

**FERSA GROUP ENERGIAS RENOVABLES**  
**SUMMARISED INTERMEDIATE CONSOLIDATED ANNUAL**  
**ACCOUNTS AT 30 JUNE 2008**

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

ASSETS	Notes	30.06.08	31.12.07	LIABILITIES AND NET EQUITY	Notes	30.06.08	31.12.07
<b>NON CURRENT ASSETS</b>		<b>636,199</b>	<b>121,586</b>	<b>NET EQUITY</b>		<b>409,437</b>	<b>192,361</b>
Intangible assets:		403,610	35,467	<b>CAPITAL AND RESERVES</b>	8	<b>399,007</b>	<b>187,431</b>
Goodwill	5	108,716	33,474	Capital		140,004	75,512
Other intangible assets	5	294,894	1,993	Share premium		309,352	113,888
Property, plant and equipment	5	203,692	65,866	Reserves		(40,666)	(2,682)
Investments in companies consolidated by equity accounting	7	9,591	10,995	Shares and shareholdings in treasury shares		(11,508)	(794)
Non-current financial assets	6	9,455	7,345	Profit for the year attributed to the parent entity		1,825	1,507
Deferred tax assets	12	9,851	1,907	<b>ADJUSTMENTS FOR CHANGE IN VALUE</b>		<b>(8,355)</b>	<b>1,877</b>
Other non-current assets		-	6	Hedging operations		2,799	1,877
				Translation differences		(11,154)	-
				<b>NET EQUITY ATTRIBUTED TO THE PARENT ENTITY</b>		<b>390,652</b>	<b>189,308</b>
				<b>MINORITY INTERESTS</b>		<b>18,785</b>	<b>3,053</b>
<b>CURRENT ASSETS</b>		<b>45,204</b>	<b>131,917</b>	<b>NON-CURRENT LIABILITIES</b>		<b>240,858</b>	<b>51,718</b>
Trade and other receivables :		18,785	3,364	Non-current provisions	9	964	401
Receivables for sales and services		6,017	993	Non-current financial liabilities:		124,561	45,030
Other receivables		12,768	2,371	Amounts owing to credit institutions and debentures or other negotiable securities	10	124,561	45,030
Other current financial assets	6	1,555	53,580	Deferred tax liabilities	12	87,725	-
Other current assets		382	300	Other non-current liabilities	11	27,608	6,287
Cash and cash equivalents	10	24,482	74,673	<b>CURRENT LIABILITIES</b>		<b>31,108</b>	<b>9,424</b>
				Current financial liabilities:		7,349	7,266
				Amounts owing to credit institutions and debentures or other negotiable securities	10	7,349	6,941
				Other financial liabilities		-	325
				Trade and other payables:		6,544	1,690
				Suppliers		1,537	1,125
				Other creditors		3,726	565
				Deferred tax liabilities		1,281	-
				Other current liabilities	11	17,215	468
<b>TOTAL ASSETS</b>		<b>681,403</b>	<b>253,503</b>	<b>TOTAL LIABILITIES AND NET EQUITY</b>		<b>681,403</b>	<b>253,503</b>

Notes 1 to 19 form an integral part of the summarized intermediate consolidated annual accounts.

<b>FERSA ENERGIAS RENOVABLES GROUP – INTERMEDIATE CONSOLIDATED PROFIT AND LOSS ACCOUNTS (in Thousand Euros)</b>		
<b>For the six-month period ended 30 June</b>		
	<b>2008</b>	<b>2007</b>
Net turnover	9,188	3,304
Supplies	(416)	(192)
Other operating income	108	-
Staff costs	(657)	-
Other operating expenses	(2,414)	(1,079)
Amortisation and depreciation	(3,483)	(1,527)
Other earnings	345	401
<b>OPERATING PROFIT</b>	<b>2,671</b>	<b>907</b>
Financial income	1,789	436
Financial expense	(3,051)	(1,438)
<b>NET FINANCIAL INCOME (EXPENSE)</b>	<b>(1,262)</b>	<b>(1,002)</b>
Profit of companies consolidated by equity accounting	911	260
<b>PROFIT BEFORE TAX</b>	<b>2,320</b>	<b>165</b>
Income tax	(240)	(69)
<b>PROFIT FOR THE PERIOD FROM ORDINARY OPERATIONS</b>	<b>2,080</b>	<b>96</b>
Profit for the period from interrupted operations net of tax	-	-
<b>CONSOLIDATED PROFIT FOR THE PERIOD</b>	<b>2,080</b>	<b>96</b>
a) Profit attributed to the parent entity	1,825	61
b) Profit attributed to minority interests	255	35

<b>PROFIT PER SHARE (Euros per share)</b>		
<b>For the six-month period ended 30 June</b>		
	<b>2008</b>	<b>2007</b>
Basic	0.0150	0.0016
Diluted	0.0150	0.0016

Notes 1 to 19 form an integral part of the summarized intermediate consolidated annual accounts.

