja Wiatrowa Polska Sp. Z o.o.	-	25%	-
S.C. Carpatia Energia Eolica S.R.L.	-	25%	-
Energia Capidava S.R.L.	-	25%	-
Energia Ivanu S.R.L.	-	25%	-
Energia Yalahia S.R.L.	-	25%	-
SC Generacion Eolica Dacia S.R.L.	-	25%	-

Board Member: Eolica Navarra, S.L. Unipersonal	Related party: Luís Oliver Gómez (Person with power of attorney)		
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Eolica Bulgaria EAD	-	24,99%	-
Eolica Suvorovo EAD	-	24,99%	-
Inver Bulgaria EOOD	-	24,99%	-
Aguas Vivas Allipén Tacura, S.A.	-	24,99%	-
Energía Renovable del Bío Bío, S.A.	-	24,99%	-
Eólica Camarico, S.A.	-	24,99%	-
Inversiones Krokis SpA	-	24,99%	-
Biomasa de Cultivos Culbi, S.L.U.	-	24,99%	-
Electra de Malvana, S.A.	-	7,99%	-
Energías Renovables de América, S.L.U.	-	50,00%	PFR Sole Administrator (ALGO PROYECTO, S.L.)
Energía Termosolar Enertol, S.L.	-	14,49%	-
Eólica Cabanillas, S.L.	-	24,99%	-
Eólica Caparrosó, S.L.	-	24,99%	-
Eólica del Ebro, S.A.U.	-	24,99%	-
Eólica Erla, S.L.	-	12,25%	-
Eólica La Bandera, S.L.	-	24,99%	-
Eólica La Cantera, S.L.	-	19,50%	-
Eólica La Foradada, S.L.	-	19,50%	-
Eólica Navarra, S.L.U.	-	24,99%	-
Eólica ValTomás, S.L.	-	19,50%	-
Generación Eólica Internacional, S.L.	-	24,99%	-
Grupo Empresarial Enhol, S.L.	-	24,99%	PFR Director (ALGO PROYECTO, S.L.)
Hydrico Proyectos y Servicios, S.L.	-	49,99%	Sole Administrator
Ingeniería, Energía y Medio Ambiente, S.L.	-	2,49%	-

Innovación Verde Inver, S.L.U.	-	24,99%	-
LDV Casares, S.L.	-	18,75%	-
LDV Cerro Cortijo de Guerra, S.L.U.	-	18,75%	-
LDV Cortijo de Guerra, S.L.	-	18,75%	-
LDV Sierra de Arcas, S.L.	-	16,49%	Director
Recursos Eólicos de Aragón, S.L.	-	11,99%	Director
Sistemas Energéticos Boyal, S.L.	-	10,00%	-
Sistemas Energéticos La Jimena, S.A.	-	24,99%	-
Sistemas Energéticos Moncayo, S.A.	-	6,25%	-
Sistemas Energéticos Torralba, S.A.	-	9,99%	-
Syntetic Gas, S.L.	-	12,50%	Chairman of the Board of Directors
Wind Engineering, S.L.	-	8,50%	-
Compañía Eólica Casas, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica de Tamaulipas, S.A. de C.V.	-	18,75%	Chairman of the Board of Directors
Compañía Eoloeléctrica de Ciudad Victoria, S.A. de C.V.	-	24,99%	Chairman of the Board of Directors
Compañía Eoloeléctrica de Matamoros, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica El Amparo, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica El Cielo, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica El Palmar, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica La Esperanza, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica La Mesa, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica Ocelote, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica Praxedis, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica Reynosa, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica Río Bravo, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica San Andrés, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica Tres Huastecas, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica Vicente Guerrero, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Compañía Eólica Viento Libre, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Energías Renovables del Golfo, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Promotora Eólica México, S.A. de C.V.	-	17,49%	Chairman of the Board of Directors
Promotora y Desarrolladora del Istmo, S.A. de C.V.	-	13,12%	Chairman of the Board of Directors
Proyecto Energético Caborca, S.A. de C.V.	-	17,49%	Chairman of the Board of Directors
Grupo Energía México Gemex, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Servicios y Desarrollos Energéticos, S.A. de C.V.	-	25,00%	Chairman of the Board of Directors
Energía Renovable del Centro, S.A.	-	23,72%	-
Energía Renovable del Sur, S.A.	-	23,75%	-
Energía Renovable La Joya, S.A.	-	23,72%	-
Energía Renovable La Niña, S.A.	-	23,72%	-
Perú Energía Renovable, S.A.	-	23,74%	-
Generacja Wiatrowa Polska Sp. Z o.o.	-	24,99%	-
S.C. Carpatia Energia Eolica S.R.L.	-	24,99%	-
Energia Capidava S.R.L.	-	24,99%	-
Energia Ivanu S.R.L.	-	24,99%	-
Energia Yalahia S.R.L.	-	24,99%	-

SC Generacion Eolica Dacia S.R.L.	-	24,99%	-
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Board Member: Eolica Navarra, S.L. Unipersonal		Related party: Ernesto Oliver Gómez (Brother of Person with power of attorney)	
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Eolica Bulgaria EAD	-	24,99%	Chairman of the Board of Directors
Eolica Suvorovo AD	-	24,99%	Chairman of the Board of Directors
Inver Bulgaria EOOD	-	24,99%	-
Aguas Vivas Allipén Tacura, S.A.	-	24,99%	-
Energía Renovable del Bío Bío, S.A.	-	24,99%	-
Eólica Camarico, S.A.	-	24,99%	-
Inversiones Krokis SpA	-	24,99%	-
Biomasa de Cultivos Culbi, S.L.U.	-	24,99%	-
Electra de Malvana, S.A.	-	7,99%	-
Energía Termosolar Enertol, S.L.	-	14,49%	-
Eólica Cabanillas, S.L.	-	24,99%	-
Eólica Caparrosos, S.L.	-	24,99%	-
Eólica del Ebro, S.A.U.	-	24,99%	-
Eólica Erla, S.L.	-	12,25%	-
Eólica La Bandera, S.L.	-	24,99%	-
Eólica La Cantera, S.L.	-	19,50%	-
Eólica La Foradada, S.L.	-	19,50%	-
Eólica Navarra, S.L.U.	-	24,99%	-
Eólica ValTomás, S.L.	-	19,50%	-
Generación Eólica Internacional, S.L.	-	24,99%	PFR Sole Administrator (DINAL INNOVACIONES, S.L.)
Grupo Empresarial Enhol, S.L.	-	24,99%	PFR Director (DINAL INNOVACIONES, S.L.)
Ingeniería, Energía y Medio Ambiente, S.L.	-	2,49%	-
Innovación Verde Inver, S.L.U.	-	24,99%	-
LDV Casares, S.L.	-	18,75%	-
LDV Cerro Cortijo de Guerra, S.L.U.	-	18,75%	-
LDV Cortijo de Guerra, S.L.	-	18,75%	-
LDV Sierra de Arcas, S.L.	-	16,49%	Director
Recursos Eólicos de Aragón, S.L.	-	11,99%	Chairman of the Board of Directors
Sistemas Energéticos Boyal, S.L.	-	10,00%	-
Sistemas Energéticos La Jimena, S.A.	-	24,99%	-
Sistemas Energéticos Moncayo, S.A.	-	6,25%	-
Sistemas Energéticos Torralba, S.A.	-	9,99%	-
Syntetic Gas, S.L.	-	12,50%	-
Wind Engineering, S.L.	-	8,50%	-
Energía Renovable del Centro, S.A.	-	23,72%	-
Energía Renovable del Sur, S.A.	-	23,72%	-
Energía Renovable La Joya, S.A.	-	23,72%	-
Energía Renovable La Niña, S.A.	-	23,72%	-
Perú Energía Renovable, S.A.	-	23,74%	-
Eolica Polska Sp. Z o.o.	-	24,99%	-

Generacja Wiatrowa Polska Sp. Z o.o.	-	24,99%	-
S.C. Carpatia Energia Eolica S.R.L.	-	24,99%	-
Energia Capidava S.R.L.	-	24,99%	-
Energia Ivanu S.R.L.	-	24,99%	-
Energia Yalahia S.R.L.	-	24,99%	-
SC Generacion Eolica Dacia S.R.L.	-	24,99%	-

Board Member: Eolica Navarra, S.L. Unipersonal		Related party: Antonio Jesús Oliver Gómez (Brother of Person with power of attorney and Representative)	
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Eolica Black Sea OOD	-	24,99%	Sole Administrator
Eolica Bulgaria EAD	-	24,99%	Chief Executive Officer
Eolica Danubio OOD	-	24,99%	Sole Administrator
Eolica Suvorovo AD	-	24,99%	Chief Executive Officer
Inver Bulgaria EOOD	-	24,99%	Sole Administrator
Agua Vivas Allipén Tacura, S.A.	-	24,99%	-
Energía Renovable del Bio Bio, S.A.	-	24,99%	-
Eólica Camarico, S.A.	-	24,99%	-
Inversiones Krokis SpA	-	24,99%	PFR. Joint Administrator (INNOVACIONES FAOLSAN, S.L.)
Biomasa de Cultivos Culbi, S.L.U.	-	24,99%	PFR. Joint Administrator (INNOVACIONES FAOLSAN, S.L.)
Electra de Malvana, S.A.	-	7,99%	PFR. Director (INNOVACIONES FAOLSAN, S.L.)
Energía Termosolar Enertol, S.L.	-	14,49%	Chairman of the Board of Directors
Eólica Cabanillas, S.L.	-	24,99%	PFR. Joint Administrator (INNOVACIONES FAOLSAN, S.L.)
Eólica Caparrosó, S.L.	-	24,99%	PFR. Joint Administrator (INNOVACIONES FAOLSAN, S.L.)
Eólica del Ebro, S.A.U.	-	24,99%	PFR. Joint Administrator (INNOVACIONES FAOLSAN, S.L.)
Eólica Erla, S.L.	-	12,25%	Joint Administrator
Eólica La Bandera, S.L.	-	24,99%	PFR. Joint Administrator (INNOVACIONES FAOLSAN, S.L.)
Eólica La Cantera, S.L.	-	19,50%	-
Eólica La Foradada, S.L.	-	19,50%	-
Eólica Navarra, S.L.U.	-	24,99%	PFR. Joint Administrator (INNOVACIONES FAOLSAN, S.L.)
Eólica ValTomás, S.L.	-	19,50%	-
Generación Eólica Internacional, S.L.	-	24,99%	-
Grupo Empresarial Enhol, S.L.	-	24,99%	PFR. Chief Executive Officer (INNOVACIONES FAOLSAN, S.L.)
Ingeniería, Energía y Medio Ambiente, S.L.	-	2,49%	-
Innovación Verde Inver, S.L.U.	-	24,99%	PFR. Joint Administrator (INNOVACIONES FAOLSAN, S.L.)
LDV Casares, S.L.	-	18,75%	PFR. Secretary of the Board (INNOVACIONES FAOLSAN, S.L.)
LDV Cerro Cortijo de Guerra, S.L.U.	-	18,75%	PFR. Secretary of the Board (INNOVACIONES FAOLSAN, S.L.)
LDV Cortijo de Guerra, S.L.	-	18,75%	PFR. Chairman of the Board of Directors (INNOVACIONES FAOLSAN, S.L.)
LDV Sierra de Arcas, S.L.	-	16,49%	Secretary of the Board of Directors
Recursos Eólicos de Aragón, S.L.	-	11,99%	-
Sistemas Energéticos Boyal, S.L.	-	10,00%	Director
Sistemas Energéticos La Jimena, S.A.	-	24,99%	PFR. Director (INNOVACIONES FAOLSAN, S.L.)

Sistemas Energéticos Moncayo, S.A.	-	6,25%	-
Sistemas Energéticos Torralba, S.A.	-	9,99%	PFR. Chairman of the Board of Directors (INNOVACIONES FAOLSAN, S.L.)
Syntetic Gas, S.L.	-	12,50%	-
Wind Engineering, S.L.	-	8,50%	-
Energía Renovable del Centro, S.A.	-	23,72%	Chairman of the Board of Directors
Energía Renovable del Sur, S.A.	-	23,74%	Director
Energía Renovable La Joya, S.A.	-	23,72%	Chairman of the Board of Directors
Energía Renovable La Niña, S.A.	-	23,72%	Chairman of the Board of Directors
Perú Energía Renovable,S.A.	-	23,74%	Director
Generacja Wiatrowa Polska Sp. Z o.o.	-	24,99%	Sole Administrator
S.C. Carpatia Energia Eolica S.R.L.	-	24,99%	Joint Administrator
Energia Capidava S.R.L.	-	24,99%	Sole Administrator
Energia Ivanu S.R.L.	-	24,99%	Sole Administrator
Energia Yalahia S.R.L.	-	24,99%	Sole Administrator
SC Generacion Eolica Dacia S.R.L.	-	24,99%	Sole Administrator

Board Member: Eolica Navarra, S.L. Unipersonal		Related party: Mariano Oliver Gómez (Brother of Person with power of attorney and Representative)	
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Eolica Bulgaria EAD	-	24,99%	-
Eolica Suvorovo AD	-	24,99%	-
Inver Bulgaria EOOD	-	24,99%	-
Aguas Vivas Allipén Tacura, S.A.	-	24,99%	-
Energía Renovable del Bío Bío, S.A.	-	24,99%	PFR Joint Administrator (MEGANIUM INVERSIONES, S.L.)
Eólica Camarico, S.A.	-	24,99%	-
Inversiones Krokis SpA	-	24,99%	PFR Joint Administrator (MEGANIUM INVERSIONES, S.L.)
Biomasa de Cultivos Culbi, S.L.U.	-	24,99%	PFR Joint Administrator (MEGANIUM INVERSIONES, S.L.)
Electra de Malvana, S.A.	-	7,99%	PFR Director (MEGANIUM INVERSIONES, S.L.)
Energías Renovables de América, S.L.U.	-	50,00%	-
Energía Termosolar Enertol, S.L.	-	14,49%	Director
Eólica Cabanillas, S.L.	-	24,99%	PFR Joint Administrator (MEGANIUM INVERSIONES, S.L.)
Eólica Caparrosó, S.L.	-	24,99%	PFR Joint Administrator (MEGANIUM INVERSIONES, S.L.)
Eólica del Ebro, S.A.U.	-	24,99%	PFR Joint Administrator (MEGANIUM INVERSIONES, S.L.)
Eólica Erla, S.L.	-	12,25%	Joint Administrator
Eólica La Bandera, S.L.	-	24,99%	PFR Joint Administrator (MEGANIUM INVERSIONES, S.L.)
Eólica La Cantera, S.L.	-	19,50%	-
Eólica La Foradada, S.L.	-	19,50%	-
Eólica Navarra, S.L.U.	-	24,99%	PFR Joint Administrator (MEGANIUM INVERSIONES, S.L.)
Eólica ValTomás, S.L.	-	19,50%	-
Generación Eólica Internacional, S.L.	-	24,99%	-
Grupo Empresarial Enhól, S.L.	-	24,99%	PFR Joint Chief Executive Officer (MEGANIUM INVERSIONES, S.L.)
Hydrico Proyectos y Servicios, S.L.	-	49,99%	-

Ingeniería, Energía y Medio Ambiente, S.L.	-	2,49%	Joint Administrator
Innovación Verde Inver, S.L.U.	-	24,99%	PFR Joint Administrator (MEGANIUM INVERSIONES, S.L.)
LDV Casares, S.L.	-	18,75%	PFR Chairman of the Board of Directors (MEGANIUM INVERSIONES, S.L.)
LDV Cerro Cortijo de Guerra, S.L.U.	-	18,75%	PFR Chairman of the Board of Directors (MEGANIUM INVERSIONES, S.L.)
LDV Cortijo de Guerra, S.L.	-	18,75%	PFR Director (MEGANIUM INVERSIONES, S.L.)
LDV Sierra de Arcas, S.L.	-	16,49%	Chairman of the Board of Directors
Recursos Eólicos de Aragón, S.L.	-	2,49%	-
Sanjol Inversiones, S.L.	-	24,99%	-
Sistemas Energéticos Boyal, S.L.	-	10,00%	Director
Sistemas Energéticos La Jimena, S.A.	-	24,99%	PFR Director (MEGANIUM INVERSIONES, S.L.)
Sistemas Energéticos Moncayo, S.A.	-	6,25%	PFR Chairman of the Board of Directors (MEGANIUM INVERSIONES, S.L.)
Sistemas Energéticos Torralba, S.A.	-	9,99%	-
Syntetic Gas, S.L.	-	12,50%	-
Wind Engineering, S.L.	-	8,50%	Director
Compañía Eólica Casas, S.A. de C.V.	-	25,00%	Director
Compañía Eólica de Tamaulipas, S.A. de C.V.	-	18,75%	-
Compañía Eoloeléctrica de Ciudad Victoria, S.A. de C.V.	-	24,99%	Director
Compañía Eoloeléctrica de Matamoros, S.A. de C.V.	-	25,00%	Director
Compañía Eólica El Amparo, S.A. de C.V.	-	25,00%	Director
Compañía Eólica El Cielo, S.A. de C.V.	-	25,00%	Director
Compañía Eólica El Palmar, S.A. de C.V.	-	25,00%	Director
Compañía Eólica La Esperanza, S.A. de C.V.	-	25,00%	Director
Compañía Eólica La Mesa, S.A. de C.V.	-	25,00%	Director
Compañía Eólica Ocelote, S.A. de C.V.	-	25,00%	Director
Compañía Eólica Praxedis, S.A. de C.V.	-	25,00%	Director
Compañía Eólica Reynosa, S.A. de C.V.	-	25,00%	Director
Compañía Eólica Río Bravo, S.A. de C.V.	-	25,00%	Director
Compañía Eólica San Andrés, S.A. de C.V.	-	25,00%	Director
Compañía Eólica Tres Huastecas, S.A. de C.V.	-	25,00%	Director
Compañía Eólica Vicente Guerrero, S.A. de C.V.	-	25,00%	Director
Compañía Eólica Viento Libre, S.A. de C.V.	-	25,00%	Director
Energías Renovables del Golfo, S.A. de C.V.	-	25,00%	Director
Promotora Eólica México, S.A. de C.V.	-	17,49%	Director
Promotora y Desarrolladora del Istmo, S.A. de C.V.	-	13,12%	Director
Proyecto Energético Caborca, S.A. de C.V.	-	17,49%	Director
Grupo Energía México Gemex, S.A. de C.V.	-	25,00%	Director
Servicios y Desarrollos Energéticos, S.A. de C.V.	-	25,00%	Director
Energía Renovable del Centro, S.A.	-	23,72%	Director
Energía Renovable del Sur, S.A.	-	23,74%	Chairman of the Board of Directors
Energía Renovable La Joya, S.A.	-	23,72%	Director
Energía Renovable La Niña, S.A.	-	23,72%	Director
Perú Energía Renovable, S.A.	-	23,74%	Chairman of the Board of Directors

