



**REPORT ON THE CONSOLIDATED
PROFITS AND LOSSES IN THE
SECOND HALF YEAR OF 2014**

January – December



Red Pacto Mundial España
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Executive Summary

- Fersa ended the financial year 2014 with profits of €2,005,000, implying an improvement in the profits of €1,367,000 in 2013, which means an increase of 47%.
- On 20 June 2014, the Official State Gazette (BOE) published the Ministerial Order IET/1045/2014, which approved the remuneration criteria for standard plant applicable to certain electricity production plants from renewable energy sources, cogeneration and waste, developing Royal Decree 413/2014 regulating the activity of electricity production from renewable energy sources, cogeneration and waste.
- In January 2014, Fersa Panamá S.A., in which Fersa Energías Renovables, S.A. has a holding, was awarded an energy sale agreement for 15 years by the State Corporation, Transmisión Eléctrica, S.A. (ETESA). The company will begin building the wind farm in the fourth quarter of 2015 with a first phase of 102 MW, which will later be increased up to the authorised 225 MW. In addition, Fersa Panamá has the Antón wind farm with an authorised 105 MW, which, when built, take the installed capacity in Panama up to 330 MW.
- On 2 April 2014, the new 20 MW Bhakrani wind farm was commissioned in India, which will be added to the Gadag and Hanumanhatti wind farms, of 31.2 MW and 50.4 MW, respectively, which the Group is already operating in India. With this inclusion of Bhakrani, Fersa will increase its installed capacity in India to 102 MW, while Fersa's total installed capacity amounts to 253 MW.
- On 3 October 2014, construction began on the Postolin Project, 100% owned by FERSA. It is located in Sztum in the north of Poland, the power to be installed is 34 MW and implies an investment of almost €50,000,000. The project has an EU subsidy of €10,000,000 under the Operational Programme 2007-2013-OP IE. Similarly, a bridge loan has been approved for €8,000,000 mainly granted by shareholders with representatives on the Board of Directors. It is planned to be put into operation at the end of 2015.
- In this respect, Fersa is making progress with its growth plan for the 2013-2015 period, which included building three wind farms in India, Panama and Poland bringing a further attributable 85 MW into operation, which will mean that 56% of the company's installed capacity will be located outside Spain.
- On 27 June 2014, the General Shareholders' Meeting was held that approved, among other resolutions, the individual and consolidated annual accounts and the management report for the financial year ended on 31 December 2013.

Fersa in figures

- Fersa ended the financial year 2014 with profits of €2,005,000, improving its profits of €1,367,000 in 2013, meaning an increase of 47%.
- The operating income amounted to €34,250,000 meaning a decrease of 10.2% compared with 2013, mainly due to application of the new regulatory framework stipulated in Royal Decree 413/2014, the decrease in the energy sale prices on the Spanish market (pool) this year 2014 (5.1% lower than the same period in the previous year), and lower production by 6.3% (basically in the Spanish wind farms) and the sale of Kisielice on 7 March 2013.

Consolidated profits and losses	2014	2013	Var. (%)
Operating Income	34,250	38,149	-10.2
Operating Expenses	-12,090	-13,321	-9.2
EBITDA	22,160	24,828	-10.7
EBIT	11,885	13,216	-10.1
Financial Profit and Losses	-10,751	-10,697	0.5
Net Profit attributable to the Parent Company	2,005	1,367	46.7

Thousands of Euros

Operating Figures

- The details of the installed power in December 2014 by country are as follows :

MW Installed Power	2014	%	2013	%
Spain	139	55%	139	60%
France	12	5%	12	5%
India	102	40%	82	35%
Total	253	100%	233	100%

The start of the third wind farm in India was in April, therefore this country implies 40% of the installed capacity.

- The production distribution in December 2014 by country is as follows:

GWh Production	2014	%	2013	%	% Var.
Spain	273.9	59.6%	303.0	61.8%	-9.6%
France	29.4	6.4%	29.9	6.1%	-1.8%
India **	156.0	34.0%	147.6	30.1%	5.7%
Poland *	0,0	0.0%	9.7	2.0%	-100.0%
Total	459.3	100.0%	490.2	100.00%	-6.3%

* Poland 2013 only includes the Kisielice wind farm until 7/3/2013

** India 2014 includes Bhakrani , which began production in May 2014

Production in 2014 was 6.3% lower than in the same period in the previous year. This decrease is mainly due to low wind resources for the Spanish wind farms and the sale of Kisielice on 7 March 2013.