**FERSA ENERGIAS RENOVABLES GROUP - INTERMEDIATE CONSOLIDATED STATEMENTS OF NET EQUITY**

	Share capital	Share premium	Reserves	Treasury shares	Profit (loss)	Adjustments for change in value	Minority interests	Total
Balances at 31-12-06	37,756	1,414	41	-	1,331	1,474	2,325	44,341
Dividends	-	-	-	-	(686)	-	(72)	(758)
Distribution of profit	-	-	645	-	(645)	-	-	-
Capital increase	37,756	112,474	(3,368)	-	-	-	-	146,862
Acquisition of treasury shares	-	-	-	(794)	-	-	-	(794)
Profit for the year	-	-	-	-	1,507	-	800	2,307
Hedge instrument valuation adjustment	-	-	-	-	-	403	-	403
Balances at 31-12-07	75,512	113,888	(2,682)	(794)	1,507	1,877	3,053	192,361
Dividends	-	-	-	-	(986)	-	(19)	(1,005)
Distribution of profit	-	(14,918)	15,439	-	(521)	-	-	-
Capital increase	64,492	210,382	(726)	-	-	-	-	274,148
Business combinations (Note 15)	-	-	(52,697)	-	-	-	15,496	(37,201)
Acquisition of treasury shares	-	-	-	(10,714)	-	-	-	(10,714)
Profit for the year	-	-	-	-	1,825	-	255	2,080
Hedge instrument valuation adjustment	-	-	-	-	-	922	-	922
Translation differences generated during the year	-	-	-	-	-	(11,154)	-	(11,154)
Balances at 30-06-08	140,004	309,352	(40,666)	(11,508)	1,825	(8,355)	18,785	409,437

<b>FERSA ENERGIAS RENOVABLES GROUP – INTERMEDIATE CONSOLIDATED CASH FLOWS STATEMENT</b>		
<b>(in Thousand Euros)</b>		
	<b>For the six-month period ended 30 June</b>	
	<b>2008</b>	<b>2007</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(5,777)</b>	<b>3,523</b>
<b>Profit before tax</b>	<b>2,320</b>	<b>165</b>
<b>Profit adjustments</b>	<b>3,834</b>	<b>2,270</b>
Amortisation and depreciation	3,483	1,527
Other profit adjustments	351	743
<b>Changes in current capital</b>	<b>(11,931)</b>	<b>161</b>
<b>Other cash flows from operating activities</b>	<b>-</b>	<b>927</b>
Dividends received	-	927
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(35,111)</b>	<b>(4,149)</b>
<b>Investment payments</b>	<b>(90,265)</b>	<b>(13,960)</b>
Group companies, associates and business units	(26,492)	(2,067)
Property, plant and equipment, intangible assets and real estate investments	(61,575)	(7,202)
Other financial assets	(1,132)	(4,668)
Other assets	(1,066)	(23)
<b>Proceeds from divestitures</b>	<b>55,154</b>	<b>9,811</b>
Other financial assets	53,960	9,811
Other assets	1,194	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(9,286)</b>	<b>1,987</b>
<b>Payment for equity instruments</b>	<b>(10,714)</b>	<b>-</b>
Acquisition of treasury shares	(10,714)	-
<b>Receipts / (payments) for financial liability instruments</b>	<b>1,448</b>	<b>2,122</b>
Issue	22,014	3,842
Redemption and write downs	(20,566)	(1,720)
<b>Payments for dividends and remuneration from other equity instruments</b>	<b>(20)</b>	<b>(689)</b>
<b>Other cash flows from financing activities</b>	<b>-</b>	<b>554</b>
<b>EFFECT OF THE FLUCTUATIONS IN EXCHANGE RATES</b>	<b>(17)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(50,191)</b>	<b>1,361</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>74,673</b>	<b>394</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>24,482</b>	<b>1,755</b>
<b>ELEMENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
Cash and banks	9,562	1,755
Other financial assets	14,920	-
<b>TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>24,482</b>	<b>1,755</b>

## **NOTES TO THE SUMMARISED INTERMEDIATE CONSOLIDATED ANNUAL ACCOUNTS**

### **NOTE 1 - GENERAL INFORMATION**

FERSA Energías Renovables, S.A., hereon the parent Company, was incorporated in Barcelona on 10 July 2000 for an indefinite period of time.