Generacja Wiatrowa Polska Sp. Z o.o.	-	24,99%	-
S.C. Carpatia Energia Eolica S.R.L.	-	24,99%	Joint Administrator
Energia Capidava S.R.L.	-	24,99%	-
Energia Ivanu S.R.L.	-	24,99%	-
Energia Yalahia S.R.L.	-	24,99%	-
SC Generacion Eolica Dacia S.R.L.	-	24,99%	-

Board Member: Eolica Navarra, S.L. Unipersonal	Related party: Álvaro Oliver Amatriain (Son of Person with power of attorney)		
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Eolica Bulgaria EAD	-	<0,01%	-
Eolica Suvorovo AD	-	<0,01%	-
Inver Bulgaria EOOD	-	<0,01%	-
Aguas Vivas Allipén Tacura, S.A.	-	<0,01%	-
Energía Renovable del Bío Bío, S.A.	-	<0,01%	-
Enhol Chile SpA	-	<0,01%	-
Eólica Camarico, S.A.	-	<0,01%	-
Inversiones Krokis SpA	-	<0,01%	-
Biomasa de Cultivos Culbi, S.L.U.	-	<0,01%	-
Electra de Malvana, S.A.	-	<0,01%	-
Energías Renovables de América, S.L.U.	-	<0,01%	-
Energía Termosolar Enertol, S.L.	-	<0,01%	-
Eólica Cabanillas, S.L.	-	<0,01%	-
Eólica Caparroso, S.L.	-	<0,01%	-
Eólica del Ebro, S.A.U.	-	<0,01%	-
Eólica Erla, S.L.	-	<0,01%	-
Eólica La Bandera, S.L.	-	<0,01%	-
Eólica La Cantera, S.L.	-	<0,01%	-
Eólica La Foradada, S.L.	-	<0,01%	-
Eólica Navarra, S.L.U.	-	<0,01%	-
Eólica ValTomás, S.L.	-	<0,01%	-
Generación Eólica Internacional, S.L.	-	<0,01%	-
Grupo Empresarial Enhol, S.L.	-	<0,01%	-
Hydrico Proyectos y Servicios, S.L.	-	<0,01%	-
Ingeniería, Energía y Medio Ambiente, S.L.	-	<0,01%	-
Innovación Verde Inver, S.L.U.	-	<0,01%	-
LDV Casares, S.L.	-	<0,01%	-
LDV Cerro Cortijo de Guerra, S.L.U.	-	<0,01%	-
LDV Cortijo de Guerra, S.L.	-	<0,01%	-
LDV Sierra de Arcas, S.L.	-	<0,01%	-
Recursos Eólicos de Aragón, S.L.	-	<0,01%	-
Sistemas Energéticos Boyal, S.L.	-	<0,01%	-
Sistemas Energéticos La Jimena, S.A.	-	<0,01%	-
Sistemas Energéticos Moncayo, S.A.	-	<0,01%	-
Sistemas Energéticos Torralba, S.A.	-	<0,01%	-

Syntetic Gas, S.L.	-	<0,01%	-
Wind Engineering, S.L.	-	<0,01%	-
Compañía Eólica Casas, S.A. de C.V.	-	<0,01%	-
Compañía Eólica de Tamaulipas, S.A. de C.V.	-	<0,01%	-
Compañía Eoloeléctrica de Ciudad Victoria, S.A. de C.V.	-	<0,01%	-
Compañía Eoloeléctrica de Matamoros, S.A. de C.V.	-	<0,01%	-
Compañía Eólica El Amparo, S.A. de C.V.	-	<0,01%	-
Compañía Eólica El Cielo, S.A. de C.V.	-	<0,01%	-
Compañía Eólica El Palmar, S.A. de C.V.	-	<0,01%	-
Compañía Eólica La Esperanza, S.A. de C.V.	-	<0,01%	-
Compañía Eólica La Mesa, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Ocelote, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Praxedis, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Reynosa, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Río Bravo, S.A. de C.V.	-	<0,01%	-
Compañía Eólica San Andrés, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Tres Huastecas, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Vicente Guerrero, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Viento Libre, S.A. de C.V.	-	<0,01%	-
Energías Renovables del Golfo, S.A. de C.V.	-	<0,01%	-
Promotora Eólica México, S.A. de C.V.	-	<0,01%	Director
Promotora y Desarrolladora del Istmo, S.A. de C.V.	-	<0,01%	-
Proyecto Energético Caborca, S.A. de C.V.	-	<0,01%	Director
Grupo Energía México Gemex, S.A. de C.V.	-	<0,01%	-
Servicios y Desarrollos Energéticos, S.A. de C.V.	-	<0,01%	-
Energía Renovable del Centro, S.A.	-	<0,01%	-
Energía Renovable del Sur, S.A.	-	<0,01%	-
Energía Renovable La Joya, S.A.	-	<0,01%	-
Energía Renovable La Niña, S.A.	-	<0,01%	-
Perú Energía Renovable, S.A.	-	<0,01%	-
Generacja Wiatrowa Polska Sp. Z o.o.	-	<0,01%	-
S.C. Carpatia Energia Eolica S.R.L.	-	<0,01%	-
Energia Capidava S.R.L.	-	<0,01%	-
Energia Ivanu S.R.L.	-	<0,01%	-
Energia Yalahia S.R.L.	-	<0,01%	-
SC Generacion Eolica Dacia S.R.L.	-	<0,01%	-

Board Member: Eolica Navarra, S.L. Unipersonal	Related party: Gonzalo Oliver Amatriain (Son of Person with power of attorney)		
Investee company	Direct Shareholding	Indirect Shareholding	Functions
Eolica Bulgaria EAD	-	<0,01%	-
Eolica Suworovo AD	-	<0,01%	-
Inver Bulgaria EOOD	-	<0,01%	-
Aguas Vivas Allipén Tacura, S.A.	-	<0,01%	-
Energía Renovable del Bío Bío, S.A.	-	<0,01%	-

Enhol Chile SpA	-	<0,01%	-
Eólica Camarico, S.A.	-	<0,01%	-
Inversiones Krokis SpA	-	<0,01%	-
Biomasa de Cultivos Culbi, S.L.U.	-	<0,01%	-
Electra de Malvana, S.A.	-	<0,01%	-
Energías Renovables de América, S.L.U.	-	<0,01%	-
Energía Termosolar Enertol, S.L.	-	<0,01%	-
Eólica Cabanillas, S.L.	-	<0,01%	-
Eólica Caparroso, S.L.	-	<0,01%	-
Eólica del Ebro, S.A.U.	-	<0,01%	-
Eólica Erla, S.L.	-	<0,01%	-
Eólica La Bandera, S.L.	-	<0,01%	-
Eólica La Cantera, S.L.	-	<0,01%	-
Eólica La Foradada, S.L.	-	<0,01%	-
Eólica Navarra, S.L.U.	-	<0,01%	-
Eólica ValTomás, S.L.	-	<0,01%	-
Generación Eólica Internacional, S.L.	-	<0,01%	-
Grupo Empresarial Enhol, S.L.	-	<0,01%	Chairman of the Board of Directors
Hydrico Proyectos y Servicios, S.L.	-	<0,01%	-
Ingeniería, Energía y Medio Ambiente, S.L.	-	<0,01%	-
Innovación Verde Inver, S.L.U.	-	<0,01%	-
LDV Casares, S.L.	-	<0,01%	Director
LDV Cerro Cortijo de Guerra, S.L.U.	-	<0,01%	Director
LDV Cortijo de Guerra, S.L.	-	<0,01%	-
LDV Sierra de Arcas, S.L.	-	<0,01%	-
Recursos Eólicos de Aragón, S.L.	-	<0,01%	-
Sistemas Energéticos Boyal, S.L.	-	<0,01%	-
Sistemas Energéticos La Jimena, S.A.	-	<0,01%	-
Sistemas Energéticos Moncayo, S.A.	-	<0,01%	-
Sistemas Energéticos Torralba, S.A.	-	<0,01%	-
Syntetic Gas, S.L.	-	<0,01%	Director
Wind Engineering, S.L.	-	<0,01%	Chairman of the Board of Directors
Compañía Eólica Casas, S.A. de C.V.	-	<0,01%	-
Compañía Eólica de Tamaulipas, S.A. de C.V.	-	<0,01%	-
Compañía Eoloeléctrica de Ciudad Victoria, S.A. de C.V.	-	<0,01%	-
Compañía Eoloeléctrica de Matamoros, S.A. de C.V.	-	<0,01%	-
Compañía Eólica El Amparo, S.A. de C.V.	-	<0,01%	-
Compañía Eólica El Cielo, S.A. de C.V.	-	<0,01%	-
Compañía Eólica El Palmar, S.A. de C.V.	-	<0,01%	-
Compañía Eólica La Esperanza, S.A. de C.V.	-	<0,01%	-
Compañía Eólica La Mesa, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Ocelote, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Praxedis, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Reynosa, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Río Bravo, S.A. de C.V.	-	<0,01%	-

Compañía Eólica San Andrés, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Tres Huastecas, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Vicente Guerrero, S.A. de C.V.	-	<0,01%	-
Compañía Eólica Viento Libre, S.A. de C.V.	-	<0,01%	-
Energías Renovables del Golfo, S.A. de C.V.	-	<0,01%	-
Promotora Eólica México, S.A. de C.V.	-	<0,01%	Director
Promotora y Desarrolladora del Istmo, S.A. de C.V.	-	<0,01%	-
Proyecto Energético Caborca, S.A. de C.V.	-	<0,01%	Director
Grupo Energía México Gemex, S.A. de C.V.	-	<0,01%	-
Servicios y Desarrollos Energéticos, S.A. de C.V.	-	<0,01%	-
Energía Renovable del Centro, S.A.	-	<0,01%	-
Energía Renovable del Sur, S.A.	-	<0,01%	-
Energía Renovable La Joya, S.A.	-	<0,01%	-
Energía Renovable La Niña, S.A.	-	<0,01%	-
Perú Energía Renovable,S.A.	-	<0,01%	-
Generacja Wiatrowa Polska Sp. Z o.o.	-	<0,01%	-
S.C. Carpatia Energia Eolica S.R.L.	-	<0,01%	-
Energia Capidava S.R.L.	-	<0,01%	-
Energia Ivanu S.R.L.	-	<0,01%	-
Energia Yalahia S.R.L.	-	<0,01%	-
SC Generacion Eolica Dacia S.R.L.	-	<0,01%	-

FERSA ENERGÍAS RENOVABLES GROUP

CONSOLIDATED DIRECTORS' REPORT AS OF 31 DECEMBER 2016

1. SIGNIFICANT EVENTS

On 19 May 2016 Audax Energía, S.A. made a bid to purchase 100% of shares of Fersa Energías Renovables, S.A. at the price of fifty cent euro (EUR 0.50) per share; the offer was definitively authorized on 15 July 2016.

On 8 August 2016 the Spanish National Securities Market Commission (CNMV) announced that the offer to purchase of shares of Fersa Energías Renovables, S.A. made by Audax Energía, S.A. had been accepted by the shareholders representing 70.86% of the company's share capital.

On 16 August 2016, new inside directors were appointed by co-option and Ms Naiara Bueno Aybar was appointed as Secretary of the Board, and Mr José Elías Navarro was appointed as the new Chairman of the Board of Fersa.

On 25 October 2016, were accepted letters of resignation as members of the Board of Directors of Fersa (and, consequently, as members of its delegated committees), from Mr Guillermo Mora Griso, external director, and Mr Esteban Sarroca Punsola and Mr Ignacio Garcia-Nieto Portabella, independent directors.

On 14 November 2016 Mr Josep Maria Echarri Torres was appointed as an independent director; and the composition of the Executive Committee, Audit Committee and the Appointments and Remunerations Committee was announced.

Fersa ended the year 2016 with the loss of EUR 31.6 million, mainly as a result of registering an impairment provision related to the Postolin wind farm in Poland and due to amendments to the laws regulating the sector in this country. The plummeting prices of Green Certificates and the new tax laws prompted the Company to register impairment of its assets in Poland in the total gross amount of EUR 30.4 million.

2. OPERATING INFORMATION

The installed capacity of the Fersa Group as of 31 December 2016 achieves 185 MW.

The annual production of the Fersa Group has amounted to 389,4 GWh which implies 25% increase against the same period last year (311,7 GWh), due mainly to the contribution in this year by Postolin. The wind farms in Spain have produced more than the previous year, and the wind farm in France have produced 13% less.

3. MAIN FINANCIAL HEADLINES

Net turnover has amounted to EUR 30,168 thousand which implies an increase of 6% in comparison to the year 2015 (EUR 28,477 thousand), due mainly to:

- The contribution made this year by the wind farm Postolin (in Poland) in the amount of EUR 797 thousand.
- The adjustment registered according to article 22 of the Royal Decree 413/2014, of 6 June, which states that in case of a difference between estimated market price and final actual price in the first regulatory half-term a mechanism adjusting special remuneration is implemented, and consequently a right originated to receive the amount of EUR 1,575 thousand to recover during the regulatory useful life of the wind farms.
- 5% higher production measured in GWh, chiefly thanks to higher wind resources in

comparison to the same period in the previous year in wind farms in Spain.

- By contrast, lower commodity price for energy on the Spanish market (POOL) in this year, an average of 21% below the price from the previous year, resulted in a drop of EUR 3,243 thousand for the estimated turnover in Spain alone.

Variations in the 'Other income' account are a result of the subsidy given to the Postolin wind farm being registered in the profit/(loss) account, and as a result of compensations received for insurance cases which occurred during the year.

Operating expenses and amortisation, depreciation and impairment have increased in comparison to the previous year, as a consequence of the launching of the wind farm in Poland and registering the expenses related to the acquisition bid made by Audax.

Due to the amendments made to the regulatory framework of renewable energy sector in Poland during the year, the Company registered an impairment provision related mainly to the Postolin wind farm in Poland. The plummeting prices of Certificates of Origin and, among others, the new local real property tax laws prompted the Company to register a gross impairment of the Postolin assets of by EUR 30,389 thousand.

Fersa ends the year 2016 with a loss attributable to the Parent Company of EUR 31,608 thousand, mainly as a consequence of the impairment provision related to Poland.

The results of sale of the companies in India and of the Montenegro project in 2015, are reflected in the lower part of the Income statement in the account Net profit (loss) on discontinued operations.

The average payment period to the suppliers of the Group's companies in Spain is of 70.98 days (see Note 17). This period exceeds the limit of 60 days established by the regulations on late payment (Law 11/2013), the increase is fundamentally due to the existence of certain agreements with the suppliers related to the costs of the acquisition offer, which prolong the maturity period (Note 13).

4. MAIN RISKS RELATED 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.

This year the Group has signed with Axpo Iberia, S.L. and Generación Iberia, S.L. some hedges for market price (POOL) hedging a not significant part of the production for this period.

It should be noted 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.

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

5. 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.

During 2016 and in relation to the facilities that are in operation, the Group has incurred environmental expenditure of EUR 116 thousand, basically for wildlife conservation (EUR 111 thousand in 2015).

6. STAFF

As of 31 December 2016, the number of employees of the Group is 12.

7. TREASURY SHARES

As of 31 December 2016 the Parent Company does not have treasury shares.

8. RESEARCH AND DEVELOPMENT EXPENSES

The Group has not incurred any expenses of this type during the current year 2016.

9. SUBSEQUENT EVENTS

See Note 29.

10. CORPORATE GOVERNANCE REPORT

APPENDIX I

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

PARTICULARS OF ISSUER

ENDING DATE OF FINANCIAL YEAR	31/12/2016
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Tax identification nº:	A-62338827
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REGISTERED NAME
FERSA ENERGIAS RENOVABLES, S.A.

REGISTERED ADDRESS
AVENIDA NAVARRA 14, 08911 BADALONA (BARCELONA)

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

A OWNERSHIP STRUCTURE

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

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
30/06/2015	98,002,644.60	140,003,778	140,003,778

Indicate whether or not there are different classes of shares with different associated rights:

Yes No

A.2 Provide details of the direct and indirect holders of significant shareholdings in the company at the year end, excluding directors:

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
Ms LILIANA GODIA GUARDIOLA	0	4,183,964	2.99%
AUDAX ENERGÍA, S.A.	99,211,899	0	70.86%

Name or company name of indirect shareholder	Through: name or company name of direct shareholder	Number of voting rights
Ms LILIANA GODIA GUARDIOLA	BCN GODIA, S.L.	4,183,964

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

Name or company name of shareholder	Transaction date	Description of the transaction
AUDAX ENERGÍA, S.A.	12/08/2016	Exceeded 70% of the share capital

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 FRANCISCO JOSÉ ELÍAS NAVARRO	0	99,211,899	70.86%

Name or company name of indirect shareholder	Through: name or company name of direct shareholder	Number of voting rights
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	AUDAX ENERGÍA, S.A.	99,211,899

Total % of voting rights held by the Board of Directors	70.86%
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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 relationships between the owners of significant shareholdings, which are known by the company, unless they are irrelevant or arise from normal business activities:

A.5 Indicate, where applicable, the commercial, contractual or corporate relations between the holders of significant shareholdings and the company and/or its group, unless they are irrelevant or arise from normal business 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 articles 530 and 531 of the Corporate Enterprises Act. Where applicable, give a brief description and list the shareholders associated with the agreement:

Yes No

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

Yes No

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

NOT APPLICABLE

A.7 Indicate whether 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:

Yes No

Name or company name

AUDAX ENERGÍA, S.A.

Comments

Audax Energía, S.A. holds 70.86% of the voting rights in Fersa Energías Renovables, S.A. and Mr Francisco José Elías Navarro holds, through Excelsior Times, S.L.U., 100% of share capital of Audax Energía, S.A.