Operating Figures

- Fersa's portfolio distribution in December 2014 by country is as follows :

MW	Operation	Construction	Prioritised	Indevelopment	Total Portfolio	%
Spain	139	0	0	251	390	50%
France	12	0	0	0	12	2%
India	102	0	0	0	102	13%
Poland	0	34	34	0	68	9%
Panama	0	0	31	68	99	13%
Others	0	0	0	108	108	14%
TOTAL	253	34	65	428	779	100%

In October 2014, the building work began for the Postolin project of 34 MW, located in Poland.

Fersa has a diversified pipeline at an international level, which is the basis for its growth.



Hinojal Wind Farm

Evolution of the Business

SPAIN

- Fersa currently has 139 MW in operation in Spain, spread between 138 MW wind farms and 1 MW photovoltaic plants.
- It has a pipeline of 251 MW; it will only exercise its option to build these MW if market conditions are in line with the business model.



Mudéfer Wind Farm

FRANCE

- Fersa currently has a 12 MW wind farm in France in operation.

POLAND

- Fersa continues the development of its wind farms in Poland. The 34 MW wind farm at Postolin, which it began building in October and the 34 MW wind farm at Warblewo, which is still in the development phase.

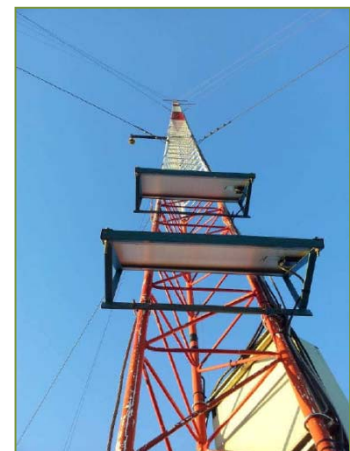
ESTONIA

- The Estonian company Oü Est Wind Power, in which Fersa holds 93.8%, owns a 62 MW wind farm in development.

MONTENEGRO

- Fersa holds 99% of Mozura Wind Park d.o.o., the developing company of a 46 MW wind farm located in Mozura (Montenegro).

In December 2014, talks began for the possible disinvestment of 99% of the company's shares. These talks ended with a sale agreement being signed with Cifidex Ltd. (subject to conditions precedent) on 12 February 2015.



Measurement tower in Montenegro.

Evolution of the Business

INDIA

- The 20 MW project in Bhakrani, was built and began operating on 2 April 2014, therefore, Fersa has three wind farms operating in India with total installed capacity of 102 MW.



Gadag Wind Farm



Hanumanhatti Wind Farm

PANAMA

- Fersa holds 30% of Fersa Panamá, S.A., a company that owns two wind farms in development (Toabré and Antón) with a total of 330 MW and a final licence in Panama (99 MW attributable).
- Construction will begin in Toabré in the fourth quarter of 2015 and will have a first phase of 102 MW. In January 2014, the State Corporation Transmisión Eléctrica, S.A. awarded Fersa Panamá an energy sale agreement for this wind farm for a term of 15 years.
- The Panama project will be increased to 330 MW in subsequent phases.

Consolidated Profit and Loss Account

Profit and Loss Account	2014	2013	%
Net revenue	33,739	37,866	-10.9%
Other income	511	283	80.6%
Operating income	34,250	38,149	-10.2%
Operating expenses	-12,090	-13,321	-9.2%
EBITDA	22,160	24,828	-10.7%
Depreciation and provisions	-13,982	-12,923	8.2%
Deterioration of fixed assets	2,421	1,167	n.a.
Profit from sale of fixed assets	1,286	144	n.a.
EBIT	11,885	13,216	-10.1%
Financial income	1,350	1,110	21.6%
Financial expenses	-11,941	-11,993	-0.4%
Exchange rate adjustments	-160	186	n.a.
Financial profit/loss	-10,751	-10,697	0.5%
Share of profit in associated companies	-141	-161	-12.4%
Profit before tax	993	2,358	-57.9%
Corporation income tax	2,130	-1,081	n.a.
Consolidated annual profit	3,123	1,277	n.a.
Profit/loss attributable to minority interests	-1,118	90	n.a.
Net distributable profit	2,005	1,367	46.7%

Thousands of euros

Analysis of the Results

- The net amount of the turnover was €33,739,000, implying a decrease of 10.9% compared with 2013 (€37,866,000), mainly due to the following:
 - Application of the new Royal Decree 413/2014 resulted in a reduction of 11.6% (€1,631,000) in the income from premiums compared with the same period in the previous year.
 - The lower average market price of energy (pool) in the year was 5.1%, lower than in the same period in the previous year, resulting in €1,036,000 less income, in particular in the first quarter when the pool was 36.3% lower.
 - Lower production in GWh of 6.3%, mainly due to lower wind power resources compared with the same period in the previous year in the Spanish wind farms (€1,243,000).
 - The sale of the Kisielice wind farm in Poland on 7 March 2013 implied an additional reduction of €1,030,000 in 2014.
 - This lower production was compensated with the start in June of full operation of the Bhakrani plant in India, contributing €1,516,000 to the income.