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

It is mainly engaged in the development of all types of activities related to the production of electricity based on renewable energy sources, for which it can incorporate, acquire and hold shares, bonds, stakes and rights in Trading Companies whose corporate purposes include the development, construction and exploitation of electricity production facilities using renewable energy sources.

Additionally, it can also acquire, hold, administrate and sell all types of securities, financial assets, rights or stakes in individual or public limited companies on its own, excluding the intermediaries, and under the legislation governing the Stock Exchange and Collective Investment Institutions.

FERSA Energías Renovables, S.A., is a holding company that is the parent company of a group of subsidiary entities, joint ventures and associated companies that are engaged in the production of electricity based on renewable energy sources (wind, solar energy and bio-mass, etc.) and which constitute the FERSA ENERGIAS RENOVABLES GROUP (hereon, FERSA Group or the Group).

The shares of FERSA Energías Renovables, S.A, are traded on the Spanish stock market. The annual accounts of FERSA Energías Renovables S.A. and the consolidated annual accounts of the FERSA Group at 31 December 2007 were approved by the General Meeting of Shareholders of 25 June 2008.

The summarised intermediate consolidated annual accounts of the FERSA Group at 30 June 2008 were formulated on 25 July 2008.

The aggregates in these summarised intermediate consolidated annual accounts are stated in thousand Euros, except for the figure for profit per share, which are stated in Euros per share, and wherever expressly indicated otherwise.

## **NOTE 2 – BASIS OF PRESENTATION**

These summarised intermediate consolidated annual accounts for the six-month period ended 30 June 2008 have been prepared in accordance with International Accounting Standard 34 (IAS 34) “Intermediate financial information” set down in the International Financial Reporting Standards adopted by the European Union (IFRS-EU). These summarised consolidated annual accounts must be read in conjunction with the consolidated annual accounts for the year ended at 31 December 2007, which have been prepared in accordance with IFRS-EU. Consequently, there has been no need to repeat or update certain notes or estimates included in the above-mentioned consolidated annual accounts. Instead, the accompanying notes include an explanation of the events or variations that are, as the case may be, significant for explaining the changes in the consolidated financial position and consolidated operating profit, in the consolidated income and expenses recognised and in the consolidated cash flows of the Group from 31 December 2007, date of the consolidated annual accounts mentioned above, until 30 June 2008.

According to paragraph 20 of IAS 34, and in order to have comparable information, these summarised intermediate consolidated annual accounts include the consolidated balance sheets at 30 June 2008 and 31 December 2007, the consolidated profit and loss accounts for the six-month periods ended at 30 June 2008 and 30 June 2007, the statements of change in Net Equity for the six-month periods ended at 30 June 2008 and for the year 2007, the cash flow statements for the six-month periods ended at 30 June 2008 and 2007, as well as the notes to the summarised intermediate consolidated annual accounts for the six-month period ended at 30 June 2008.

The summarised intermediate consolidated annual accounts of the FERSA Group have been prepared on the basis of the financial statements of FERSA Energías Renovables, S.A. and the companies that form part of the Group. Each company prepares its financial statements following the accounting principles of the company in which it carries out its operations. The adjustments and reclassifications necessary for homogenising the principles and criteria in accordance with IFRS-EU have been made in the consolidation process. Furthermore, the accounting policies of the consolidated companies are modified, when necessary, to ensure uniformity with the accounting policies adopted by the Group.

As a result of the issuing of Circular 1/2008/30 January of the CNMV, the structure of the balance sheet, the profit and loss account, the statement of changes in net equity and the consolidated intermediate cash flows statement, has been adapted to the structure of this Circular, and, accordingly, this structure differs from that presented in the consolidated annual accounts for the year 2007 in respect of the presentation of certain accounts:

- The account in the balance sheet under Other current assets has been divided amongst Trade and other accounts receivables and Other current assets.
- The accounts under Other financial liabilities has been classified under Other non-current liabilities.



### NOTE 3 – ACCOUNTING POLICIES

The adapted accounting policies are in line with those used in the consolidated annual accounts for the year ended 31 December 2007.