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
0	0	0,00%

(*) Through:

Provide details of the significant changes occurred during the year pursuant to Royal Decree 1362/2007:

Describe significant changes

NOT APPLICABLE

A.9 Give details of the terms and conditions corresponding to the general meeting of shareholders' current mandate to the board of directors for issuing, acquiring or assigning own shares.

On 30 June 2011, the Ordinary General Meeting of Shareholders of FERSA ENERGÍAS RENOVABLES, S.A. adopted the resolution set out below:

"To void the authorisation given to the Board of Directors for the derivative acquisition of treasury shares adopted under Resolution Sixth of the Ordinary General Meeting of Shareholders of 23 June 2010.

To authorise the Board of Directors so that, under the provisions of articles 146 et seq. and 509 of the revised text of the Spanish Corporate Enterprises Act, and other applicable legislation, it can directly or indirectly, and to the extent it deems necessary depending on the circumstances, acquire treasury shares.

At no time can the par value of the shares acquired directly or indirectly, once added to those already held by the Company and its subsidiaries exceed ten percent (10%) of subscribed share capital or the maximum amount that is established by law. The types of acquisition may comprise purchase and sale, swaps or any other type of business for valuable consideration, in accordance with the circumstances.

This authorisation is granted for a period of 5 years.

The authorisation granted to acquire treasury shares can be used fully or partially for their delivery or transfer to Directors or workers of the Company or Group companies, directly or as a result of their exercising of the option rights, as part of the remunerative systems indexed to the quotation of the Company's shares adopted in due form.

Finally, the Board of Directors is authorised to expressly delegate to the members of the Board deemed purposeful, including the Secretary of the Board, powers as broad as required in order to request any authorisations and adopt any resolutions necessary or useful in relation to compliance with current legislation, the execution and undertaking of the resolution."

This resolution expired on 30 June 2016.

A.9.bis Estimated public float:

	%
Estimated public float	29.14

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.

Yes No

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

Yes No

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

A.12 Indicate whether the company has issued securities that are not traded in a community regulated market.

Yes No

If applicable, indicate the different types of shares and, for each type of shares, the rights and obligations it confers.

B GENERAL MEETING

B.1 Indicate and, if applicable, explain whether there are differences with the minimum provisions of the Corporate Enterprises Act (LSC) and the quorum for constituting the general meeting of shareholders.

Yes

No

B.2 Indicate and, where applicable, give details of whether or not there are differences between the system laid down in the Corporate Enterprises Act (LSC) and the system for adopting corporate agreements:

Yes

No

Describe how the system differs from that of the LSC.

B.3 Indicate the rules applicable to the modification of the articles of association of the company. Particularly, the scheduled majorities for the modification of the articles of association, as well as, if applicable, the scheduled rules for the protection of the shareholders' rights in the modification of the articles of association will be stated.

In this respect, article 14, second paragraph, of the Articles of Association establishes the following:

«In order for the Board to validly agree on a capital increase or reduction and any other modification of the Articles of Association, it will be needed, in a first call, the attendance of shareholders present or represented that hold, at least, 50% of the subscribed capital with voting rights. In a second call it will be enough with the attendance of a 25% of the subscribed capital. When the audience reaches at least 50% of the subscribed capital with voting rights, the agreements will only be adopted if 2/3 of the capital present or represented in the Board votes in favour.»

In the cases not foreseen in the previous article, the corresponding agreement will be adopted by ordinary majority of the votes of the present shareholders or represented, in accordance with article 201 of the Corporate Enterprises Act.

Furthermore, in compliance with that expected in article 286 of the Corporate Enterprises Act, the administrators or, if the case, the shareholders authors of the proposal of modification of the Articles of Association will have to fully write the text that they propose and a written report with the justification of such proposal.

Additionally, as article 287 of the Corporate Enterprises Act establishes, in the announcement of the General Meeting Call they will have to express the extremes due modifying with the appropriate clarity and state the right that corresponds to all the partners to examine in the registered address the full text of the proposal of modification and the related report, as well as to ask for the free delivery of these documents.

B.4 Indicate the attendance data of the general meetings held during the financial year to which this report refers and the ones on the previous year:

Date of General Meeting	Attendance data				Total
	% physical presence	% represented	% remote voting Electronic voting	Other	
30.06.2015	0.75%	53.28%	0.02%	0.00%	54.05%
28.06.2016	0.25%	48.26%	0.00%	0.00%	48.51%

B.5 Indicate whether or not there is a statutory restriction to the minimum number of shares required to attend the general meeting:

Yes

No

B.6 Section repealed.

B.7 Indicate the address and means of access to the company's website for corporate governance information and other information on general meetings that must be provided to the shareholders on the website of the company.

The address of the corporate website of the company is the following: <http://www.fersa.es/>

The information on the corporate governance is available on the section “Shareholders and Investors” and “Corporate Governance”.

The information on General Meetings that must be provided to the shareholders, as well as on the resolutions adopted in those meetings is available on:
<http://www.fersa.es/accionistas-e-inversores/el-rincon-del-accionista/junta-general-accionistas/>

C STRUCTURE OF THE MANAGEMENT OF THE COMPANY

C.1 Board of directors

C.1.1 Maximum and minimum number of directors set forth in the articles of association:

Maximum number of directors	12
Minimum number of directors	3

C.1.2 Complete the following table with the members of the board:

Name or company name of director	Representative	Category of director	Position on board	Date of first appointment	Date of last appointment	Election procedure
Mr FRANCISCO JOSÉ ELÍAS NAVARRO		Proprietary	CHAIRMAN	16/08/2016	16/08/2016	CO-OPTION
Mr EDUARD ROMEU BARCELÓ		Proprietary	DIRECTOR	16/08/2016	16/08/2016	CO-OPTION
Mr RAFAEL GARCÉS BERAMENDI		Proprietary	DIRECTOR	16/08/2016	16/08/2016	CO-OPTION
Mr EMILIO MORALEDA MARTÍNEZ		Proprietary	DIRECTOR	16/08/2016	16/08/2016	CO-OPTION
Mr RAMIRO MARTÍNEZ-PARDO DEL VALLE		Proprietary	DIRECTOR	16/08/2016	16/08/2016	CO-OPTION
Mr PEDRO LUIS FERNÁNDEZ PÉREZ		Independent	DIRECTOR	16/08/2016	14/11/2016	CO-OPTION
Mr JOSEP MARIA ECHARRI TORRES		Independent	DIRECTOR	14/11/2016	14/11/2016	CO-OPTION

Total number of Directors	7
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Indicate the resignations occurring in the board of directors during the period subject to information:

Name or company name of director	Category of director at the time of resignation	Date of resignation
Mr GUILLERMO MORA GRISO	Other External	25/10/2016
Mr ESTEBAN SARROCA PUNSOLA	Independent	25/10/2016
Mr IGNACIO GARCÍA-NIETO PORTABELLA	Independent	25/10/2016
MYTAROS B.V.	Proprietary	16/08/2016
Mr TOMÁS FELIU BASSOLS	Proprietary	16/08/2016
GRUPO CATALANA OCCIDENTE, S.A.	Proprietary	16/08/2016
LARFON S.A.U.	Proprietary	16/08/2016
GRUPO EMPRESARIAL ENHOL, S.L.	Proprietary	16/08/2016
EOLICA NAVARRA, S.L.U.	Proprietary	16/08/2016
COMSA EMTE ENERGÍAS RENOVABLES, S.L.	Proprietary	16/08/2016

C.1.3 Complete the following tables regarding the members of the board of directors and their different categories:

EXECUTIVE DIRECTORS

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of director	Name or company name of significant shareholder represented or who proposed appointment
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	AUDAX ENERGÍA, S.A.
Mr EDUARD ROMEU BARCELÓ	AUDAX ENERGÍA, S.A.
Mr RAFAEL GARCÉS BERAMENDI	AUDAX ENERGÍA, S.A.
Mr RAMIRO MARTÍNEZ-PARDO DEL VALLE	AUDAX ENERGÍA, S.A.
Mr EMILIO MORALEDA MARTÍNEZ	AUDAX ENERGÍA, S.A.

Total number of proprietary directors	5
% total of the Board	71.43%

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of Director:

Mr PEDRO LUIS FERNÁNDEZ PÉREZ

Profile:

Master of Law. MBA International, ESDEN. Master studies on Value Creation and Company Valuation, IESE.

Has developed his professional career in different industrial and services companies and is the founder of General de Alquiler de Maquinaria, S.A.

Member of the board of directors of several companies related to leisure, food and industry.

Name or company name of Director:

Mr JOSEP MARIA ECHARRI TORRES

Profile:

Master of Economics and of Actuarial and Financial Science, both by the University of Barcelona, and Master of Financial Management by ESADE.

Chief Financial Officer of Oryzon from 2003 to 2007, previously responsible for the first integral programme of creation of technology enterprises developed by a Spanish administrative authority.

At present is the Managing Director of Inveready Asset Management, S.G.E.I.C., S.A. and Chairman of Grupo Financiero Inveready, the founding partner of both companies and now their major shareholder. Participates as member of the management board of different companies, including Mas Móvil Ibercom, S.A., Agile Contents, S.A., Atrys Health, S.A. and Oryzon Genomics, S.A.

Member of the Instituto de Consejeros-Administradores (ICA), awarded the good corporate governance diploma for professional managers.

From his position in Inveready he has actively participated in dozens of corporate transactions (sale of PasswordBank Technologies, S.L. to Symantec, sale of Indisys, S.L. to Intel or acquisitions and financing of Pepephone or Yoigo by Mas Móvil Ibercom, S.A.).

Total number of independent directors	2
% total of the board	28.57%

Indicate whether any independent director receives from the company, or from its group, any amount or profit for a different concept than the remuneration of director, or maintains or has maintained, during the last year, a business relationship with the company or with any company of its group, whether using its own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such relationship.

NOT APPLICABLE.

If applicable, a motivated declaration of the board would be included about the reasons to consider that such director can carry out its functions in the position of independent director.

OTHER EXTERNAL DIRECTORS

Indicate other external directors explaining the reasons why they cannot be considered as inside or independent directors and their relationship with the company, its executives or shareholders:

Indicate the changes, if any, in the category of each director during the period:

Name or company name of director	Date of change	Previous category	Present category
Mr PEDRO LUIS FERNÁNDEZ PÉREZ	14/11/2016	Proprietary	Independent

C.1.4 Complete the following table with the information on the number of women directors during the last 4 years, together with the character of such directors:

	Number of women Directors				% of total number of Directors of each type			
	Year 2016	Year 2015	Year 2014	Year 2013	Year 2016	Year 2015	Year 2014	Year 2013
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	0	1	0	0	0.00%	11.11%	0.00%	0.00%
Independent	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Other external	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total:	0	1	0	0	0.00%	11.11%	0.00%	0.00%

C.1.5 Explain the measures that, if applicable, have been adopted to try to include in the board of directors a number of women that provides a balanced presence of women and men.

Explanation of the measures

The Board of Directors of Fersa Energías Renovables, S.A. is committed to the importance of achieving an equilibrated presence of women and men. For years the Company has tried to incorporate women in the Board of Directors, following the recommendations of the Unified code of conduct and good governance of the listed companies and in line with the activity of the management of the Company (the General Manager is a woman). In accordance with this policy, in 2016 a woman was appointed non-board member secretary.

In any case, for future director appointments, as it has been done in the past, candidates, either women or men, in equal conditions will be taken into account.

C.1.6 Explain the measures that, if applicable, have been adopted by the appointments committee to ensure that the selection procedures are not affected by an implicit bias that prevents female directors from being selected, and that the company purposefully seeks women that satisfy the professional profile, including among potential candidates:

Explanation of the measures

As outlined in the previous point, for many years now the Company (and the Appointment and Remuneration Committee in particular) has been making efforts towards including women into the board of directors, following the recommendations of the Unified code of conduct and good governance of the listed companies, and in accordance with the method implemented by the Company's management.

In this respect, Appointment and Remuneration Committee during the session held on 26 April 2013, while discussing the requirements expected of the candidates for a position in the board of directors due to upcoming appointments into the board of directors, established that applications put forward by women will be preferred.

In 2016 and until 16 August the Director Grupo Catalana Occidente, S.A. was represented in the Board of Directors by a woman. Also, in accordance with this policy, in August 2016 a woman was appointed as non-director secretary of the Board.

When, even having adopted the measures, the number of female directors is scarce or null, explain the reasons that justify it:

Explanation of the reasons

As mentioned above, the Board of Directors tried, in relation to the appointments of the Directors which took place in 2016, to include among potential candidates women that would satisfy the professional profile, and adopted the necessary measures to ensure that the selection procedures were not affected by an implicit bias that would prevent female directors interested in the position from being selected. Nevertheless, due to the knowledge specificity and experience required to occupy the position of director in a company like this, it has not been possible to find such female candidate to be purposed for an appointment, however, as was mentioned earlier, the person appointed as non-director secretary is a woman.

C.16 bis Describe the appointment committee's conclusions in regards to the verification of the principles implemented in selecting directors. In particular, illuminate how the implemented human resource policies facilitates the goal to ensure that by the year 2020 the number of women on the board of directors makes up at least 30% of the entire board.

Conclusions

The Appointment and Remuneration Committee, during their session on 26 April 2013 while discussing the requirements expected of the candidates for a position in the board of directors due to upcoming appointments into the board of directors, established that applications put forward by women will be preferred. By means of implementing this criterion to the future appointments, the goal to ensure that by the year 2020 the number of women on the board of directors will make up at least 30% of the entire board will also be considered.

C.1.7 Explain the means of representation in the board of shareholders with significant stakes.

The shareholders with significant stakes are represented in the board through the designation of proprietary directors, as it has been detailed in section C.1.3.

C.1.8 Where applicable, explain the reason why proprietary directors have been appointed at the request of shareholders whose holding in the capital is less than 3%:

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:

Yes

No

C.1.9 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:

Name of Director:

EOLICA NAVARRA, S.L.U.

Reason of resignation:

Eólica Navarra, S.L.U. handed in the resignation from the position of Director of the Board by a letter sent to Fersa Energías Renovables, S.A. on 16 August 2016, notifying that the motive for the resignation was the transfer of all the Company shares to the person represented by the director, in the context of the takeover bid presented by Audax Energía, S.A. over 100% of shares representing the capital stock of the Company, authorised by the Spanish National Securities Market Commission (CNMV) on 15 July 2016, and that it complied with the recommendation number 20 of the Code of good governance of listed companies approved by a resolution of the Board of CNMV on 18 February 2015, which recommends to the proprietary directors to hand in their resignation after the transfer of all the shares held by the shareholder represented by them.

Name of Director:

GRUPO EMPRESARIAL ENHOL, S.L.

Reason of resignation:

Grupo Empresarial Enhol, S.L. handed in the resignation from the position of Director of the Board by a letter sent to Fersa Energías Renovables, S.A. on 16 August 2016, notifying that the motive for the resignation was the transfer of all the Company shares to the person represented by the director, in the context of the takeover bid presented by Audax Energía, S.A. over 100% of shares representing the capital stock of the Company, authorised by the Spanish National Securities Market Commission (CNMV) on 15 July 2016, and that it complied with the recommendation number 20 of the Code of good governance of listed companies approved by a resolution of the Board of CNMV on 18 February 2015, which recommends to the proprietary directors to hand in their resignation after the transfer of all the shares held by the shareholder represented by them.

Name of Director:

COMSA EMTE ENERGIAS RENOVABLES, S.L.

Reason of resignation:

Comsa Emte Energías Renovables, S.L. handed in the resignation from the position of Director of the Board by a letter sent to Fersa Energías Renovables, S.A. on 16 August 2016, notifying that the motive for the resignation was the transfer of all the Company shares to the person represented by the director, in the context of the takeover bid presented by Audax Energía, S.A. over 100% of shares representing the capital stock of the Company, authorised by the Spanish National Securities Market Commission (CNMV) on 15 July 2016, and that it complied with the recommendation number 20 of the Code of good governance of listed companies approved by a resolution of the Board of CNMV on 18 February 2015, which recommends to the proprietary directors to hand in their resignation after the transfer of all the shares held by the shareholder represented by them.

Name of Director:

GRUPO CATALANA OCCIDENTE, S.A.

Reason of resignation:

Grupo Catalana Occidente, S.A. handed in the resignation from the position of Director of the Board by a letter sent to Fersa Energías Renovables, S.A. on 16 August 2016, notifying that the motive for the resignation was the transfer of all the Company shares to the person represented by the director, in the context of the takeover bid presented by Audax Energía, S.A. over 100% of shares representing the capital stock of the Company, authorised by the Spanish National Securities Market Commission (CNMV) on 15 July 2016, and that it complied with the recommendation number 20 of the Code of good governance of listed companies approved by a resolution of the Board of CNMV on 18 February 2015, which recommends to the proprietary directors to hand in their resignation after the transfer of all the shares held by the shareholder represented by them.

Name of Director:

MYTAROS B.V.

Reason of resignation:

Mytaros, B.V. handed in the resignation from the position of Director of the Board by a letter sent to Fersa Energías Renovables, S.A. on 16 August 2016, notifying that the motive for the resignation was the transfer of all the Company shares to the person represented by the director, in the context of the takeover bid presented by Audax Energía, S.A. over 100% of shares representing the capital stock of the Company, authorised by the Spanish National Securities Market Commission (CNMV) on 15 July 2016, and that it complied with the recommendation number 20 of the Code of good governance of listed companies approved by a resolution of the Board of CNMV on 18 February 2015, which recommends to the proprietary directors to hand in their resignation after the transfer of all the shares held by the shareholder represented by them.

Name of Director:

LARFON S.A.U.

Reason of resignation:

Lafron, S.A.U. handed in the resignation from the position of Director of the Board by a letter sent to Fersa Energías Renovables, S.A. on 16 August 2016, notifying that the motive for the resignation was the transfer of all the Company shares to the person represented by the director, in the context of the takeover bid presented by Audax Energía, S.A. over 100% of shares representing the capital stock of the Company, authorised by the Spanish National Securities Market Commission (CNMV) on 15 July 2016, and that it complied with the recommendation number 20 of the Code of good governance of listed companies approved by a resolution of the Board of CNMV on 18 February 2015, which recommends to the proprietary directors to hand in their resignation after the transfer of all the shares held by the shareholder represented by them.