Consolidated Profit and Loss Account

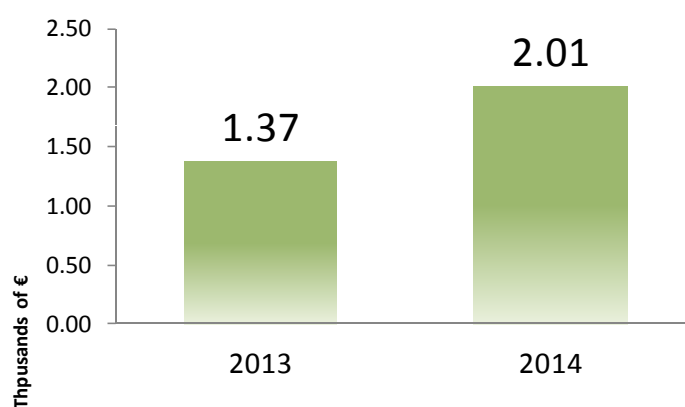
Analysis of the Profits and Losses (cont.)

- The operating costs, without taking into account depreciation or provisions, were 9.2% lower, which means the EBITDA amounted to €22,160,000.
- The provision for impairment recorded in this financial year had a negative impact of €646,000 after tax and minority undertakings.

The gross positive provision for impairment recorded was €2,421,000, the tax impact amounted to a loss of €1,551,000 and the impact of minority undertakings to a loss of €1,516,000.

- The result of the sales of assets reflects the adjustments recorded for the sale or winding up of wind farms in development, mainly for the sale of Shandong Lusa New Energy Co. Ltd..
- The new Spanish corporation tax law (Spanish Act 27/2014), which modified the tax rate; 28% in the financial year 2015 and 25% in subsequent financial years, implied a positive impact of €3,298,000 on the group's profits and losses.
- Fersa ended the financial year 2014 with profits of €2,005,000, improving the profits of 2013 of €1,367,000, implying an increase of 47%.

Net Distributable Profit



Consolidated Balance Sheet

ASSETS	Dec-14	Dec-13	Var.'14-'13	Var. (%)
Tangible fixed assets	229,541	222,869	6,672	3.0
Goodwill	10,226	10,863	-637	-5.9
Other intangible assets	81,246	76,232	5,014	6.6
Long-term financial assets	9,618	13,075	-3,457	-26.4
Holdings in companies subject to equity accounting	4,080	3,886	194	5.0
Deferred tax assets	6,629	6,478	151	2.3
Total long-term assets	341,340	333,403	7,937	2.4
Assets on sale	1,500	0	1,500	
Trade debtors and other accounts receivable	8,251	6,133	2,118	34.5
Other current financial assets	5,491	5,466	25	0.5
Other current assets	359	153	206	n.a.
Cash and cash equivalents	17,726	19,173	-1,447	-7.5
Total current assets	31,827	30,925	902	2.9
Total assets	374,667	364,328	10,339	2.8
LIABILITIES AND NET EQUITY	Dec-14	Dec-13	Var.'14-'13	Var. (%)
Share capital	140,004	140,004	0	n.a.
Other reserves	28,288	32,820	-4,532	-13.8
Profit & Loss for the FY	2,005	1,367	638	46.7
Own securities	0	-6,768	6,768	-100.0
Translation adjustments	-26,555	-30,794	4,239	-13.8
Hedging contracts	-11,475	-8,207	-3,268	39.8
Minority holdings	3,544	4,177	-633	-15.2
Net Equity	135,811	132,599	3,212	2.4
Debt with lending institutions	152,234	146,712	5,522	3.8
Other long-term liabilities	47,648	46,751	897	1.9
Long-term liabilities	199,882	193,463	6,419	3.3
Liabilities on sale				
Debt with lending institutions	21,227	33,091	-11,864	-35.9
Trade creditors and other operating debts	7,273	4,916	2,357	47.9
Other current financial liabilities	8,562	131	8,431	n.a.
Other current liabilities	1,912	128	1,784	n.a.
Current liabilities	38,974	38,266	708	1.9
Total Liabilities	374,667	364,328	10,339	2.8

Thousands of Euros

* For comparative purposes, on 31 December 2013 this section included the amount of €15,915,000 related to a loan; the formalities for its waiver being carried out on 19 March 2014, with the relevant decrease in the long-term liabilities.