#### New IFRS-EU standards and interpretations

Prior years saw the adoption of IFRIC 11, IFRS 2 – “share-based payments”, involving the equity instruments of a company or equity instruments of another company in the same Group, coming into force on 1 January 2008, and which have been adopted by the FERSA Group. The adoption of this standard has not had an impact on these summarised intermediate consolidated annual accounts.

The FERSA Group has elected not to make early application of IFRS 8, “Operating segments”, which replaces IAS 14 and stipulates that segment reporting must be based on internal management information.

On the basis of an analysis of the new accounting policies and interpretations to be applied to years beginning 1 January 2009, or after that date, the FERSA Group does not expect their application to significantly affect the consolidated annual accounts.

During the first half of 2008 no Regulations of the European Commission in relation to the adoption of IAS/IFRS and SIC/IFRIC have been published in the Official Gazette of the European Union.

#### Changes in consolidation scope

The APPENDIX includes the direct or indirect investee companies of the FERSA Group that have been included in the consolidation scope.

The changes in the consolidation scope during the first half of 2008, have been as follows:

- Changes in shareholding and changes in consolidation criteria:

Company	30.06.08		31.12.07	
	Shareholding %	Consolidation method	Shareholding %	Consolidation method
Empordavent, S.L (*)	100%	Fully consolidated	76.00%	Fully consolidated
Aprofitament d'Energies Renovables Ebre (AERE)	20.54%	Equity accounting	14.99%	n/a
Aprofitament d'Energies renovables T.A. (AERTA)	29.67%	Equity accounting	20.64%	Equity accounting
Energia Renovable Mestral. S.L (*)	100.00%	Fully consolidated	80.00%	Fully consolidated
Eólica Del Pino, S.L (*)	80.00%	Fully consolidated	40.00%	Fully consolidated
Catalana d'Energies Renovables, S.L.(*)	100.00%	Fully consolidated	42.32%	Equity accounting
Fercom Eólica, S.L. (*)	100.00%	Fully consolidated	70.00%	Fully consolidated
La Tossa del Vent, S.L.	100.00%	Fully consolidated	70.00%	Fully consolidated
Texte, S.L.	100.00%	Fully consolidated	70.00%	Fully consolidated
Eolener, S.L.	100.00%	Fully consolidated	70.00%	Fully consolidated
Orta Eólica, S.L.	100.00%	Fully consolidated	70.00%	Fully consolidated
Electravent, S.L.	100.00%	Fully consolidated	70.00%	Fully consolidated
Parque Eólico Hinojal , S.L (*)	100.00%	Fully consolidated	45.00%	Equity accounting
AIE Los Siglos	30.30%	Proportional consolidation	13.64%	n/a
Fergest Biomasa, S.L.	100.00%	Fully consolidated	50.00%	Fully consolidated

(\*) Shareholdings acquired through the capital increase of 20/02/08 (Note 15)

- Additions to the consolidation scope:

	30.06.08	
	<u>Shareholding</u>	<u>Consolidation method</u>
	%	
Parc Eòlic Coll de Som, S.L.(*)	100.00%	Fully consolidated
Parc Eòlic l'arram, S.L.(*)	100.00%	Fully consolidated
Explotación Eólica La Pedrera, S.L.(*)	100.00%	Fully consolidated
Sinergia Andaluza, S.L.(*)	60.00%	Fully consolidated
Parque Eólico Valcaire	27.00%	Equity accounting
E.R Guadiana Menor, S.L.(*)	50.00%	Proportional consolidation
Generación Eólica India Limited (*)	100.00%	Fully consolidated
EN Renewable Energy Private Limited (*)	100.00%	Fully consolidated
EN Wind Power Private Limited (*)	100.00%	Fully consolidated
EN Green Energy Private Limited(*)	100.00%	Fully consolidated
Eólica Kiselice SP (*)	100.00%	Fully consolidated
Eólica Warblewo Sp (*)	100.00%	Fully consolidated
Eólica Cieplowody Sp (*)	100.00%	Fully consolidated
Eoliennes De Beausemblant (*)	80.00%	Fully consolidated
Castellwind, S.L.	67.00%	Fully consolidated
Fersa Cherkessk	100.00%	Fully consolidated

(\*) Shareholdings acquired through the capital increase of 20/02/08 (Note 15)

#### **NOTE 4 – SEGMENT REPORTING**

In spite of the fact that the corporate purpose of the FERSA Group is the development of all types of activities related to the production of electricity based on renewable energies (Wind, Bio-Mass and Solar Energy), the only significant activity is in wind energy, and, accordingly, for the purposes of breaking down segments as per IAS 14, only the results of Wind activity have been broken down.