Name of Director:

Mr TOMÁS FELIU BASSOLS

Reason of resignation:

Mr Tomás Feliu Bassols handed in his resignation from the position of Director of the Board by a letter sent to Fersa Energías Renovables, S.A. on 16 August 2016, notifying that the motive for the resignation was the transfer of all the Company shares to the person represented by the director, in the context of the takeover bid presented by Audax Energía, S.A. over 100% of shares representing the capital stock of the Company, authorised by the Spanish National Securities Market Commission (CNMV) on 15 July 2016, and that it complied with the recommendation number 20 of the Code of good governance of listed companies approved by a resolution of the Board of CNMV on 18 February 2015, which recommends to the proprietary directors to hand in their resignation after the transfer of all the shares held by the shareholder represented by them.

Name of Director:

Mr GUILLERMO MORA GRISO

Reason of resignation:

Mr Guillermo Mora Griso handed in his resignation from the position of Director of the Board by a letter sent to Fersa Energías Renovables, S.A. on 25 October 2016, notifying that the motive for the resignation was the attainment of the aim identified at the moment of his appointment, namely to bring his professional experience to the Board of Directors of the Company during the time he represented the Chairman of the Board, and, consequently, the attainment of the aim established by a resolution of the Board of Directors on 11 May 2016, "to collaborate with Audax to ensure, in the best interest of Fersa, an efficient and swift transition to the substitution and appointment of a new Board of Directors, avoiding at any time a situation of managerial vacuum".

Mr ESTEBAN SARROCA PUNSOLA

Reason of resignation:

Mr Esteban Sarroca Punsola handed in his resignation from the position of Director of the Board by a letter sent to Fersa Energías Renovables, S.A. on 25 October 2016, notifying that the motive for the resignation was the attainment of the aim identified at the moment of his appointment, namely to bring his professional experience to the Board of Directors of the Company during the time he represented the Chairman of the Board, and, consequently, the attainment of the aim established by a resolution of the Board of Directors on 11 May 2016, "to collaborate with Audax to ensure, in the best interest of Fersa, an efficient and swift transition to the substitution and appointment of a new Board of Directors, avoiding at any time a situation of managerial vacuum".

Mr IGNACIO GARCÍA-NIETO PORTABELLA

Reason of resignation:

Mr Ignacio García-Nieto Portabella handed in his resignation from the position of Director of the Board by a letter sent to Fersa Energías Renovables, S.A. on 25 October 2016, notifying that the motive for the resignation was the attainment of the aim identified at the moment of his appointment, namely to bring his professional experience to the Board of Directors of the Company during the time he represented the Chairman of the Board, and, consequently, the attainment of the aim established by a resolution of the Board of Directors on 11 May 2016, "to collaborate with Audax to ensure, in the best interest of Fersa, an efficient and swift transition to the substitution and appointment of a new Board of Directors, avoiding at any time a situation of managerial vacuum".

C.1.10 Indicate, where applicable, the powers delegated to the managing director(s):

C.1.11 Indicate, where applicable, the board members holding positions of administrators or executives in other companies forming part of the group of the listed company:

Name or company name of director	Company name of the group entity	Position	Do they hold executive functions?
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	AUDAX GREEN SL	SOLE DIRECTOR	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	BANANA PHONE SL	SOLE DIRECTOR	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	ELECTRICA NURIEL SL	SOLE DIRECTOR	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	SVENDBORG PV VII SL	SOLE DIRECTOR	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	SNAIL INVESTMENT SICAV SA	MEMBER OF THE BOARD	NO
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	AUDAX ENERGIA SA	CHAIRMAN AND MANAGING DIRECTOR	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	SPAY SEGURIDAD Y SALUD SL	SOLE DIRECTOR'S REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	AVANTFLY XXI SICAV SA	CHAIRMAN	NO
Mr EDUARD ROMEU BARCELÓ	FIREFLY INVESTMENTS SICAV SA	CHAIRMAN	NO
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	ASPY SALUD GLOBAL SL	SOLE DIRECTOR'S REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	IDAS CASTELLON SL	SOLE DIRECTOR'S REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	ESOS ENERGIA SOCIEDAD LIMITADA	SOLE DIRECTOR'S REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	ORUS RENOVABLES SL	SOLE DIRECTOR	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	ORUS PROPERTIES SL	SOLE DIRECTOR	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	GENERACION IBERIA SL	SOLE DIRECTOR	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	A-DOS ENERGIA SL	SOLE DIRECTOR	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	EXCELSIOR TIMES SL	SOLE DIRECTOR	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	GARPA ASPA SL	SOLE DIRECTOR	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	ASPY PREVENCION SL	MANAGING DIRECTOR'S REPRESENTATIVE 143 RRM	YES
Mr EDUARD ROMEU BARCELÓ	ASPY PREVENCION SL	BOARD MEMBER AND CORPORATE DIRECTOR	NO
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	EOLICA EL PEDREGOSO SL	SOLE DIRECTOR'S REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	EOLICA DEL PINO SL	SOLE DIRECTOR'S REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	PARC EOLIC MUDEFER SL	SOLE DIRECTOR'S REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	FERCOM EOLICA SL	SOLE DIRECTOR'S REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	PARC EOLIC L'ARRAM SL	SOLE DIRECTOR'S REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	PARC EOLIC COLL DE SOM SL	SOLE DIRECTOR'S REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	FERSA ASESORAMIENTO Y GESTION SL	SOLE DIRECTOR'S REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	CASTELLWIND 03 SL	TWO JOINT MANAGING DIRECTORS' REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	FOTOVOLTAICA VERGOS SL	TWO JOINT DIRECTORS' REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	FOTOVOLTAICA LA MOLA SL	TWO JOINT DIRECTORS'	YES

NAVARRO		REPRESENTATIVE 143 RRM	
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	INVERSIONS TRAUTT SL	TWO JOINT DIRECTORS' REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	FOTOVOLTAICA DE CASTELLO SL	TWO JOINT DIRECTORS' REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	FOTOVOLTAICA DE LES COVES SL	TWO JOINT DIRECTORS' REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	INVERSIONS VINROMA SL	TWO JOINT DIRECTORS' REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	PARQUE EOLICO HINOJAL SL	SOLE DIRECTOR'S REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	EXPLOTACION EOLICA LA PEDRERA SL	SOLE DIRECTOR'S REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	GESTORA FOTOVOLTAICA DE CASTELLON SL	TWO JOINT DIRECTORS' REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	FOTOVOLTAICA FER SL	TWO JOINT DIRECTORS' REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	WEINSBERG ECOTEC SL	TWO JOINT DIRECTORS' REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	FOTOVOLTAICA ECOTEC SL	TWO JOINT DIRECTORS' REPRESENTATIVE 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	JOSO FOTOVOLTAICA SL	TWO JOINT DIRECTORS' REPRESENTATIVE 143 RRM	YES
Mr EMILIO MORALEDA MARTÍNEZ	AUDAX ENERGIA SA	BOARD MEMBER	NO
Mr RAMIRO MARTÍNEZ-PARDO DEL VALLE	AUDAX ENERGIA SA	BOARD MEMBER	NO
Mr RAFAEL GARCÉS BERAMENDI	AUDAX ENERGIA SA	BOARD MEMBER	NO
Mr EDUARD ROMEU BARCELÓ	AUDAX ENERGIA SA	CORPORATE DIRECTOR	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	AUDAX ENERGIA SRL	SOLE DIRECTOR	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	AUDAX ENERGIE, GMBH	SOLE DIRECTOR	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	DELTIZ SP. Z O.O.	SOLE DIRECTOR	YES

C.1.12 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:

Name or company name of the shareholder	Company name of the group entity	Position
Mr EMILIO MORALEDA MARTÍNEZ	LABORATORIO REIG JOFRE, S.A	BOARD MEMBER
Mr RAMIRO MARTÍNEZ-PARDO DEL VALLE	LABORATORIO REIG JOFRE, S.A	BOARD MEMBER
Mr EMILIO MORALEDA MARTÍNEZ	BIOORGANIC RESEARCH AND SERVICES S.A.	BOARD MEMBER
Mr PEDRO LUIS FERNÁNDEZ PÉREZ	GENERAL DE ALQUILER DE MAQUINARIA S.A.	CHAIRMAN – MANAGING DIRECTOR
Mr JOSEP MARIA ECHARRI TORRES	ORYZON GENOMICS, S.A.	BOARD MEMBER
Mr JOSEP MARIA ECHARRI TORRES	MÁSMÓVIL IBERCOM, S.A.	DEPUTY CHAIRMAN
Mr JOSEP MARIA ECHARRI TORRES	ATRY'S HEALTH, S.A.	BOARD MEMBER
Mr JOSEP MARIA ECHARRI TORRES	AGILE CONTENT, S.A.	BOARD MEMBER

C.1.13 Indicate and, where applicable, explain whether or not the company has laid down rules on the number of boards on which its directors can serve:

Yes

No

C.1.14 Section repealed.

C.1.15 Indicate the total remuneration of the board of directors:

Remuneration of the Board of Directors (in thousands of Euros)	168
Amount of the accumulated rights of the present Directors (in thousands of Euros)	0
Amount of the accumulated rights of the former Directors (in thousands of Euros)	0

C.1.16 Identify management members who are not also executive directors, and indicate the total remuneration they earned during the year:

Name or company name	Position
Ms ANA ISABEL LÓPEZ PORTA	GENERAL MANAGER
Mr JAVIER CASTAÑO CRUZ	INTERNAL AUDIT

Total remuneration of the senior management (in thousands of Euros)	616
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C.1.17 Indicate, where applicable, the identity of board members who are also members of the boards of directors of companies that hold significant stakes in the listed company and/or companies of your group:

Name or company name of director	Company name of significant shareholder	Position
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	AUDAX ENERGÍA, S.A.	MANAGING DIRECTOR
Mr RAFAEL GARCÉS BERAMENDI	AUDAX ENERGÍA, S.A.	DIRECTOR
Mr EMILIO MORALEDA MARTÍNEZ	AUDAX ENERGÍA, S.A.	DIRECTOR
Mr RAMIRO MARTÍNEZ-PARDO DEL VALLE	AUDAX ENERGÍA, S.A.	DIRECTOR

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:

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

Yes

No

C.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.

In this context, the Regulations of the Board of Directors establishes the following:

Article 10.- Appointment and disqualification

The General Shareholders' Meeting or, when appropriate, the Board of Directors' Meeting shall be competent to appoint the members thereof, pursuant to the provisions in the law and the Articles of Association.

The proposals for appointment of Directors submitted by the Board of Directors to the consideration of the General Shareholders' Meeting and the resolutions for appointments adopted by such body by virtue of the co-optation authority legally granted thereto must first be proposed by the Appointment and Remuneration Committee, when independent Directors are involved, and the Board of Directors itself, in other cases.

In any case, the proposal shall be accompanied by a justifying report to the Board about the competence, experience and merits of the nominee proposed, which will be attached to the minutes of the General Meeting or the Board itself. Furthermore, the proposal for appointment or reappointment of any non-independent directors must be preceded, moreover, of a report of the Appointments and Remuneration Committee. The provisions of this paragraph shall also apply to natural persons who are designated representatives of a legal entity counsellor. The proposal must be included into the report of the Appointments and Remuneration Committee.

The Directors shall observe the legally specified situation of disqualification.

Article 11.- Term of office

The Directors shall hold office for the term stated in the Articles of Association and may be reappointed according to that stated in the Articles of Association.

The Directors appointed by co-optation shall hold office until the date of the first General Shareholders' Meeting held, which shall ratify the appointments or appoint the persons that must replace the Directors that are not ratified, unless it is decided to eliminate the vacancies.

Article 12.- Dismissal

The Directors shall step down from office once the period has elapsed for which they were appointed and in any other cases stipulated by law or the Articles of Association.

In all cases, they may make their office available to the Board of Directors and formalise their relevant dismissal in the following cases:

(i) When they step down from executive posts to which their appointment as Director is related. The independent Directors, when they have held office for twelve (12) years.

(ii) When they are involved in any of the legally specified situations of disqualification or prohibition.

(iii) When they are accused of an allegedly criminal act or are subject to a disciplinary sanction due to a serious or very serious infringement investigated by the supervisory authorities.

(iv) When their offices on the Board of Directors jeopardise the Company's interests and when there are no longer any reasons for them to be appointed to such post. It shall be deemed that this situation arises for an external shareholder Director when all his shares owned or interests represented have been assigned and when the reduction of the shareholding requires a reduction of the number of its shareholder Directors.

(v) When significant changes take place in the professional situation or conditions by virtue of which they have been appointed as Directors.

(vi) When, due to events caused by the Directors, their remaining as members on the Board of Directors would cause serious harm to the Company's equity or reputation, in the opinion of the Board of Directors.

In the case of a person acting on behalf of a company appointed as a Director in any of the aforementioned situations, such person shall be disqualified from exercising their proxies.

C.1.20 Explain to what extent the annual evaluation of the board of directors has brought about significant changes in the internal organisation of the Board and the procedures of its activities:

Description of the changes

The annual evaluation of the Board of Directors has served to discover the areas that needed to be amended, however, the issues were of rather formal nature which did not require significant changes of the internal organization of the Board nor of the procedures of its activities.

C.1.20.bis Describe the process of evaluation and the areas subjected to evaluation conducted by the board of directors with possible help from an outside advisor, in reference to the diversity of its composition and competences, actions and composition of the committee, the performance of the chairman and chief executive officer, and in reference to the performance and input of each individual director.

The Board, in collaboration with the non-director Secretary, conducted an evaluation of the organisation and activities, and composed a report containing their conclusions in this area. The evaluation concerned, among others, the following matters:

- Regarding the composition – whether or not the Board fulfils the criteria of independence and qualifications of the Directors, required under internal policies.
- Regarding the evaluation of actions and conducting the session – whether the Board was called correctly and efficiently, systematically, with sufficient notice and proper notification.
- Regarding the participation in sessions, involvement and active collaboration of all the Directors during the fiscal year – whether or not the following occurred:
 - debates and frequent speeches from the Directors;
 - systematic participation of all the directors, and
 - effective involvement.
- Analysis of actions and collaborations with the Audit Committee and the Appointment and Remuneration Committee.
- Actions conducted by the Directors (in particular, the company's strategy, business analysis, risk control, internal control over financial reporting, etc.).
- Actions conducted by the Chairman of the Board.

C.1.20.ter Detail business relations, if there are any, between the assessor or a company of the same group with the company or a company of its group.

NOT APPLICABLE

C.1.21 Indicate circumstances in which directors can be compelled to resign.

The Directors of the Company must tender their resignation to the Board and formalise their respective removal in any of the six (6) cases comprised in article 12 of the Regulations of the Board of Directors (see section C.1.19).

C.1.22 Section repealed.

C.1.23 Are reinforced majorities other than those applicable by law required for any type of decision?:

Yes

No

If so, describe the differences.

C.124 Indicate if there are specific requirements other than those relating to directors in order to be appointed as chairman.

Yes No

C.125 Indicate whether the chairman has a casting vote:

Yes No

Matters in which a casting vote exists

According to article 6.1 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 9 of the Regulations shall prevail, according to which representation to attend the meetings of the Board can only be granted to another Director and must be specific to each meeting, however the non-executive directors can appoint only another non-executive as their representative. Whosoever represents the Chairman shall preside over the meeting only in the absence of the Vice-Chairman, and shall not have the right to exercise the deciding vote.

C.126 Indicate whether the articles of association or the board regulations establish any age limit for directors:

Yes No

C.127 Indicate whether the articles of association or the board regulations establish a limited term of office for Independent directors:

Yes No

Maximum term of office in years	12
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C.128 Indicate whether the articles of association or the board regulations establish specific processes for delegation of votes in the board of directors, the way of doing it and, particularly, the maximum number of delegations that a director can have, as well as if there is a limit established as to the category subject to delegation, other than those established by the law. If so, describe briefly the processes.

In conformity with article 9 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, and must be made expressly for each meeting, however non-executive directors can only appoint another non-executive as their representative. 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.

C.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. When calculating the number, representations made with specific instructions shall be considered.

Number of meetings of the Board	20
Number of Board meetings without the Chairman attending	0

If the chairman is an executive officer, indicate the number of meetings held without any executive director attending and presided by a coordinator

Number of meetings	0
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Indicate the number of meetings held by the different board committees over the year:

Committee	Number of meetings
Executive Committee	1
Audit Committee	6
Appointment and Remuneration Committee	5

C.1.30 Indicate the number of meetings held by the board of directors during the year with the attendance of all its members. When calculating the number, representations made with specific instructions shall be considered:

Number of meetings with all the directors in attendance	19
% of attendances over the total number of votes during the year	95.00%

C.1.31 Indicate if the individual and consolidated annual accounts submitted for approval by the board are certified previously:

Yes No

Identify, where applicable, the person/people who has/have certified the company's individual and consolidated annual accounts in order to be drawn up by the board:

C.1.32 Explain, where applicable, the mechanisms established by the board of directors to prevent the individual and consolidated annual accounts drawn up by them from being submitted to the general meeting of shareholders with qualified opinion in the auditors' report.

The Board of Directors has the Audit Committee which, according to article 7.3 of the Regulations of the Board of Directors, is competent for the following duties:

(i) Informing the General Shareholders' Meeting of the issues proposed thereto by the shareholders for items within its competence.

(ii) Monitoring the effectiveness of internal control of the company, internal audit and risk management systems, including tax, and discuss with the auditor any significant weaknesses in the internal control system detected during the audit.

(iii) Supervising the preparation and submission of the required financial information.

(iv) Proposing the appointment of the company's auditors to the Board of Directors to be submitted for the approval, re-election or replacement of the General Shareholders' Meeting, in accordance with applicable law, and the terms of engagement and regularly gather from them information on the audit plan and its execution while preserving its independence in the exercise of their functions.

(v) Establishing appropriate relations with the auditors to receive information that could jeopardise their independence, for consideration by the Audit Committee, and, in general terms, any others that are related to the development process of the audit, as well as other communications included in auditing laws and the technical auditing rules. In all cases, it must receive written confirmation from the auditors of their independence from the company or the companies directly or indirectly associated thereto, along with information about additional services of any kind rendered to these companies by the aforementioned auditors or companies, or by persons or companies associated therewith, pursuant to auditing laws.

(vi) Issuing a report every year, prior to the auditing report being issued, expressing an opinion on the independence of the external auditors or auditing firms. This report shall include, in any case, the assessment of the provision of additional services referred to above, considered individually and collectively, other than the statutory audit and in connection with the regime of independence or the legislation regulatory audit.