Consolidated Balance Sheet

Analysis of the Balance Sheet

- The tangible fixed assets increased mainly due to the construction of the third wind farm in India (Bhokrani) of 20 MW being completed and the start of construction of a 34 MW wind farm in Poland, called Postolin.
- The decrease in the long-term financial assets was mainly due to receiving payment of the earn-out for the sale of Kisielice amounting to €2,000,000 and the reclassification of a bond for the Mozura project (Montenegro) amounting to €750,000, reclassified as held for sale.
- The section “assets held for sale” reflects that in December 2014 talks began for the possible disinvestment of 99% of the shares in the company Mozura Wind Park, d.o.o (Montenegro). These talks ended with a sale agreement that was signed with Cifidex Ltd. (subject to conditions precedent) on 12 February 2015.
- The increase shown in the entry “trade receivables and other accounts receivable” of €2,118,000 was mainly due to the increase in the debt owed by the National Markets and Competition Commission (CNMC) as payment for the investment remuneration (premiums), due to applying a hedging rate to the payment of the settlements of such remuneration.
- The treasury stock (own portfolio) was lower due to its sale, showing its impact on the net equity.
- In the financial year 2014, the last draw-downs from the Bhokrani Project Finance took place; however the debts with credit institutions were lower due to the instalments for the Project Finance for other wind farms being paid in the financial year.
- Other short-term financial liabilities were higher, mainly as a counterpart for the increase in the tangible fixed assets for Postolin mentioned above through a bridge loan of €8,000,000 mostly provided by shareholders with representatives on the Board of Directors.



Start of construction of Postolin Wind Farm(Poland)

Consolidated Balance Sheet

Net financial debt

- The net financial debt on 31 December 2014 amounted to €168,000,000, mainly related to financing investments in tangible assets of the companies owning the wind farms (“Project Finance” system), with a period for reimbursement of the debt between 12 and 15 years, with no appeal against Fersa.
- This debt implies financial leverage of 55.3%, as shown in the following table.

Net Financial Debt	dic-14	dic-13	Var.	%
Debt with financial institutions	173,461	179,803	-6,342	-3.53%
Other non-current liabilities (derivatives)	17,635	13,361	4,274	31.99%
Cash and other cash equivalents	-23,132	-23,504	372	-1.58%
Net Financial Debt*	167,964	169,660	-1,696	-1%
Leverage**	55.3%	56.1%		

Thousands of euros

* Net Financial Debt= Financial Debt with financial entities - Cash and cash equivalents

** Net Financial Debt / (Net Financial Debt + Net Equity)



Stock Exchange Data



Stock Exchange Data

	2014	Units
Number of shares	140,003,778	Num.
Quote at beginning of period (2 January 2014)	0.380	€/ share
Quote at the end of period (31 December 2014)	0.330	€/ share
Annual high	0.760	€/ share
Annual low	0.330	€/ share
2014 yield	-13.16%	%
Capitalization at the end of period	46,201,247	€
Yearly shares traded (from 2 Jan to 31 Dec)	178,979,296	Num.
Cash traded (from 2 Jan to 31 Dec)	103,822,339	€
Daily average shares [2014]	701,880	Num.
Daily cash traded [2014]	407,146	€