Given that the FERSA Group operates in different countries, the information is presented by geographic segments. The registered office of the FERSA Group, where the day to day operations are carried out, is located in Spain. Operations are also undertaken in other countries, including, of special note, France, India, Estonia, Poland, China, Panama and Russia.

	Wind			Other activities	Consolidation adjustments	TOTAL
	30 June 2007					
	Spain	France	Total			
Turnover by segments	2,836	-	2,836	545	-77	3,304
Turnover between segments	-	-	-	-77	-77	-
Consolidated turnover	2,836	-	2,836	468	-	3,304
EBITDA (*)	2,713	-	2,713	-279	-	2,434
Amortisation and depreciation	-1,427	-	-1,427	-100	-	-1,527
Operating profit	1,286	-	1,286	-379	-	907
Net financial income						-1,002
Share in profit for the year of associates	260	-	260	-	-	260
Profit before tax						165
Income tax						-69
Profit for the year						96

	Wind			Other activities	Consolidation adjustments	TOTAL
	30 June 2008					
	Spain	France	Total			
Turnover by segments	7,481	1,058	8,539	843	-194	9,188
Turnover between segments	-	-	-	-194	194	-
Consolidated turnover	7,481	1,058	8,539	649	-	9,188
EBITDA (*)	6,532	914	7,446	-1,292	-	6,154
Amortisation and depreciation	-2,590	-403	-2,993	-490	-	-3,483
Operating profit	3,942	511	4,453	-1,782	-	2,671
Net financial income						-1,262
Share in profit for the year of associates	911	-	911	-	-	911
Profit before tax						2,320
Income tax						-240
Profit for the year						2,080

(\*) EBITDA is calculated as operating profit plus amortisation and operating provisions.

## NOTE 5 – INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

The movement for the six-month period ended 30 June 2008 and for the year 2007 in intangible assets and property, plant and equipment is as follows:

	Goodwill	Other intangible assets	Total intangible assets	Property, plant and equipment	Total
Cost	14,570	1,995	16,565	55,965	72,530
Accumulated amortisation and depreciation	-	(20)	(20)	(1,653)	(1,673)
Net carrying value 31/12/2006	14,570	1,975	16,545	54,312	70,857
Investment	18,904	120	19,024	14,704	33,728
Divestiture	-	-	-	(166)	(166)
Allowance to amortisation and depreciation	-	(102)	(102)	(2,984)	(3,086)
Cost	33,474	2,115	35,589	70,503	106,092
Accumulated amortisation and depreciation	-	(122)	(122)	(4,637)	(4,759)
Net carrying value 31/12/2007	33,474	1,993	35,467	65,866	101,333
Investment	-	166	166	63,492	63,658
Changes in consolidation scope	1,143	1,595	2,738	48,553	51,291
Business combination (Note 15)	96,666	275,139	371,805	33,727	405,532
Transfers and others	(19,120)	19,848	728	-	728
Allowance to amortisation and depreciation	-	(542)	(542)	(2,941)	(3,483)
Translation differences	(3,447)	(3,305)	(6,752)	(5,005)	(11,757)
Cost	108,716	295,558	404,274	211,270	615,544
Accumulated amortisation and depreciation	-	(664)	(664)	(7,578)	(8,242)
Net carrying value 30/6/08	108,716	294,894	403,610	203,692	607,302

Investments during the six-month period ended at 30 June 2007 totalled Euros 7,143 thousand in property, plant and equipment and Euros 463 thousand in intangible assets. The depreciation for this period totalled Euros 1,527 thousand.

The most significant investments in the first half of 2008 relate to the acquisition of wind turbines by the companies Catalana d'Energies Renovables S.L and Eólica Postolin Sp Zoo.

At 30 June 2008, the Group has commitment for the purchase of fixed assets, basically wind turbines for wind farms in Spain, Poland and India, totalling Euros 360,185 thousand. These commitments depend on obtaining the corresponding financing (Project Finance) of the different wind farms.

Business combinations carries the increases in Goodwill and Other intangible assets arising from the recording in the accounts, during the first semester of 2008, of deferred payments for the purchase of wind farm projects (Business combination) which disbursements are estimated to be probable (see Note 15).

Transfers and others includes transfers recorded during the first half of 2008 as a result of the purchase price allocation process related to acquisitions (business combinations) made in 2007, which has been completed during the first half of 2008 (see Note 15).