(vii) To inform, in advance, to the Board of Directors on all matters under the Act, the Articles of Association and the Regulations of the Board and, in particular, (a) the financial information that the Company must periodically disclose; (b) the creation or acquisition of interests in special purpose entities or domiciled in countries or territories considered tax havens; and (c) transactions with related parties.

C.1.33 Is the secretary of the board a director?

Yes

No

If the secretary of the board is not a director, complete the following table:

Name or company name of the secretary	Representative
Ms NAIARA BUENO AYBAR	

C.1.34 Section repealed.

C.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 article 20 of the Regulations of the Board of Directors stipulates:

Article 20.- Relationship with the Auditors

The Board of Directors shall establish an objective, professional and ongoing relationship of the Audit Committee with the company's external auditors appointed by the General Shareholders' Meeting. In all cases, it shall observe the independence of such auditors and ensure that they are provided with accurate information.

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

Yes

No

If there was a disagreement with the outgoing auditor, explain its content:

C.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 invoiced to the company and/or its group:

Yes

No

	Company	Group	Total
Amount of fees for tasks other than auditing activities (in thousands of Euros)	49	10	59
Amount of fees for services other than auditing activities / Total amount invoiced by the audit company (%)	26.20%	5.00%	31.20%

C.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.

Yes No

C.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:

	Company	Group
Number of years without interruption	5	5
Number of years audited by the current audit company / Number of years the company has been audited (w %)	36.00%	38.00%

C.1.40 Indicate and, where applicable, provide details of whether there is a procedure whereby directors can have external assessment:

Yes No

Procedure details

In this respect, article 14 of the Regulations of the Board of Directors stipulates as follows:

Article 14.- Services of experts

In order to assist them in performing their duties, the non-executive Directors may request, when necessary due to the special circumstances, that legal, accounting or financial consultants or other experts are hired at the expense of the Company. The work must in all cases be related to specific problems of certain importance and complexity involved in performing their duties.

The decision to hire the aforementioned experts must be notified to the Chairperson of the Company's Board of Directors and may be vetoed by the Board of Directors if the following circumstances are accredited:

- (i) It is unnecessary to fully perform the duties entrusted to the external Directors;
- (ii) Its costs its unreasonable bearing in mind the importance of the problem and the Company's assets and income;
- (iii) The technical assistance included may be suitably provided by the Company's experts and technicians;
- (iv) It could jeopardise the confidentiality of the information that will be dealt with.

C.1.41 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 No

Procedure details

Together with the corresponding notice of meeting, the Directors receive the information and documents related to of the order of the day items of the pertinent meeting.

Accordingly, article 13 of the Regulations of the Board of Directors stipulates that:

Article 13.- Information to the Directors

Unless the Board of Directors had been called or had been exceptionally convened for reasons of urgency, the Directors must be have the necessary information in advanced for deliberation and adoption of resolutions on matters to be discussed. The Chairman of the Board of Directors, with the assistance of the Secretary, shall ensure compliance with this provision.

The Directors are vested with the most wide-embracing authority to obtain information about any aspect affecting the Company, to examine its books, records, documents and other background information about the company's transactions and to inspect all its facilities.

However, in order not to disrupt the company's ordinary operations, exercising their rights to information shall be channelled through the Chairperson of the Board of Directors, if they are of an executive nature, otherwise through the Chief Executive Officer, or absent this figure, of the Managing Director, who shall deal with the requests made by Directors and provide them with information, offering them suitable spokespersons within the scope of the suitable organisation or provide the measures so that the procedures for examination and inspection can be carried out *in situ*.

C.142 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

No

Explanation of the rules

In this respect article 16.4 of the Regulations of the Board of Directors establishes that:

Article 16.4. Other duties of information

The Directors must inform the Company of the shares thereof that they directly hold or that are held through companies in which they have a controlling interest. They shall also notify information of any others they directly or indirectly hold through persons associated therewith.

The Directors must also notify any significant change in their professional situation that affects the nature or condition by virtue of which they were appointed as Directors.

Similarly, the Directors must notify any situation that affects them or could affect the prestige or reputation of the Company, in particular, criminal cases in which they are involved as defendants and any important legal difficulties. After examining the situation in question, the Board of Directors may require that the Director is dismissed, and this decision shall be binding for the Director.

C.143 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 213 of the Corporate Enterprises Act:

Yes

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 or, if the case, exposes the performance done by the board of directors until the date of the present report or that is expected to do.

C.144 Detail the significant agreements hold by the company that enter into force, are modified or terminated whenever a change in the company's control takes place resulting from a public acquisition offer, and its effects.

Such agreements do not exist.

C.1.45 Identify in an aggregate form and indicate, in a detailed form, the agreements between the company and its managers and directors or employees that have at their disposal severance payments when they resign or are unfairly dismissed or if the working relationship concludes due to a public acquisition offer.

Number of beneficiaries: 1

Type of beneficiary:

General Manageress

Description of the agreement:

The employment contract with the General Manageress stipulates that in case of termination of the contract due to restructuring as a consequence of a merger, take-over or acquisition, a compensation will be provided amounting to 45 days of remuneration per year of work, with periods of less than one year being prorated by month.

Indicate whether these contracts have to be communicated and/or approved by the bodies of the company or of its group:

Governing body that authorises the clauses	Board of Directors	General Meeting
	Yes	No

	Yes	No
Is the General Meeting informed of the clauses?		X

C.2 Committees of the company's board of directors

C.2.1 Provide details of all the committees of the board of directors and their composition and participation of executive, proprietary, independent and other external directors in said committees:

Executive Committee

Name	Position	Category
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	CHAIRMAN	Proprietary
Mr EDUARD ROMEU BARCELÓ	MEMBER	Proprietary
Mr RAFAEL GARCÉS BERAMENDI	MEMBER	Proprietary

% of proprietary directors	100.00%
% of independent directors	0.00%
% of other external directors	0.00%

Specify the responsibilities of this committee, the procedures and rules of organisation and functioning of the committee and describe briefly the most important actions of the committee during the year.

The Executive Committee has all the authority of the Board of Directors except for the duties that, for legal or statutory reasons, cannot be delegated. In particular, as examples but not limited thereto, it may exercise the following duties:

- (a) To control the management of the Company.
- (b) To study and propose the guidelines that must define the corporate strategy and supervise its implementation, with special attention being paid to diversification actions.
- (c) To deliberate and notify the following matters to be submitted to the Board of Directors::
 - (i) The Company's budgets, with a breakdown of the relevant forecasts for each business line.
 - (ii) Important investments and alliances or agreements.
 - (iii) Financial transactions.
 - (iv) Corporate transactions.

In the opinion of the Chairperson or the majority of the members of the Executive Committee, the resolutions, when the importance of which require so, may be submitted for subsequent ratification by the Board of Directors. In any case, all the members of the Company's Board of Directors shall be allowed to access the minutes of the Executive Committee meetings.

Indicate whether the composition of the delegated or executive committee reflects the composition of the board of directors as to the different types of directors:

Yes No

Audit Committee

Name	Position	Category
Mr JOSEP MARIA ECHARRI TORRES	CHAIRMAN	Independent
Mr PEDRO LUIS FERNÁNDEZ PÉREZ	MEMBER	Independent
Mr RAFAEL GARCÉS BERAMENDI	MEMBER	Proprietary

% of proprietary directors	33.33%
% of independent directors	66.67%
% of other external directors	0.00%

Specify the responsibilities of this committee, the procedures and rules of organisation and functioning of the committee and describe briefly the most important actions of the committee during the year.

The Board of Directors sets up a standing Audit Committee, which shall be composed of a minimum of three (3) and a maximum of five (5) Directors, appointed, according to a proposal made by the Appointments and Remuneration Committee, by the Board of Directors from among its non-executive members. At least two of the members of the Audit Committee shall be independent and will be appointed bearing in mind their knowledge and/or experience in accounting or auditing matters.

The members of the Audit Committee shall hold their posts for a maximum term of four (4) years but may be reappointed. The Chairperson shall hold office for a maximum term of four (4) years, and for his/her reappointment to such position, at least one year must have elapsed since he/she stepped down from office, notwithstanding his/her reappointment as a member of the Committee.

The Audit Committee is competent for the following duties:

- (i) Informing the General Shareholders' Meeting of the issues proposed thereto by the shareholders for items within its competence.
- (ii) Monitoring the effectiveness of internal control of the company, internal audit and risk management systems, including tax, and discuss with the auditor any significant weaknesses in the internal control system detected during the audit.
- (iii) Supervising the preparation and submission of the required financial information.
- (iv) Proposing the appointment of the company's auditors to the Board of Directors to be submitted for the approval, re-election or replacement.
- (v) Establishing appropriate relations with the auditors to receive information that could jeopardise their independence, for consideration by the Audit Committee, and, in general terms, any others that are related to the development process of the audit, as well as other communications included in auditing laws and the technical auditing rules. In all cases, it must receive written confirmation from the auditors of their independence.

- (vi) Issuing a report every year, prior to the auditing report being issued, expressing an opinion on the independence of the external auditors or auditing firms.
- (vii) To inform, in advance, to the Board of Directors on all matters under the Act, the Articles of Association and the Regulations of the Board.

Indicate the director, member of the audit committee, appointed bearing in mind his/her knowledge and/or experience in accounting or auditing matters and specify in years the current term of office of the chairperson of the committee.

Director with experience	Mr JOSEP MARIA ECHARRI TORRES
Years of the current term of office	0

Appointment and Remuneration Committee

Name	Position	Category
Mr PEDRO LUIS FERNÁNDEZ PÉREZ	CHAIRMAN	Independent
Mr JOSEP MARIA ECHARRI TORRES	MEMBER	Independent
Mr RAFAEL GARCÉS BERAMENDI	MEMBER	Proprietary

% of proprietary directors	33.33%
% of independent directors	66.67%
% of other external directors	0.00%

Specify the responsibilities of this committee, the procedures and rules of organisation and functioning of the committee and describe briefly the most important actions of the committee during the year.

Notwithstanding other duties that may be assigned thereto by the Board of Directors, the Appointment and Remuneration Committee shall perform the following basic duties:

- (i) Evaluate the skills, knowledge and experience enough on the Board of Directors. For this purpose, roles will be defined and capabilities required of the candidates to fill each vacancy and evaluate the time and dedication necessary for them to perform their duties effectively.
- (ii) Establish a goal of representation for the underrepresented sex on the Board of Directors and develop guidance on how to achieve that objective.
- (iii) Submit to the Board of Directors the proposals for appointment of independent directors to be appointed by co-optation or for submission to the decision of the General Shareholders' Meeting, as well as proposals for re-election or removal of such directors by the General Shareholders' Meeting.
- (iv) Report the proposals for appointment of the remaining directors to be appointed by co-optation or for submission to the decision of the General Meeting, as well as proposals for re-election or removal by the General Shareholders' Meeting.
- (v) Report on proposals for appointment and removal of senior managers and the basic terms of their contracts.
- (vi) Examine and organize the succession of the Chairman of the Board and Chief Executive of the Company and, where appropriate, make proposals to the Board for such succession occurs in an orderly and planned.
- (vii) Propose to the Board the remuneration policy for directors and general or those who develop their senior management functions under direct control of the Board of Executive Committees or CEOs of directors as well as the individual compensation and other contractual conditions of executive directors, ensuring compliance.

The Appointment and Remuneration Committee shall hold a meeting whenever the Board of Directors or its Chairperson request a report to be issued or proposals to be adopted and, in all cases, whenever this is convenient for the correct performance of its duties. It shall be summoned by the Chairperson of the Board of Directors or by two (2) members of this Committee.

C.2.2 Complete the following table with the information relative to the number of women that are part of the committee of the board of directors during the last four years:

	Number of women in the committee							
	Year 2016		Year 2015		Year 2014		Year 2013	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Audit Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Appointment and Remuneration Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%

C.2.3 Section repealed

C.2.4 Section repealed.

C.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.

The regulations of the Executive Committee, Audit Committee and Appointments and Remuneration Committee are included in the Regulations of the Board of Directors (articles 7.2, 7.3 and 7.4, respectively), available in the company's website:

<http://www.fersa.es/reglamento-del-consejo-de-administracion/>

The Board of Directors has carried out an evaluation of the activity of each of the committees.

C.2.6 Section repealed.

D RELATED PARTY AND INTRA-GROUP TRANSACTIONS

D.1 Explain the procedure for the approval of the related party and intra-group transactions.

Procedure for the approval of related party transactions

Article 17 of the Regulations of the Board of Directors states the following:

Article 17.- Transactions of the Company with significant shareholders

The Board of Directors, directly or through the Audit Committee, shall ensure that the transactions between the Company or companies of its group with significant shareholders are carried out according to arm's length conditions and observe the principle of equal treatment of the shareholders that are in the same situation.

If they are ordinary transactions and are of a habitual or recurrent nature, the general authorisation of the operating line and the conditions for performance shall be deemed sufficient, with a prior report in favour issued by the Audit Committee.

The authorisation by the Board of Directors shall not be deemed necessary however when the conditions are met stipulated in section (t) of Article 4 of these Regulations.

The Annual Corporate Governance Report of the Company shall include information about these transactions.

D.2 Detail the significant operations for its quantity or for its type that have taken place between the company or companies of its group, and the significant shareholders of the company:

D.3 Detail the significant operations for its quantity or significant for its type that have taken place between the company or companies of its group, and the administrators or senior managers of the company:

D.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.

In any case, any operation inside the group done with companies established in countries or territories considered as tax haven has to be notified:

D.5 Specify the amounts of other related party transactions.

0 (in thousands of Euros).

D.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.

The article 16.2 of the Regulations of the Board of Directors stipulates as follows (subject to the exemption regime established in article 16.3 thereof):

The duty to avoid conflicts of interest [...] obliges Directors to abstain from:

- (i) Performing transactions with the Company, except ordinary transactions, made under standard conditions for customers and of little relevance, defined as those whose information is not necessary to show a reliable picture of present assets, financial situation and results of the Company.
- (ii) Using the name of the Company or invoke their status as Director to improperly influence the performance of private operations.
- (iii) Making use of corporate assets, including confidential information of the Company for private purposes. Included in this obligation, the duty of every director not to use non-public information of the Company for their own benefit, either directly or facilitating it to third parties, and must abstain, or suggest anyone, from performing an operation on shares of the Company or its subsidiaries, associated or related to the disposal, by virtue of his charge of non-public information, all abovementioned without prejudice to the obligations incumbent on Directors under the regulations of the Securities and standards of conduct contained in the Company's Internal regulations for Conduct
- (iv) Taking advantage of the business opportunities of the Company. Accordingly, the Directors may not execute, for their own benefit or that of persons related to him, investments or transactions relating to the assets of the Company that has knowledge, when the investment or transaction has been offered to the Company or it has interest in it, as long as the Company has not rejected the investment or transaction without the influence of the Director and the execution is authorized by the Board of Directors. [...]
- (v) Obtaining benefits or remuneration from third parties other than the Company and its group associated with the performance of his duties, except in the case of mere courtesy attentions.
- (vi) Carrying out self-employed or employed activities involving effective competition, whether actual or potential, with the Company or that, otherwise, it is placed on the same permanent conflict with the interests of the Company. From this obligation to abstain charges exercised by Directors in subsidiaries or associated entities of the Company are excluded.

The foregoing provisions shall also apply in the event that the recipient of the prohibited acts is a person related to a Director, under the terms of article 231 of the Spanish Corporate Enterprises Act.

In any case, the Directors must notify to the Board of Directors of any conflict situation, direct or indirect, which them or persons related to them may have with the interests of the Company. The conflict of interest incurred by the Directors shall be reported in the Annual Accounts and in the Annual Corporate Governance Report.

In addition, the Corporate Code of Ethics and Conduct states as follows:

The professionals in the companies of the Group must fulfil their duties bearing in mind the Company's interests, regardless of each of their personal interests. Therefore, all situations must be avoided in which the professionals' personal interests could be in conflict with those of the companies in the Group. In particular, all personal incompatibility must be avoided, in particular of a financial nature that could interfere with performance of their work or have a negative impact on the Group's interests.

Similarly, all situations must be avoided that, even though they may not imply a real conflict of interest with the Company, could create an external appearance of such conflict of interest.

A personal interest of the professional is deemed to exist when the matter affects him/her or a person related thereto. Persons related to a professional shall be considered as the following: spouse; ascendants, descendants and siblings of the professional or of his/her spouse (or any person with a similarly close relationship); the organisations in which the professional, or persons related thereto, are in any of the situations of control stipulated by law; the companies or institutions in which the professional, or any persons related thereto, holds a post in the administration or management or from which he/she receives remuneration for any reason, whenever the professional exercises a significant influence on the financial and operational decisions of such companies or institutions.

The professionals in the Group must observe the following general principles in their actions regarding any possible conflict of interest: independence, abstention; and notification (to notify any conflicts of interest that have arisen). The aforementioned general principles for conduct must be observed, in particular, in cases when the situation of conflict of interest is or could reasonably be expected to be of such a kind that it implies a structural and permanent situation of conflict of interest between the professional, or a person related to the professional, and any of the companies in the Group.

In all other cases, only those activities or transactions may be carried out that could imply situations of conflict of interest if and when they are previously authorised in writing by the Company's Board of Directors, according to a proposal made by the Audit Committee

D.7 Is more than one group company listed on the stock markets in Spain?

Yes

No

Indicate the subsidiary companies listed in Spain:

Subsidiary company listed on the stock market

Indicate if you have defined publically with precision the corresponding areas of activity and possible business relationships between them, as well as those of the listed subsidiary company with the rest of the group companies;

Indicate possible business relationships between the parent company and the listed subsidiary company, and between the listed subsidiary company and the rest of the Group companies

Identify the mechanisms provided to solve the possible conflicts of interest between the listed subsidiary company and the rest of the group companies:

Mechanisms of solving the possible conflicts of interest

E

RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the company's risk management system including tax risk.

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.

In this sense, the Group is submitted to several risks associated to the different countries and markets in which it operates, and that can prevent it to achieve its objectives and executing its strategies with success. It is for that reason the Board of Directors, aware of the importance of this aspect, encourages the implementation of the necessary mechanisms for the significant risks to be correctly identified, managed and controlled, and establishes, throughout the General Policy of Risk Control and Management of the Group, the mechanisms and basic principles for an adequate management of the risk, that allows:

- a) achieve the strategic objectives that the Group determines;
- b) provide the maximum level of guarantees to the shareholders;
- c) protect the results and the reputation of the Group;
- d) defend the interests of shareholders, clients, and other Groups interested in the continuity of the Company;
- e) guarantee business stability and financial strength on a sustained basis throughout time;
- f) separation of the areas that assume risks besides those that control them;
- g) application of the transparency and good governance practices; and,
- h) act according to the actual legal regulations and to the established commitments in the Corporate Responsibility framework.