Annex related to Companies in the Fersa Group

Company	Holding direct + indirect
Eólica El Pedregoso, S.L	80%
Eólica Del Pino, S.L	80%
Parc Eòlic Mudefer, S.L.	84%
Parque Eólico Hinojal , S.L	100%
Gestora Fotovoltaica de Castellón, S.L.	76%
(Fotovoltaica Fer, S.L., Weinsberg Ecotec, S.L., Fotovoltaica Ecotec, S.L., Joso Fotovoltaica, S.L., Fotovoltaica Padua, S.L., Fotovoltaica Vergos, S.L., Fotovoltaica La Mola, S.L., Inversions Trautt, S.L., Fotovoltaica de Castelló, S.L., Fotovoltaica de les Coves, S.L., Inversions Vinroma, S.L.)	
Fercom Eólica, S.L.	100%
Fersa Asesoramiento y Gestión, S.L.	100%
Parc Eòlic Coll De Som, S.L.	100%
Parc Eòlic L'Arram, S.L.	100%
Explotación Eólica La Pedrera S.L.	100%
Castellwind 03 S.L	60%
Entreyeltes 1, S.L.	51%
Berta Energies Renovables, S.L.	26%
Aprofitament d'Energies Renovables de la Terra Alta, S.A.	27%
Ferrolterra Renovables, S.L.	37%
Fersa-Aventalia, S.L.	80%
Infraestructures Comunes d'Evaquació Ribera d'Ebre S.L.	72%
Eoliennes De Beausemblant, SAS	80%
Generación Eólica India Limited	100%
EN Renewable Energy Limited	100%
EN Wind Power Private Limited	100%
Fersa India Private Limited	100%
Eólica Postolin Sp	100%
OÜ EstWindPower	94%
Eólica Warblewo Sp	65%
Eólica Cieplowody Sp	100%
Morzura Wind Park D.O.O. Podgorica	99%
Fersa Panamá, S.A.	30%
A.I.E. Subestación y Linea 2004	30%

Relevant Events in the Period

Date	Registration Number	Description
1/21/2014	198886	Company announces the award of energy sales contract for 15 years in Panama.
2/28/2014	201257	The Company provides Press Release on the results of the second half of 2013: "Fersa obtains profits of €1,400,000 at the end of 2013"
4/2/2014	202865	Fersa announces the commissioning of the new 20 MW wind farm in India.
5/15/2014	205617	Company provides quarterly report 1Q 2014.
5/22/2014	205988	The Board of Directors agreed to convene the Shareholders General Meeting in relation to the financial year 2013.
5/26/2014	206300	Publication of the notice of the Shareholders General Meeting and setting the corresponding documentation available to shareholders.
6/27/2014	207737	Announcements and agreements of Shareholders' General Meeting.
6/27/2014	207738	President's speech and CEO's presentation at the Shareholder's General Meeting.
7/31/2014	209464	The Company provides information of 1st half 2014 Financial Statements.
10/3/2014	211472	Fersa announces the launch of the construction process of the new 34 MW wind farm in Poland, which is located in Sztum in the North of Poland, is owned by FERSA, with power to be installed of 34 MW. It implies an investment of about €50,000,000. The project has been granted an EU subsidy for €10,000,000 under the 2007-2013-OP IE Operational Programme. It is planned that this plant will be commissioned by the end of 2015.
11/12/2014	213992	Company provides quarterly report 3Q 2014.

Events after the End of Year

- On 29 January 2015 the Company announces a novation agreement has been signed for the financing agreement and the guarantee agreement. Such loan was originally structured in two tranches: Tranche A, for a principal amount of €23,200,000 to be reimbursed on a half-yearly basis with due date in 5 years, and Tranche B for a principal amount of €4,600,000 to be reimbursed on its due date in 3 years.

By virtue of this novation:

- Fersa has settled the repayments of the principal for 2015 in advance, thus reducing the outstanding principal amount payable for Tranche A to €3,800,000, which is planned to be reimbursed in 2016 and 2017.
- The due date of Tranche B, for an amount of €4,600,000, has been extended to 31 January 2017.

Therefore, the Company will not need to make any repayments for the aforementioned financing until January 2016.

- On 5 February 2015, Fersa has signed a Promise to Purchase & Sale agreement for 16% of the shares of Parc Eòlic Mudéfer, S.L. ("MUDÉFER").

Mudéfer owns two wind farms in the township of Caseres (Tarragona), called Mudéfer and Mudéfer II, with a total installed capacity of 57.6 MW. The share purchase agreement must be formalized no later than June 25, 2015, at which time the price must be paid, amounting to €3,100,000, or, alternatively, FERSA must carry out a capital increase to be subscribed by the seller by non monetary contribution. When this operation is completed, FERSA will become the owner of 100% of MUDÉFER.

- On 12 February 2015 has signed a Share Purchase Agreement, subject to certain conditions, for the divestment of 99% of the shares of its subsidiary in Montenegro, developer of Mozura project, consisting of a wind farm (with a total installed capacity of 46 MW) under development, located at Mozura (Montenegro). The purchaser of such shares is the company Cifidex Ltd.

The purchase price amounts to €2,900,000, and it will be paid upon fulfillment of the conditions precedent when the operation is consumed.

This divestment, which will not have an impact on FERSA results, is part of FERSA's project portfolio management to avoid dispersion, focusing efforts on countries where it already has presence and new markets with high potential growth or large projects that justify its implementation.



Mudéfer Wind Farm

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