Translation differences basically includes the negative impact on the valuation of assets relating to the investments made in India during the first half of 2008 due to the devaluation of the Rupee (15.4%) since the acquisition of these investments.

## **NOTE 6 - FINANCIAL ASSETS**

The breakdown of this account is as follows:

At 31 December 2007	Available-for-sale financial assets	Loans and receivables	Investments held to maturity	Hedging derivatives	Total
Equity instruments	2,002	-	-	-	2,002
Derivatives	-	-	-	1,878	1,878
Other non-current financial assets	-	3,465	-	-	3,465
Non-current financial assets	2,002	3,465	-	1,878	7,345
Other current financial assets	-	2,347	51,233	-	53,580
Current financial assets	-	2,347	51,233	-	53,580

At 30 June 2008	Available-for-sale financial assets	Loans and receivables	Investments held to maturity	Hedging derivatives	Total
Equity instruments	1,476	-	-	-	1,476
Derivatives	-	-	-	4,037	4,037
Other financial assets	1,658	2,284	-	-	3,942
Non-current financial assets	3,134	2,284	-	4,037	9,455
Other financial assets	-	1,555	-	-	1,555
Current financial assets	-	1,555	-	-	1,555

The Group is exposed to interest rate fluctuations since its debt with financial entities is subject to a floating interest rate. Thus, the Group has Euribor interest rate fluctuation hedge contracts linked to its loans to hedge against maximum rates.

The variations in the value of these financial instruments is recorded under Equity (net of tax) since by their nature they comply with the requirements as per IFRS-EU.

The Group has not issued, purchased or redeemed debt instruments during the six-month period ended as at 30 June 2008 or during 2007.

## **NOTE 7 – INVESTMENTS IN COMPANIES CONSOLIDATED BY EQUITY ACCOUNTING.**

The movement in this account is as follows:

-	Balance 31.12.06	Additions	Disposals	Balance 31.12.07	Profit	Disposals	Changes in scope	Balance 30.06.08
<u>Company</u>								
Parque Eólico Hinojal, S.L.	1,816	105	-	1,921	228	-	(2,149)	-
Parque Eólico Altos del Voltoya, S.A	8,132	-	(490)	7,642	704	(197)	-	8,149
Catalana d'Energies Renovables, S.L.	739	299	-	1,038	-	-	(1,038)	-
Berta Energies Renovables, S.L.	3	-	(3)	-	-	-	-	-
Aprofitament d'Energies Renovables de la Terra Alta, S.A	-	394	-	394	(21)	-	139	512
Aprofitament d'Energies Renovables de L'Ebre S.L.	-	-	-	-	-	-	793	793
Parque Eólico Valcaire S.L.	-	-	-	-	-	-	137	137
	10,690	798	(493)	10,995	911	(197)	(2,118)	9,591

During the first half of 2008, the companies Parque Eólico Hinojal, S.L. and Catalana d'Energies Renovables, S.L., which were consolidated by equity accounting are now fully consolidated companies (see Note 3).

## **NOTE 8 – NET EQUITY**

### Share capital

The share capital of the parent Company at 30 June 2008 is represented by 140,003,778 shares, with a par value of Euro 1 each, which have been fully subscribed and paid. At the date of formulation of these summarised intermediate consolidated annual accounts, 25 July 2008, all the shares have the same economic and voting rights.

The General Extraordinary Meeting of Shareholders of the parent Company of 2 May 2007 agreed to increase share capital by Euros 37,755,975, through the issue of 37,755,975 ordinary shares with a par value of Euro 1 each, with a share premium of Euros 3 per share. On 9 July 2007 this capital increase was booked, after being recorded in the registry of the Spanish Securities Exchange (*Comisión Nacional del Mercado de Valores*), executed in a public deed and recorded in the Mercantile Register.

On 20 February 2008, the General Extraordinary Meeting of Shareholders of Fersa Energías Renovables, S.A. agreed to an operation by virtue of which different business groups contributed several companies with operating wind farms and at different stages of formality completion to the parent Company. In consideration for these, the parent Company increased capital through non-cash contributions. This operation included wind farms in Spain and abroad, specifically, India, France and Poland.