For the development of the expressed commitment, the Board of Directors has with the collaboration of the Audit Committee that, as a delegate and advisory Board, supervises and informs about the adequacy of the evaluation and internal control system of significant risks.

Every performance aimed to control and mitigate the risks will be subject to the following basic principles of performance:

- a) Integrate the risk-opportunity vision in the management of the Company, throughout the definition of the strategy and level of risk assumed, as well as the incorporation of this variable for the strategic and operative decisions.
- b) Segregate, at an operative level, the functions among the risk assuming areas and the analysis, control and supervision areas, guaranteeing and adequate level of independence.
- c) Guarantee the proper utilization of the risk hedging instruments and its register in accordance with that required in the applicable legislation.
- d) Inform with transparency about the risks of the Group and the functioning of the developed systems for its control to the regulators and main external agents, maintaining the adequate channels to encourage the communication.
- e) Align with such *Policy* all the specific policies that need to be developed in concept of risks in the different businesses, if it were the case, and companies controlled by the Group.
- f) Ensure the adequate compliance of the corporate governance rules established by the Company throughout its corporate Government system and the actualization and permanent improvement of such system in the framework of the best international practices of transparency and good governance, and carry out its monitoring and measurement.
- g) Act always respecting the law and the corporate Government system of the Company and, particularly, the established values contained inside the Corporate Code of Ethics and Conduct

Such General Policy of Risk Control and Management of the Group is carried out through the procedures, methodologies and support tools, and that includes the following guidelines:

- a) The identification of the significant risks of corporate governance, market, credit, liquidity, capital management, business, regulation, operational, environmental, reputational and others, taking into account the possible impact on the key objectives of management, the new investments and the financial statements (including contingent liabilities and other risks out of balance).
- b) The analysis of such risks, not only in each one of the businesses or corporate functions but also taking into account its integrated effect on the Group and, particularly, the analysis of the risks associated to the new investments, as an essential element in the decision making in key of profitability-risk.
- c) The settlement of political structures, guidelines and limits, as well as the corresponding mechanisms for its approval and deployment, allow contributing in an efficient way to manage risk in accordance with the risk strategy of the Company.
- d) The implementation and control of the compliance of the policies, guidelines and limits, throughout the adequate procedures and systems, including the necessary contingency plans to mitigate the impact of the materialisation of the risks.
- e) The measurement and risk control following homogeneous procedures and standards common in all the Group and, particularly, the monitoring and regular checking of the risks in the Income Statement with the aim of controlling the volatility of the annual result of the Group.
- f) The information and internal control systems that allow to do a regular and transparent evaluation and communication of the results of the monitoring and management of risks, including the compliance of the policies and the limits.
- g) The continuous evaluation of the suitability and efficiency of the application of the system and of the best practices and recommendations in concept of risks for the eventual incorporation in the model.
- h) The review of the system by the Internal Audit Department of the Group.

The General Policy of Control and Management Risk is developed and complements throughout the corporate risk policies that are established related to the business units and/or companies of the Group, if the case, that are detailed below, and that are also subject to supervision by the Audit Committee and approval by the Board of Directors.

Structure of the Risk Policies of the Group

- General Policy of Control and Management Risk

Corporate Risk Policies

- Guidelines and general principles for the prevention of criminal risk.
- Delegation of authority.
- Financial risks management policy.
- Investments, purchases and suppliers policy.
- Guidelines for accounting policies.
- Project finance process and projects' status.
- Granting policies and loans formalization conditions.
- Acquisition and disposal of own shares procedure.
- Guidelines of the regulated information to publish in the market.
- System of Internal Control for Financial Information (ICFR)

E.2 Indicate the social governing bodies responsible for establishing and executing the risk management system including tax risk.

In order to adequate the impact of the risk, the Audit Committee, as a delegated and advisory Committee of the Board of Directors, apart from supervising the proposals of the Management and/or the Internal Audit Department, has the autonomous capacity to suggest to the Board of Directors for its approval the proposals of guidelines to regulate the limits of different risks, including tax risk, that are considered as acceptable for the Group.

AUDIT COMMITTEE

Related to the functions of such governing body, its own regulation, as well as the regulation of the Board of Directors, establishes that the functions of the Audit Committee are the following:

- Informing the General Shareholders' Meeting of the issues proposed thereto by the shareholders for items within its competence.
- Monitoring the effectiveness of internal control of the company, internal audit and risk management systems, including tax, and discuss with the auditor any significant weaknesses in the internal control system detected during the audit.
- Supervising the preparation and submission of the required financial information.
- Proposing the appointment of the company's auditors to the Board of Directors to be submitted for the approval, re-election or replacement by the General Meeting of Shareholders, in accordance with applicable law, and the terms of engagement and regularly gather from them information on the audit plan and its execution while preserving its independence in the exercise of their functions.
- Establishing appropriate relations with the auditors to receive information that could jeopardise their independence, for consideration by the Audit Committee, and, in general terms, any others that are related to the development process of the audit, as well as other communications included in auditing laws and the technical auditing rules. In all cases, it must receive written confirmation from the auditors of their independence from the company or the companies directly or indirectly associated thereto, along with information about additional services of any kind rendered to these companies by the aforementioned auditors or companies, or by persons or companies associated therewith, pursuant to auditing laws.
- Issuing a report every year, prior to the auditing report being issued, expressing an opinion on the independence of the external auditors or auditing firms. This report shall include, in any case, the assessment of the provision of additional services referred to above, considered individually and collectively, other than the statutory audit and in connection with the regime of independence or the legislation regulatory audit.
- To inform, in advance, to the Board of Directors on all matters under the Act, the Articles of Association and the Regulations of the Board and, in particular, (a) the financial information that the Company must periodically disclose; (b) the creation or acquisition of interests in special purpose entities or domiciled in countries or territories considered tax heavens; and (c) transactions with related parties.

BOARD OF DIRECTORS

Within the scope of its competence, with the support of the Audit Committee, the Board of Directors should ensure that the necessary mechanisms are introduced to identify measure, manage and monitor relevant risks of any type, establish the Company's risk strategy and profile, and approve the Group's risk policies.

In particular, the Board of Directors has to approve and supervise the risk control and management policy, as well as the monitoring of the system of internal control over financial reporting.

E.3 Indicate the main risks, including tax, that can affect the company in achieving business aims.

The risk factors which the Group is submitted to are, generally, the ones that follow.

- a) Corporate governance risks: the Company assumes the need to maximise in a sustained form the economic value of the Company and its good aim in the long run, in accordance to social interest, culture and vision and corporate mission of the Group, taking into consideration the legitimate, public or private interests, that converge in the development of all business activity and, particularly, among the different interest Groups, the ones of the communities and territories in which the Company performs and those of its workers. For this, it is fundamental the compliance of the corporate governance system of the Company, integrated by the Articles of Association of the company, the corporate policies, the internal rules of corporate governance and the other codes and internal procedures approved by the competent governing bodies of the Company and inspired in the recommendations of good governance generally accepted.
- b) Market risks: defined as exposure of the Group's results to variations in the prices and market variables, such as the exchange rate, interest rate, inflation, price of raw materials (electricity, emission rights, other fuels, etc.), prices of financial assets and others.
- c) Loan risks: defined as the possibility that a counterparty does not comply its contractual obligations and produces an economic or financial loss in the Group. The counterparties can be final clients, counterparties in financial markets or in energy markets, partners, suppliers or contractors.
- d) Liquidity risk: defined as the possibility of a company of not being able to attend its liabilities in the short run. For this, a careful management of the liquidity risk implies the maintenance of cash and sufficient tradable securities, the availability of financing throughout a sufficient amount of credit facilities and having the capacity to settle market positions.
- e) Capital management risk: the objective of the management of capital risk is to maintain an appropriate ratio between the acquirement of internal and external financing (financial liability).
- f) Financial restriction risk: the objective to manage such risk is to maximize the resources available by the Group, mainly throughout a proper generation of cash flow, optimization of the recurrent expenses, as well as the restriction in the grant of financial resources to the Group's subsidiaries.
- g) Business risks: established as the uncertainty of the behaviour of the key variables intrinsic to the business, such as the demand characteristics, weather conditions, or the strategies of the different agents and others.
- h) Regulatory risks: those resulting from regulatory changes established by the different regulators such as the changes in the remuneration of the regulated activities or the required conditions of supply, environmental regulation, fiscal regulation and others.
- i) Operational risks: refer to the direct or indirect economic losses caused by inadequate internal procedures, technological errors, human errors or as a consequence of external successes, including their economic, social, environmental and reputational impact, as well as the legal risk.
- j) Reputational risks: potential negative impact on the value of the Company as a result of a poorer behaviour of the company compared to the created expectations by the different interest Groups: shareholders, clients, media, analysts, Public Administration, employees and society in general.
- k) Other risks: at certain moments and/or situations there may exist new factors that generate the identification of new risks (through the analysis of the risk map of the Group, among others) whose potential impact can be significant for the Group, and therefore, are taken into consideration in the decision making to mitigate the impact of such risks.

E.4 Indicate whether the company has a level of risk tolerance, including tax risk.

The Group has not quantified a specific level of risk tolerance, adapting it to the different situations, taking into account the risk/opportunity combination.

Nevertheless, at the quality level, Fersa's risk map is the identification and valuation tool of all risks of the Group. All risks considered are evaluated considering probability and impact indicators.

In accordance to these parameters, risks are classified as:

- Non-significant risk: risks which impact is very low or out of control of the company. These risks are managed to reduce the frequency in which they are produced only if its management is economically feasible.
- Low risk (tolerable): risks that occur with little frequency and that have a low economic impact. These risks are monitored to check that they are still tolerable.
- Medium risk (severe): frequent risks with a very high impact. These risks are monitored and, where appropriate, regularly managed.
- Top risk (critical): occur with low frequency but the economic/strategic/reputational impact is really high. These risks are constantly monitored.

E.5 Indicate which of the risks, including tax, have taken place during the year.

Fersa's activity belongs to the renewable energy sources. This activity takes place in a changing environment, with regulations, subsidies or fiscal incentives that can suffer some modifications. The Group is subject to government regulations of the countries

where it is operating and the changes in the regulations or requirements can have an impact on the business, affecting the actual plants' profitability and the company's future capacity of financing projects.

In this context, on 13 July 2013 the Royal Decree 9/2013 of 12 July was published, in which urgent measures are adopted to guarantee the financial stability of the system. This Royal Decree abolished the previously valid Royal Decree 661/2007. This new regulation establishes the new remuneration system principles for the renewable energy generation plants and is submitted to the Government for the new remuneration system to be approved. Under this new regulatory framework, the income from the special system installations will come from:

- Income originated from the sale of electric power in the market.
- Income originated by the specific remuneration system, if applicable. The specific remuneration system will consist of the sum of two factors: the remuneration for the investment and the remuneration for the operation, which will be regularly checked once every three years.

Subsequently, in June 2014, the Ministry of Industry, Energy and Tourism approved the Royal Decree 413/2014 and the Ministerial Order IET 1045/2014 which regulate the sector of electric energy production from renewable sources, cogeneration and waste, establishing new remuneration schemes for typical installations, applicable to certain energy production facilities which use renewable sources of energy, cogeneration and waste.

The Royal Decree 413/2014 and the Ministerial Order IET 1045/2014 specify the amounts in EUROS of said special remunerations for every kind of technology and type of installation of renewable energy.

On 2 December 2016 a draft of an amendment to those remuneration schemes was published for the second remunerative half-period (from 1 January 2017 to 31 December 2019), establishing the amounts of remuneration for the operation which will be applicable during the first half year of 2017, in compliance with the provisions of article 20 of the Royal Decree 13/2014, of 6 June, and article 3 of the Order IET/1345/2014, of 2 July.

Subsequently, on 6 June 2014, the Ministry of Industry, Energy and Tourism approved the Royal Decree 413/2014 and the Ministerial Order that develops it, which regulate the activity of electric energy production using renewable sources, resolving this way the doubts about the regulatory framework that had been arising over the sector and existed as at 31 December 2013, and determining the new remunerative schemes for the wind facilities

The Fersa Group has evaluated the effect of the latest draft of regulation comparing it to the previous one against the estimations made on the basis of the regulation valid until 31 December 2016, without finding significant material differences between them.

In France the electricity facilities must hold authorisations for operations under the Law no. 2000-108 /10 February 2000, on the modernisation and development of the electricity utilities, as well as according to the Decree no. 2000-877/ 7 September of the same year, on the authorization for operating electricity facilities. Having obtained the authorisation, the electricity producers will be subject to the remunerative system pursuant to Decree of 10 July 2006 which grants remuneration to the operating facility according to the tariff indexed once a year.

On 9 December 2015, the French Energy Regulation Commission (CRE) delivered an opinion about a new draft of a decree on additional remuneration mentioned in article L.314-18 of the Energy Code.

The opinion provides that the renewable energy producers, after completing their contract for the sale of energy, will have the right to receive an additional compensation, which will have the form of a bonus involving both the installed capacity and the produced energy.

In Poland until 31 December 2015 the policy of incentives for wind energy was based on a system of obligatory quota and a parallel market of green certificates. However, in May 2015 this system was substituted:

- for new facilities launched after 1 July 2016 - by a system of auctions of energy where the winners of the auction will have a guaranteed price during 15 years
- applicable to wind farms launched before 1 July 2016 – a system of quota. This regulation points out a price for the energy and a penalty "Substitution Fee (SF)" to be paid in the case of not delivering sufficient amount of certificates of origin to comply with the established quota.

The Group has evaluated the impact of this new regulatory framework and, consequently, proceeded to make a downward adjustment of the value of its assets.

E.6 Explain the response and supervision plans for the main risks, including tax.

The Fersa Group has available an updated Risk Map which shows that relevant risks are those that can negatively affect various aspects, such as: operations, economic profitability, financial solvency, information, corporate reputation and integrity of its employees, including the risk of fraud.

For this reason, the Company has identified which of these risks can affect the Group and which measures to mitigate have been used to cover in the best way such risk, minimizing its impact. Likewise, for other risks whose impact is still not covered, there is an executive calendar, established together with a plan of action, of the measures that will avoid a significant impact of such risks on the Group.

The implementation of such measures is carried out by the Management of the Group, being the Audit Committee and, lastly, the Board of Directors the two governing bodies responsible for monitoring and approving the measures carried out, respectively.

F INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS (ICFR)

Describe the mechanisms that constitute the risk control and management systems in relation to the financial reporting process (ICFR) of your company.

F.1 Control framework of the entity

Inform, indicating the main features of at least:

F.1.1. Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR system; (ii) its implementation; and (iii) its monitoring.

The Internal Control over Financial Reporting System (hereinafter ICFR) of the FERSA Group is part of its general system of internal control and is arranged as a set of procedures carried out by the Board of Directors, Audit Committee and Management and employees of the Group in order to provide reasonable security concerning the reliability of the financial information subject to disclosure.

The Board of Directors of the FERSA Group is the maximum decision body of the Group, delegating the ordinary management to the executive bodies and the management team, and concentrating, therefore, its activity on monitoring which can be delegated to the Audit Committee. The Board of Directors has the ultimate responsibility for the existence and maintenance of an adequate and effective ICFR system.

On the other hand, the financial department is responsible for the accurate implementation of the ICFR system.

Among the direct responsibilities to be carried out by the Board of Directors, in terms of the internal control over financial reporting, without any prejudice to the effects that the delegations and powers granted may cause to third parties, and according to what is established in its own Regulations (article 4), there are, among others, the following duties:

- The determination of the risk control and management policy, including tax issues, and regular monitoring of the internal information and control systems.
- The determination of the corporate governance policy and of the Company and of the group being its dominant entity; its organization and operation and, in particular, the adoption and amendment of its own regulations.
- The approval of the financial information which the Company must regularly publish as a listed company.

Article 7 section 3 of the Regulations of the Board of Directors defines its actions and competence. In this respect and in connection with the process of preparing and monitoring financial reporting the Audit Committee, under the Regulations of the Committee (article 6) has, among others, the following duties:

- Monitoring the effectiveness of internal control of the company, internal audit and risk management systems, including tax, and discuss with the auditor any significant weaknesses in the internal control system detected during the audit.
- Supervising the preparation and submission of the required financial information, as well as the internal control systems related to significant risk for the company.

It is also important to point out that the Audit Committee has available the function of Internal Audit which, together with the monitoring of the former, ensures the proper functioning of the information systems and internal control evaluating periodically the efficiency of the ICFR system and informing regularly the Audit Committee of the weaknesses detected during the performance of its job and the possible infringements of the internal control policy and the timetable for the implementation of the proposed correction measures.

The Financial Management of the Group is responsible for performing the following functions in relation with the ICFR system:

- Revising and approving the policies and manuals referring to the management of financial reporting;
- Establishing and spreading the needed procedure for the internal control over financial reporting;
- Establishing and carrying out the internal control over financial reporting in order to ensure its reliability and guarantee that the reports, facts, transactions and other relevant aspects are notified properly within the adequate time frame; and
- Monitoring and controlling the compliance of the internal control over financial reporting and of the internal controls and procedures aimed at spreading the information outside, as well as analysing and verifying the efficiency of the controls and their effectiveness.

All the aspects related with the internal control over financial reporting are regulated in the corporate document ICFR Organizational and Monitoring Model which is applicable to all the companies belonging to the FERSA Group; the document establishes the functioning principles and the responsible bodies of the procedures.

F.1.2. If the following elements exist, especially those related with the process of elaboration of the financial statements:

- The departments and/or mechanisms that are in charge of: (i) the design and review of the organizational structure; (ii) clearly define the main line of responsibility and authority, with an adequate distribution of the tasks and functions; and (iii) of the existence of enough procedures so as to ensure its correct diffusion inside the entity.

The Board of Directors of FERSA assigns to the Financial Management of the Group the responsibility for designing and revising the organizational structure as well as for its modification whenever it is deemed necessary. In this respect the appropriate guidelines of authority and responsibility have been developed for each business unit of the Group, documented in the form of an organizational chart and models of dependence which define the tasks and functions of different units. On the other hand, the ICFR Organizational and Monitoring Model, a document formally approved by the Audit Committee, refers to the functions connected with the ICFR.