This non-cash capital increase was carried out through the issue of 64,491,828 new shares, with an issue rate of Euros 4.26216336 per share, a par value of Euro 1 per share, and a share premium of Euros 3.26216336 per share, which have been assigned in proportion to the non-cash contributions made by the new shareholders. The operations that have given rise to this increase have been as follows:

- The ENHOL GROUP (Eólica de Navarra), new strategic partner, and BANC DE SABADELL, have contributed companies with various wind farm projects that are either operating, in construction or development, which represent a total of 314 MW and 73.2 MW respectively.
- Corporación Caja de Granada S.A. and Investments Progranada S.A., S.C.R. have made a contribution of wind farm projects and shareholdings that represent an additional 93.8 MW for the Group.
- Fomento de Investments y Capital S.L. (FOINCA), company in charge of the management and administration of the Company.
- Shareholdings have been acquired in investee companies that represent, in almost all cases, obtaining full ownership of these subsidiaries. These new operations represent an additional 81.8 MW for the Group (see Note 15).

In total, the non-cash capital increase represents the addition of 562.7 MW, and contributions totalling Euros 274,874 thousand (see Note 15). Consequently, and for the purposes of this capital increase, the market value per share is estimated at Euros 4.26, the result of a valuation made for the Group by an independent expert.

The breakdown of the shareholders of the parent Company holding an interest above 10% at 30 June 2008 and 31 December 2007 is as follows:

	30.06.08
<b>Shareholders</b>	<b>%</b>
Enhol Group	22.40%
Other shareholders	77.60%
	100.00%

	31.12.07
<b>Shareholders</b>	<b>%</b>
Seguros Catalana Occidente, S.A. de Seguros y Reaseguros	13.53%
Caja de Ahorros y Monte de Piedad de las Baleares	10.00%
Other shareholders	76.47%
	100.00%

## **Other equity accounts:**

### **a) share premium**

The share Premium is freely available for distribution. This account can only be affected as a result of resolutions adopted by General Meeting of Shareholders of the parent Company.

### **b) Legal reserve**

The companies that obtain profit in the fiscal year must appropriate 10% of the same 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 available to do so. On the other hand, it can also be used to increase share capital in the part that exceeds 10% of the capital already increased.

### **c) Treasury shares**

Under the authorisation granted by the General Meeting of Shareholders of 2 May 2007 and to facilitate the liquidity of the share quotation, the parent Company held at 31 December 2007 159,000 treasury shares totalling Euros 794 thousand, at an average price of Euros 4.995 per share.

During the first half of 2008 and under the authorisation granted by the General Meetings of Shareholders of 2 May 2007 and 20 February 2008, the parent Company acquired treasury shares. At 30 June 2008, the parent Company holds 1,698,696 treasury shares totalling Euros 11,508 thousand.

## **Dividends:**

The General Meeting of Shareholders of 2 May 2007 agreed to distribute dividends totalling Euros 686 thousand against 2006 profit, which were paid in May and June 2007.

The General Meeting of Shareholders of 25 June 2008 agreed to distribute 2007 profit, and, accordingly paid out dividends of Euros 986 thousand in July 2008.

## **Profit per share:**

Profit per share is calculated by dividing the profit attributable to the shareholders of the parent Company by the average weighted number of ordinary shares in circulation during the period:

	30.06.08	30.06.07
Number of shares	140,003,778	37,755,975
Average number of shares	122,089,381	37,755,975
Profit attributable to the parent Company (Euros)	1,825,415	60,545
Average number of treasury shares	382,962	-
Average number of shares in circulation	121,706,419	37,755,975
Profit per share (Euros per share)		
- Basic	0.015	0.0016
- Diluted	0.015	0.0016

The parent Company does not have financial instruments that could dilute its profit per share.



## NOTE 9 - PROVISIONS

	Balance		Balance		Balance
	31.12.06	Additions	31.12.07	Additions	30.06.08
Provision for liabilities	-	401	401	-	401
Provision for dismantling	-	-	-	563	563
	-	-	401	563	964

On 21 December 2005, the Regional Customers Unit of the Tax Authorities of Barcelona (*Unidad Regional de Aduanas of the Agencia Tributaria de Barcelona*) raised a final Tax Assessment against the subsidiary company Invetem Mediterránea, S.L., for the Special Hydrocarbon Tax for the period from 2001 to 2004, for the use of bio-gas as fuel for the production of electricity. This tax assessment included a proposed assessment of Euros 8,840 thousand, of which Euros 813 thousand constituted late payment interests, and the rest the estimate tax payable. On 21 February 2006 the Director of the Regional Customers and Special Tax Office confirmed the assessment by handing down the respective administrative assessment. In 2006 the subsidiary Company filed the respective economic-administrative appeal against the administrative assessment before the Regional Tax and Treasury Court of Catalonia (*Economic Tribunal Económico-Administrativo Regional de Cataluña*), pleading for the respective suspension of the proceedings. The Group has signed an agreement with EMTE, S.A., the company from which the parent Company acquired its holding in Invetem Mediterránea, S. L. in 2002, by virtue of which, in the event that the aforementioned tax assessment must finally be paid by the Company, EMTE, S.A. undertakes to repurchase the shareholding of the parent Company so that the latter will obtain a TIR of 10%; at 31 December 2007, the resulting price for this repurchase would have represented for the Group a loss quantified in the amount of Euros 401 thousand. During the first half of 2008, no significant events have occurred in relation to this assessment. Consequently, at 30 June 2008 the Group still carried the provision for the contingent liabilities, estimated at Euros 401 thousand, in order to fully cover the possible contingences arriving from this process.