In order to attain the priority goal of obtaining a correct and reliable financial information, the Group has developed and approved the ICFR Operation Model. This document, approved by the Audit Committee, defines the process of preparing the financial information, functioning of the reports (identification of key controls, formats and the persons responsible of conducting the evaluation and supervision) as well as the executive reporting to be performed by the Internal Audit Department and the evolution and supervision of the overall ICFR system.

Therefore, the responsibility for the internal control over financial reporting is formally determined and assigned.

On the other hand, the documents regarding the ICFR Operation Models are published in a portfolio generally accessible to all the staff.

- Code of conduct, approval bodies, degree of diffusion and instruction, principles and values included (indicating if specific mentions in the registry of operations and the elaboration of the financial statements exist), bodies in charge of analysing the breaches and of suggesting corrective actions and sanctions.

The Fersa Group has a Corporate Code of Ethics and Conduct, approved by the Board of Directors, which explains the ethic commitments and responsibilities in the management of the business and in corporate activities assumed by the professionals of FERSA, regardless of their post, position within the company, geographical situation or function carried out. Also, complying with the Code is understood without prejudice to the complying with the company's corporate governance and, in particular, of the Internal Regulations for Conduct in the Securities Market.

The document is part of the welcome pack handed in to the new employees together with a letter of agreement subject to acceptance and signature by all Group employees. The main principles and values defined in this document are: ethics and trust, economic performance, respect to the environment and to the society as well as professional and personal development.

The Corporate Code of Ethics and Conduct is composed by:

- The general principles which regulate the relationship with the implicated parts and which define the reference values for the Group activities;
- The behaviour principles which regulate the relationship with all the parties involved, and provides specific guidelines and norms that the contributors of Fersa must abide by so as to respect the general principles and prevent the risk of non-ethic performance;
- The implementation mechanisms, which describe the duties of the Audit Committee (concerning dissemination, implementation and control of the Corporate Code of Ethics and Behaviour), and of the Internal Audit Department (supervision and issuing of reports as well as improvement proposals), and of the Management (by spreading its communications as well as information to the employees).

The Group applies the Regulation of disciplinary proceedings and sanctions system approved by the Board of Directors to complement the Code of Ethics in regulating the disciplinary procedures of the misdemeanours committed by the employees of the Group. The body in charge of analysing such misconducts and proposing the sanctions and/or corrective measures is the Board of Directors or the Executive Committee, either from the beginning or by request of the Management and after receiving a non-binding report of the Audit Committee.

- Channel of complaints, that allows the communication to the Audit Committee of irregularities of financial and accounting nature, in addition to temporary breaches of the code of conduct and irregular activities in the organization, informing as the case may be if this one is of confidential nature.

The FERSA Group has available a channel of complaints, regulated in the Corporate Code of Ethics and of Conduct of the Group, which makes it possible for all the employees to notify, in a secure and confidential way, any behaviour that can imply an irregular or illegal act or conduct that can be contrary to the established rules. At the start point of the channel of complaints all employees of the Group were informed about the implementation of such form of communication and about its functions. Besides, all the employees are regularly reminded about the aims and operating rules of the channel.

Moreover, the established procedures for the use of this channel guarantee the total and strict confidentiality, given that the received information is managed directly by an independent third party, the Chairman of the Audit Committee of the Group. The responsibility of handling of the complaints made through the Channel of complaints lies with the Chairman of the Audit Committee.

- Training and regular updating programs for those employees involved in the preparation and review of the financial statements, as well as the evolution of the ICFR, that cover at least, accountable norms, auditing, internal control and risk management.

It is the Group's will to systematically update the knowledge of all the employees and management staff about the changes and novelties in preparing and publishing of the financial information. Likewise, the Group's intention is to systematically provide specialised courses about the matters related to ICFR to the employees engaged in preparing the financial statements of the Group. Constant communications with the external auditors and other independent professionals ensure this permanent update.

Additionally, as a consequence of such communications, the management receive the information about novelties and participates also in the presentations and meetings organised by the external auditors, during which the main news related to the legal regulations, corporate governance and/or financial or tax matters are discussed.

F.2 Evaluation of the financial statements' risk

Inform, at least, of:

F.2.1. Which are the main characteristics of the process of risk identification, including the mistakes or fraud, in relation to:

- Whether the process exists and is documented.

The Fersa Group implements General Policy of Control and Risk Management intended to establish the basic principles and overall framework of action in terms of control and management of any kind of risk which the Group is exposed to. The policies are developed to supplement various systems of corporate policies regarding risk and specific risk policies which may be established for companies belonging to the Group. This way the Group has identified and updated the main kinds of risks during 2016, organizing appropriate systems of control and internal information, and keeping periodical supervision of them.

This policy also aims at integrated management of financial risk within the borders of the Group's culture and its strategic goals with consideration given to the following goals:

- Identification, analysis, management and limiting of financial risk to which the Group is exposed due to the nature of business it conducts;
- Providing the organisation with a framework in order to enable conducting financial activities in a way that is controlled and consistent;
- Improving the decision making process and financial planning through complex and orderly knowledge of business activity;
- Contributing to a more effective use of resources within the Group;
- Limiting variability within the financial areas of activities;
- Protecting financial assets;
- Developing and supporting persons and knowledge base regarding the organisation, and
- Optimising the operational effectiveness.

Moreover, the FERSA Group possesses a general Risk Map which aids in making some of the company's strategic decisions; the duty to upgrade and maintain said document rests with the General Manager and the Board of Directors. This document, upgraded in the year 2015, states that a significant risk is defined as a risk which could negatively impact the operational activity, economical profitability financial liquidity, information, corporate image, and the firm's employees' integration, including the risk of fraud. In regards to the latter, the Group, in collaboration with legal advisors, continually works on determining the means to limit potential dishonest behaviours. These means include various methods of action and tasks as well as developing necessary textbooks and procedures (Risk Map, textbooks, procedures, Corporate Code of Ethics and Conduct, norms, conflict of interest / related parties, compliance, complying with the regulations of criminal law, etc.) limiting the risk of fraud within the Group.

- Whether the process covers the totality of the objectives of the financial statements, (existence and occurrence; integrity; valuation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and, if so, how frequently.

The Financial Management of the Group has identified the control objectives for each risk, as well as the people responsible for them, according to the established methodology, taking into account the following potential mistakes in the financial information:

- Integrity.
- Validity.
- Register.
- Cut-off (operations).
- Valuation.
- Accounting classification.
- Breakdown and comparability.

These objectives are updated at least once a year.

- The existence of a process of identification of the scope of consolidation, taking into account, among other aspects, the possible existence of complex business structures, instrumental entities or of special purpose.

The consolidation scope of Fersa is monthly determined by the Financial Management, together with the Accountancy Department of Fersa, and under a supervision of an external auditor, in accordance with the criteria established by the International Accounting Standards (hereinafter, "IAS") 27, and other local accountancy regulations. The possible changes in the consolidation are notified to all the Group's subsidiary companies. To this effect the Group conducts a constantly updated register of companies that covers the totality of shareholding, direct and indirect, as well as all the entities in which the Group has the possibility of exercising control, whichever the legal form in which such control may be assumed.

- Whether the process takes into account the effects of the other typologies of risks (operating, technological, financial, legal, reputational, environmental, etc.) according to the extent by which they affect the financial statements.

Under this general risk management process the Group applies the ICFR Procedures Manual which defines the methods and procedures in the management of special risks in the financial reporting, describes the key processes, the risks present in the ICFR and the controlling actions in order to evaluate determined guidelines for its adequate implementation, functioning and monitoring. In this respect the description of the processes, risks and controls contained in this document is periodically updated and revised by the Group.

- Which governance body of the entity supervises the process.

The body responsible for the supervision of the internal control and risk management system is the Audit Committee of the Group with assistance of the Internal Audit Department.

F.3 Control Activities

Report, indicating your main characteristics, whether you have available at least:

F.3.1. Financial reporting review and authorization procedures, and the description of the internal control system of financial reporting which needs to be published in the stock market, indicating the persons in charge, as well as the descriptive documentation of the activity flows and controls (including those related to the risk of fraud) of the different types of transactions that can affect significantly the financial statements, including the procedures of accounting closure and the specific review of the trials, estimates, valuations and relevant consequences.

The Fersa Group applies the Manual of Regulated Information for Disclosure, duly approved by the Audit Committee and Management of the Group, in which all the obligatory communications are detailed, required by the regulator, and the risks and controls related to that process are identified.

In this way, the Management are in charge of referring quarterly, semi-annually and annually the mandatory financial information to the stock market (CNMV) in coordination with the Internal Audit Department, legal assessors and the Board of Directors. This financial information is elaborated through the different departments dependants of the Management. In said process the Accountancy Department is relevant, as, during the process of closure and consolidation of the accounting cycle, it undertakes different control activities that ensure the fairness of the disclosed information. Additionally, the Management Control Department analyses and supervises the information. Ultimately, the Management reviews and approves the general financial information as well as the specific information about the opinions, estimations, valuations, provisions and forecasts relevant for quantifying the assets, liabilities, income, expenses registered and/or disclosed in the Annual Accounts of the Group.

As was already mentioned above, the Audit Committee is responsible for the process of verifying and approving financial information and for the description of the ICFR to be disclosed in the stock market. During the closures of the accounting cycle that fall on the end of half-year, the Audit Committee receives comments and information conveyed by the external auditors of the Group based on the control results. Moreover, the Audit Committee (in reference to the half-year closures) informs the Board of Directors about its conclusions regarding the presented financial report, which, after being approved by this body, is forwarded to the stock markets.

In reference to the documentation describing the flows of activities and controls regarding various kinds of transactions which may impact the content of financial reporting, the Group has at its disposal the aforementioned Internal Control over Financial Reporting Manual. The Group implements formulated procedures in these processes which are regarded as significant in terms of their potential influence on financial reporting intended for disclosure; it applies to the following processes:

- Financial closing (accountancy closing and consolidation)
- Impairment test
- Hedging treatment
- Cash and bank accounts
- Operating income recognition
- Exchange differences

It should be mentioned that in recent years the company has undertaken an effort to formulate key actions meant to prevent, mitigate or diminish the risks of fraud within the Group, such as, among others, drawing up the Corporate Code of Ethics and Conduct, establishing the Channel of Complaints, centrally managing the appointment of proxies, creating the Investments, Purchases and Suppliers' Management Policy, as well as the Accounting Policies Manual and the Information Security Systems Manual.

The Group also has at its disposal the Criminal Risk Prevention Manual, verified and updated periodically and functioning as one of the important means of action aimed at preventing fraud and crating the right internal control environment. Additionally, in 2016 the Group, on the basis of new requirements imposed by the reform of the Criminal Code (Organic Law no. 1/2015, of 30 March), has developed a Compliance Programme (also called Corporate Defence) with the aim of executing a model of organisation and management involving the optimum supervisory measures which would prevent the commission of torts in the Group (the holding company and its subsidiaries). The aim of the Programme is to indicate the general principles of conduct and action which are expected of the Group's employees, and to indicate the Group's key values within the means to achieve business goals and for the purpose of preventing the occurrence of material threats within the company through avoiding situations of breach of law, and complying with current legal regulations.

F.3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key processes regarding the preparation and publication of financial information.

The FERSA Group uses information systems for the purpose of conducting a correct register and control of its operations and, subsequently, their correct functioning is a key element of special significance to the Group. Simultaneously the Group continually develops (under the name of Systems Plan) its information systems, creating and upgrading a map of individual applications and planned improvements through creating the right procedures and security devices. Periodic controls of information systems are being carried out and appropriate actions indicated by the Group's Management are being undertaken.

For identified applications and systems the Group has the Information Security Systems Manual, verified by the Audit Committee and formally approved by the Board of Directors. This document aims at, among others, establishing the technical and organizational means of these systems, spreading the principles and standards of information safety, minimising the risk related to utilising information technologies, preventing the leaks of sensitive data and ensuring a greater integrity, reliability and privacy of the generated information.

In reference to the continuity of operations and data storage, the FERSA Group has at its disposal the following safety measures aimed at preventing data loss due to accidents or unforeseen incidents:

- Backups stored within the company.
- Backups stored outside the company.
- Backups stored by the IT services provider.
- Partition of server with access authorisations depending on the user's profile.

Between the years 2012 and 2016 appropriate improvements have been introduced into the new systems, for the purpose of increasing integrity and security, such as managing orders through the system and gradation of authorisation.

F.3.3. Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services carried out by independent experts, when these may materially affect the financial statements.

In the year 2016 the FERSA Group did not outsource any significant activities which might have material influence on financial reporting and which would not be subject to oversight on the Group's part. The Group did outsource some of the activities, such as drafting and managing the payroll. Usually evaluations, calculations or appraisals commissioned to third parties, which may have direct influence on financial reporting, are deemed to be necessary actions within the scope of generating financial information, which, in individual cases, lead to identification of the prioritised kinds of error risks, which requires designing internal controls related to them. These controls include analysis and internal approval of key assumptions which may be implemented, as well as verifying evaluations, calculations of appraisals conducted by external entities, through juxtaposing them with calculations carried out internally.

Therefore, in such cases when the company enlists the services of an independent entity, it ascertains the entity's competences, authorisations, independence as well as technical and legal capabilities. In any case the results or reports of individual experts independent in the area of audit, tax or legal matters, are monitored by persons responsible from the Management or other departments for the purpose of confirming the conclusions drawn.

Moreover, within the Group the Investments, Purchases and Supplier's Management Policy is in effect, determining in detail the procedures of investment and purchase approval, levels of making decisions regarding approvals, as well as the policy of selection of suppliers and management of contracts with suppliers.

F.4 Information and communication

Indicate whether at least the following components exist and specify their main features:

F.4.1. A specific function in charge of defining and maintaining accounting policies (accounting policy area or department) and settling doubts or disputes arising from the interpretation thereof, maintaining regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the entity's operating units.

The responsibility for applying the accounting policies of the FERSA Group is unified for all the geographical area of its activity and is centralised in the Financial Department. The functions of this Department, together with the active participation of the Accountancy Department, are, among others, the following:

- Draw up and update the Accountancy Policy Manual for the FERSA Group;
- Analyse the operations and transactions undertaken or foreseen to be undertaken by the Group with the main aim of determining its suitable treatment in accordance with the accountancy policies;
- Monitor the new regulatory projects drawn up by the IASB, the new standards passed by this organisation, and the related approval process conducted by the European Union, so as to determine the impact of the implementation thereof on the consolidated accounts of the Group; and
- Answer any question which may arise in any of the subsidiary companies of the Group about the application of the accountancy policies.

Generally, and also in those cases when the application of the accountancy regulations is especially complex, the Financial Department of the Group informs its external auditors about the conclusions of the accountancy analysis conducted by the Group and requests them their opinion. Subsequently, the information is conveyed to the Audit Committee for analysis and approval.

The Accountancy Policies of the FERSA Group are developed in accordance with the International Financial Reporting Standards adopted by the European Union (hereinafter "IFRS") and are collected in a document called Accountancy Policies Manual of the FERSA Group, approved by the Financial Management and by the Audit Committee, and verified by the external auditor. The Group, through the Accountancy Department, and under the supervision of the Financial Management, developed and formalized during the year 2011 said Manual, which collects the accounting principles and criteria of the companies of the Group, determining the registry and valuation guidelines so as to homogenize the accountancy in all the subsidiary companies of the Group, thus making sure of the uniformity of the accountancy and financial information. The document details the sufficient information which the Accounting Department and the Financial Management have deemed necessary and relevant, thus ensuring that both the subsidiaries and the holdings have an adequate knowledge thereof. Such Policies include a general framework and detailed policies, such as those referring to impairment tests, policies and methods of capitalization of costs, swaps calculations, and dismantling provisions. The policies are updated systematically and are subject to a continuous reviewing process.

Additionally, the FERSA Group maintains documented other business processes and detailed procedures that are deemed relevant. All these documents are available for the people responsible for the drawing up of the financial statements of the companies belonging to the Group.

F.4.2. Mechanisms for the capture and preparation of financial information in standard format, to be applied and used by all units of the entity or the group, supporting the principal accounts and the notes thereto, as well as the information provided on the internal control over financial reporting system.

The FERSA Group applies the ERP system in drafting and forwarding financial information, the system covering all companies with internal accounting based on the unified chart of accounts. This application satisfies, on the one hand, the needs to report individual financial statements, and on the other, it facilitates the process of consolidation and of the following analysis and verification. Moreover, it contains within one, centralised system, all the information concerning accounting of individual financial statements of subsidiary companies of the Group and the notes and breakdowns necessary to draw up the annual financial accounts. This system is manager in a centralised way, has a uniform format and implements one shared chart of accounts according to the guidelines determined in the current Accountancy Policy of the FERSA Group. The integrity and reliability of the information systems is confirmed by means of general control described in section F.3.2.

For the purpose of forwarding information to compile the consolidated financial accounts of the FERSA Group, as well as the information which needs to be taken into consideration in the subsequent closing reports (quarter- or half-yearly) which are handed in to the Audit Committee and the Board of Directors, there is a standard reporting template which is sent out once a month to the subsidiary companies. Such a central reporting template includes the basic financial statements, information regarding intercompany balances, detailed balances which are modified based on the IFRS interpretation and the explanation of the main balances.

These reports are forwarded to the Management Control Department from:

- The operating subsidiaries located abroad; and
- The Accountancy Department (FERSA and subsidiaries whose accounting is internalised).

After verifying the quality of the information received by the Management Control Department, the financial information is shared with the Accounting Department through the internal network, for the purpose of consolidation.

Lastly, it needs to be pointed out that the Group, through the formal approval by the Management and the Audit Committee, has a current ICFR Operation Model, which details the functioning of the reports related to the ICFR system (identification of the key controls, format, responsibility for the evaluation and supervision), as well as the executive reporting drawn up by the Internal Audit Department and the assessment and control over the ICFR as a whole.

F.5 Monitoring of the system operating

Indicate and describe the main features of at least the following elements:

F.5.1. The activities of supervision of the internal control over financial reporting system (ICFR) performed by the audit committee, as well as whether the entity has an internal audit function whose duties include providing support to the committee in its work of supervising the internal control system, including the internal control over financial reporting system. Information is also to be provided concerning the scope of the assessment of the internal control over financial reporting system performed during the financial year and on the procedure whereby the person or division charged with performing the assessment informs of the results thereof, whether the entity has an action plan in place of describing possible corrective measures, and whether the impact thereof on financial information has been considered.

The FERSA Group has an Internal Audit Department, subject, in terms of functioning, to the Audit Committee, and its main task is to effectively monitor, analyse and evaluate the system of internal control and management of risks significant to the company and the Group. This department conducts independent and periodic controls of the structure and actions of the internal control system, identifies shortcomings, and formulates recommendations regarding improvement actions included in the reports handed over to the Audit Committee during periodic meetings. The reports are presented to the Committee along with a plan of mitigation measures undertaken by the managers of every area and the Management of the Group.

In regards to the above, the Internal Audit Department keeps constant oversight of the plans and actions agreed upon with individual departments for the purpose of correcting identified weaknesses and implementing recommendations. The Internal Audit Department carries out periodic controls of all the processes involved with formulating financial information, regarded as relevant in individual companies belonging to the Group and within the corporate finance area, at the closing of quarterly, half-yearly and yearly periods.

The weaknesses and/or aspects that require improvement identified during the verification process caused the need to formulate a plan of detailed actions in regards to each of them, based on which the Internal Audit Department conducted the monitoring, controls and reports, until they were fully removed or rectified.

Simultaneously, an external auditor, according to the information given in section F.7.1., formulates each year a new report concerning the established procedures regarding the description of the ICFR system implemented by FERSA, in which no significant issues were indicated.

F.5.2. Whether there is a discussion procedure whereby the auditor (as provided in the Technical Auditing Standards), the international audit function, and other experts can inform senior management and the audit committee or the directors of the entity of the significant internal control weaknesses detected during the review of the annual accounts or such other reviews as may have been entrusted to them. Information shall be also provided on whether there is an action plan to seek to correct or mitigate the weaknesses found.

The discussion procedure about the improvements and identified significant weaknesses of the internal control is based, generally, on regular meetings held by the intervening parties. The Internal Audit department informs periodically the Management and the Audit Committee about the conclusions related to the internal control of the ICFR system and the internal audits carried out during the year, as well as about the situation regarding the implementation of the action plans established in order to mitigate weaknesses.

The auditor of the Group has direct contact with the Financial Department and the General Management through periodic meetings (for referring half-yearly information, before preparing the annual accounts, to expose the incidences detected and before beginning the audit, to explain the scope thereof), both in order to obtain necessary information for the performance of the work and to communicate the control weaknesses detected. Moreover, every six months the auditor reports to the Audit Committee the conclusions of the half-yearly / yearly audit of the Group, including all the aspects considered as relevant.

Furthermore, the Accounting Department, responsible for the preparation of the consolidated financial statements, holds frequent meetings with the external auditors and the Internal Audit area, both for the half-year and year closure, in order to discuss relevant matters related to the financial reporting.

F.6 Other relevant information

There is no other relevant information to detail.

F.7 External auditor report

Report on:

F.7.1. Whether the ICFR information disclosed to the markets has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons therefor.

The FERSA Group has submitted for review by the external auditor the ICFR information disclosed to the markets, concerning the financial year 2016. The scope of the auditor's review has been established pursuant to the document of the Spanish Auditors Institute nº E14/2013, of 19 July 2013, which contains the Guideline and a model of the auditor's report on the ICFR information of listed companies.

G COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with the recommendations of the Good Governance Code of Listed Companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons in order to furnish the shareholders, investors and the market in general sufficient information to assess the company's course of action. General explanation will not be accepted.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchase on the market.

Complies

Explain

2. When a dominant and a subsidiary company are both listed, they should provide detailed disclosure on:

a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies.

b) The mechanisms in place to resolve possible conflicts of interest.

Complies

Complies in part

Explain

Not applicable

3. During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report, and in particular:

a) Regarding the changes made since the previous annual general meeting.

b) Regarding the specific reasons for which the company does not follow certain recommendations of the Good Governance Code and, possibly, which alternative procedures are implemented instead.

Complies

Complies in part

Explain

4. The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

Complies Complies in part Explain

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Complies Complies in part Explain

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

- a) Report on auditor independence.
- b) Reviews of the operation of the audit committee and the nomination and remuneration committee.
- c) Audit committee report on related party transactions.
- d) Report on corporate social responsibility policy.

Complies Complies in part Explain

During the financial year 2016 the company did not publish any of the reports listed above, though their contents was mostly published and distributed among the shareholders properly in advance before the annual general meeting in 2016, because the information was included in the annual financial report and on the company's website. However it's predicted that in 2017 these reports will be drawn up and published on the website well in advance before the annual general meeting.

7. The company should broadcast its general meetings live on the corporate website.

Complies Explain

Due to the company's size and the profile of the majority of its shareholders there is not noted a need to hold a broadcast, through the website, of the annual general meeting of shareholders. None of the shareholders has expressed such a wish.

It should be noted that in the consolidated texts of the Articles of Association and the Regulations of the General Meeting of Shareholders, approved by the General Meeting on 26 June 2012, a provision was made for the possibility of participation in the General Meeting and voting on resolutions by proxy or personally by a shareholder via post or electronic correspondence or via other means of communication, insofar as they enable sufficient identification of the person participating in the debates or vote, and ensure the security of electronic communication.

However during the General Meetings of Shareholders conducted in accordance with the new regulations of the Articles of Association there has not been noted any interest in aforementioned electronic media on the part of the shareholders. However the Company nevertheless was duty bound to purchase certain services for the purpose of creating the possibility of making them available for the shareholders who might potentially want to make use of them.

Since the legislation did not require making available of such electronic media to the shareholders, and the matter was supposed to be regulated in a discretionary way based solely on the Articles of Association, it was deemed appropriate for the Board to determine each time when calling a General Meeting of Shareholders, whether electronic media would be made available, due to which both the Articles of Association and the Regulations of the General Meeting of Shareholders had been altered in this area in 2014. It was meant to serve, on the one hand, to eliminate the necessity to run such media each time, and on the other, to consider the possibility that the Board might decide to run them in regards to a particular General Meeting, in case in the future it was decided that the Company's shareholders are interested in making use of such kind of media (which interest, as mentioned before, has not been noted so far).

8. The audit committee should strive to ensure that the board of directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

Complies Complies in part Explain

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies Complies in part Explain

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

- a) Immediately circulate the supplementary items and new proposals.
- b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.
- d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies Complies in part Explain Not applicable

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complies Complies in part Explain Not applicable

12. The board of directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Complies Complies in part Explain

13. The board of directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Complies

Explain

14. The board of directors should approve a director selection policy that:

- a) Is concrete and verifiable.
- b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's need; and
- c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of board needs should be written up in the nomination committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by women directors before year 2020.

The nomination committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Complies

Complies in part

Explain

Although in regards to the selection and appointment of directors the aforementioned criteria and goals are implemented, the analysis of the company's situation and needs is conducted in reference to a particular situation in which the appointment or reappointment of a director is supposed to occur, and not in an abstract and general way.

15. Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Complies

Complies in part

Explain

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

The criterion can be relaxed:

- a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies

Explain

The percentage of proprietary directors out of all non-executive directors is 71.43% and the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital is 70.86%. However, due to the scarcity of significant shareholdings in Fersa, the company may be considered as complying with the relaxed criterion.

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent directors should occupy, at least, a third of board places.

Complies

Explain

Independent directors represent almost one third of the share capital in relation to the total number of directors, namely, 28.57%. However, as 70.86% of the share capital of the Company is held by only one shareholder, it may be considered as complying with the relaxed criterion.

18. Companies should post the following director particulars on their websites, and keep them permanently updated:

- a) Professional experience and background.
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.
- d) Dates of their first appointment as a board member and subsequent re-elections.
- e) Shares held in the company and any options on the same.

Complies Complies in part Explain

The information on the website refers to points c, d and e.

19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3 per cent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies Complies in part Explain Not applicable

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

Complies Complies in part Explain Not applicable

21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where they find just cause, based on a proposal from the nomination committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in Recommendation 16.

Complies Explain

22. Companies should establish rules obliging directors to inform the board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the offences stated in company legislation, the board of directors should open an investigation and, in particular, decide whether or not he or she should be called on to resign. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Complies Complies in part Explain

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independent and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

The terms of this Recommendation also apply to the secretary of the board, even if she or he is not a director.

Complies Complies in part Explain Not applicable

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the annual corporate governance report.

Complies Complies in part Explain Not applicable

25. The nomination committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors regulations should lay down the maximum number of company boards on which directors can serve.

Complies Complies in part Explain

The Company requires the directors to devote a sufficient amount of time and involvement to be able to successfully carry out their duties. However there are no regulations concerning the number of company boards on which the directors may serve.

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies: Complies in part Explain

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Complies Complies in part Explain

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book at the request of the person expressing them.

Complies Complies in part Explain Not applicable

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Complies Complies in part Explain

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies Explain Not applicable

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Complies Complies in part Explain

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Complies Complies in part Explain

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Complies:

Complies in part

Explain

34. When a lead independent director has been appointed, the bylaws or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman or vice chairman; give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Complies

Complies in part

Explain

Not applicable

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Complies

Explain

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

a) The quality and efficiency of the board's operation.

b) The performance and membership of committees.

c) The diversity of board membership and competences.

d) The performance of the chairman of the board of directors and the company's chief executive.

e) The performance and contribution of individual directors, with particular attention to the chairmen of board committees.

The evaluation of board committees should start from the reports they send to the board of directors, while that of the board itself should start from the report of the nomination committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. The facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Complies

Complies in part

Explain

37. When an executive committee exists, its membership mix by director class should resemble that of the board. The secretary of the board should act as secretary to the executive committee.

Complies

Complies in part

Explain

Not applicable

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Complies

Complies in part

Explain

Not applicable

39. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent directors.

Complies

Complies in part

Explain

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Complies

Complies in part

Explain

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.

Complies

Complies in part

Explain

Not applicable

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

- a) Monitor the preparation and integrity of financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter and the correct application of accounting principles.
- b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
- c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. With respect to the external auditor:

- a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
- b) Ensure that the remuneration paid to the external auditor for their services does not compromise the quality of such services or the independence of the auditor.
- c) Ensure that the company notifies any change of auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons therefor.
- d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.
- e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complies Complies in part Explain

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies Complies in part Explain

44. The audit committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complies Complies in part Explain Not applicable

45. Control and risk management policy should specify at least:

- a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.
- b) The determination of the risk level the company sees as acceptable.
- c) The measures in place to mitigate the impact of risk events should they occur.
- d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Complies Complies in part Explain

46. Companies should establish a risk control and management function in the charge of one of the company's internal departments or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

- a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, manager and quantified.
- b) Participate actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Complies Complies in part Explain

47. Appointees to the nomination and remuneration committee – or the nomination committee and remuneration committee, if separately constituted – should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies Complies in part Explain

48. Large cap companies should operate separately constituted nomination and remuneration committees.

Complies

Explain

Not applicable

49. The nomination committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director may approach the nomination committee to propose candidates that it might consider suitable.

Complies

Complies in part

Explain

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

- a) Propose to the board the standard conditions for senior officer contracts.
- b) Monitor compliance with the remuneration policy set by the company.
- c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to the directors and senior officers in the company.
- d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
- e) Verify the information on director and senior officer's pay contained in corporate documents, including the annual director's remuneration statement.

Complies

Complies in part

Explain

51. The remuneration committee should consult with the chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies

Complies in part

Explain

52. The terms of reference of supervision and control committees should be set out in the board of directors regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

- a) Committees should be formed exclusively by non-executive directors, with a majority of independents.
- b) Committees should be chaired by an independent director.
- c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.
- d) They may engage external advice, when they feel it necessary for the discharge of their functions.
- e) Meeting proceedings should be minuted and a copy made available to all board members.

Complies

Complies in part

Explain

Not applicable

53. The task of supervising compliance with corporate governance rules, internal code of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the nomination committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the board under its powers of self-organisation, with at least the following functions:

- a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.
- b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.
- c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, for the legitimate interests of remaining shareholders.
- d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
- e) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.
- f) Monitor and evaluate the company's interaction with its stakeholder groups.
- g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Complies

Complies in part

Explain

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

- a) The goals of its corporate social responsibility policy and the support instruments to be developed.
- b) The corporate strategy with regard to sustainability, the environment and social issues.
- c) Concrete practices in matters relative to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts.
- d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.
- e) The mechanisms for supervising non-financial risk, ethics and business conduct.
- f) The channels for stakeholders communication, participation and dialogue.
- g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies

Complies in part

Explain

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

Complies Complies in part Explain

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Complies Explain

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies Complies in part Explain

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.
- b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
- c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies Complies in part Explain Not applicable

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Complies Complies in part Explain Not applicable

60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Complies Complies in part Explain Not applicable

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies Complies in part Explain Not applicable

62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies Complies in part Explain Not applicable

63. Contractual agreements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Complies Complies in part Explain Not applicable

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

Complies Complies in part Explain Not applicable

H OTHER INFORMATION OF INTEREST

1. If you consider that there is any material aspect or principle relating to the corporate governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.

2. You may include in this section any other information, clarification or observation related to the above sections of this report to the extent they are relevant and not reiterative.

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

3. You may also state whether the company voluntarily subscribes to other international, sectorial or other codes of ethical principles or good practices. If applicable, identify the code and date of adherence thereto.

2. Fersa Energías Renovables, S.A. is a signatory entity in the UN Global Compact since 7 August 2013, and has joined it voluntarily. By this agreement Fersa recognizes its commitment to comply with the ten (10) Principles of the Global Compact in the areas of human rights, labour, environment and anti-corruption.

This annual corporate governance report has been approved by the Board of Directors of the Company at its meeting of 21 February 2017.

State whether any directors voted against or abstained from voting in the approval of this Report.

Yes

No

Fersa Energías Renovables, S.A. and Subsidiaries

Auditor's report on the information
relating to the system of Internal Control
over Financial Reporting (ICFR)
of the Fersa Group for 2016.

AUDITOR'S REPORT ON THE INFORMATION RELATED TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF THE FERSA GROUP FOR 2016

To the Directors of
Fersa Energías Renovables, S.A.:

In accordance with the request of the Board of Directors of Fersa Energías Renovables, S.A. and Subsidiaries (hereinafter: the Fersa Group) and with our proposal-letter of 9 December 2016, we have applied certain procedures to the Information relating to the ICFR system included in section F of the accompanying Annual Corporate Governance Report (AGCR) of the Fersa Group for 2016, which summarises the internal control procedures of the Fersa Group in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system as well as for making improvements to that system and for preparing and establishing the content of the accompanying Information related to ICFR included in the section F of the accompanying AGCR.

It should be noted in this regard, irrespective of the quality of the design and operating effectiveness of the internal control system adopted by the Fersa Group in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance regarding the objectives pursued, due to the limitations inherent to any system of internal control.

In the course of our audit work on the financial statements and pursuant to the Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Fersa Group was to enable us to establish the scope, the nature and timing of the audit procedures to be applied to the Fersa Group's financial statements. Therefore, our assessment of the internal control performed for the purposes of the aforementioned audit of financial statements, was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we have applied exclusively the specific procedures described below and indicated in the Guideline on the Auditor's Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope which is significantly less extensive than that of an audit or a review of an internal control system, we do not express an opinion on the effectiveness thereof, nor on its design and operating effectiveness, in relations to the annual financial report for 2016 of the Fersa Group described in the Information related to the ICFR system included in the section F of the accompanying AGCR. Therefore, had we applied procedures additional to those described below or performed an audit or a review of the internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Additionally, since this special work does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Fersa Group in relations to the ICFR system – disclosure information included in the Directors' Report – and assessment of whether this information addresses all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model AGCR established in the CNMV Circular no. 7/2015 of 22 December.

2. Questioning of personnel responsible for the drawing up of the information detailed in point 1 above in order to: (i) obtain an understanding of the process that goes into drawing up the information; (ii) obtain information allowing to evaluate whether the terminology used complies with the framework definitions; (iii) obtain information on whether the control procedures described are implemented and functioning at the Fersa Group.
3. Review of the explanatory supporting documentation for the information detailed in point 1 above, including the documentation furnished directly to the personnel in charge of preparing the ICFR descriptive information. In this respect, the aforementioned documentation includes reports prepared by the internal audit department, senior executives or other internal or external experts providing support functions to the Fersa Group's Audit Committee.
4. Comparison of the information detailed in point 1 above with the knowledge on the Fersa Group's ICFR system obtained through the procedures applied during the financial statement audit work.
5. Perusal of minutes of meetings of the Board of Directors, the Audit Committee and of other Fersa Group committees in order to assess the consistency between the ICFR issues addressed therein and the information detailed in point 1 above.
6. Obtaining the representation letter about the work performed, duly signed by the persons responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements established by Article 540 of the Legislative Royal Decree 1/2010, of 2 July, approving the consolidated text of Capital Companies Law and by CNMV Circular no. 7/2015, of 22 December, for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Juan Antonio Bordas

21 February 2017 r.

STATEMENT OF RESPONSIBILITY ON THE ANNUAL FINANCIAL STATEMENTS

FERSA ENERGIAS RENOVABLES, S.A.

Annual Accounts and Directors' Report 31 December 2016

The members of the Board of Directors of Fersa Energías Renovables, S.A., pursuant to Article 8 of the Royal Decree 1362/2007, declare that, in so far as they know, the individual and consolidated annual financial statements for the year ended on 31 December 2016 formulated in their meeting on 21 February 2017, have been drawn up under the applicable accounting standards, present fairly the equity, financial position and results of Fersa Energías Renovables, S.A. and the companies comprising the consolidated Group as a whole, and that the Directors' Report includes a reliable analysis of business evolution and results and the position of Fersa Energías Renovables, S.A. and the companies comprising the consolidated Group as a whole, along with the description of the main risks and uncertainties the business is exposed to, duly signed by all the Directors.

BOARD OF DIRECTORS

Mr Francisco José Elías Navarro Chairman	Mr Eduard Romeu Barceló Board Member
Mr Rafael Garcés Beramendi Board Member	Mr Emilio Moraleda Martínez Board Member
Mr Ramiro Martínez-Pardo del Valle Board Member	Mr Pedro Luis Fernández Pérez Board Member
Mr Josep Maria Echarri Torres Board Member	

Badalona, 21 February 2017