At 30 June 2008, the Group carries a provision of Euros 563 thousand to cover the costs of dismantling the wind farms that are currently operating.

## NOTE 10 – FINANCIAL LIABILITIES

The movement in this account is as follows:

	Balance	Addition to	Business	Additions	Redemption	Translation	Transfers	Balance
	31.12.07	consolidation	combination		from	differences		30.06.08
Amounts owing to credit institutions	45,030	43,471	19,442	19,840	(573)	(704)	(1,945)	124,561
Non-current financial liabilities	45,030	43,471	19,442	19,840	(573)	(704)	(1,945)	124,561
Amounts owing to credit institutions	6,941	1,955	-	2,242	(5,734)	-	1,945	7,349
Other financial liabilities	325	-	-	-	(325)	-	-	-
Current financial liabilities	7,266	1,955	-	2,242	(6,059)	-	1,945	7,349

Through the business combinations set up during the first half of 2008, the debt of the acquired companies has been recorded in the accounts (see Note 15). This debt relates basically to two loans contracted to finance the construction of the wind farms of the following companies:

	Amount 30.06.08	Date obtained	Date of maturity
SAS Eolines de Beausemblant	14,156	2007	2018
Generación Eolica India Limited	5,286	2008	2018

Furthermore, Additions includes a new loan to Catalana d'Energies Renovables S.L. signed in 2008 and maturing in 2026 for the financing of the wind farm in Caseres (Tarragona). The final loan is still pending.

At 30 June 2008, available liquidity totals Euros 41,820 thousand, corresponding to cash and other equivalents (Euros 24,482 thousand) and credit facilities not drawn down (Euros 17,338 thousand).

#### **NOTE 11 - OTHER CURRENT LIABILITIES AND NON-CURRENT LIABILITIES**

These accounts include deferred payments to be made in the long term totalling Euros 27,608 thousand and to be made in the short term totalling Euros 15,808 thousand, relating to deferred prices in the purchase of various wind farms. These deferred payments are payable depending on the obtaining of certain milestones in the wind farms under development, the disbursement for which is considered probable.

#### **NOTE 12 - INCOME TAX**

The income tax expense is recognised based on the best estimate of FERSA of the effective tax rate for the year 2008. The effective tax rate estimated for 2008 is lower than the theoretical rate (30%) due mainly to the results of the companies consolidated by equity accounting and the fact that certain companies are taxed at lower rates (25%) given their small size.

The movement during the first half of the 2008 relating to deferred tax assets and liabilities is as follows:

	Balance 31.12.07	Business combinations	Additions	Disposals	Translation differences	Balance 30.06.08
Deferred tax assets	1,907	7,605	385	(46)	-	9,851
Deferred tax liabilities	-	(87,630)	(1,211)	125	991	(87,725)
	1,907	(80,025)	(826)	79	991	(77,874)

Deferred tax assets includes the deferred tax assets relating to the tax effect of the cancellation against reserves of the capital increase expenses.

Business combination includes the deferred tax assets and liabilities arising from the process of purchase price allocation (See Note 15).

### **NOTE 13 – AVERAGE STAFF**

The breakdown of average staff is as follows:

<b>FERSA Group</b>		
	Six-month period ended 30 June 2008	Six-month period ended 30 June 2007
Men	16	-
Women	10	-
Total	26	-

### **NOTE 14 – INFORMATION ON MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES**

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

On 25 June 2008 the General Meeting of Shareholders of the company agreed to amend article 17.b of the Articles of Association on the remuneration of the Directors, making it a remunerated office.

Thus, during the first half the remuneration received by the Directors during the first half of 2008 has totalled Euros 97.5 thousand.

At 30 June 2008 no loans or advances have been granted by the Company to members of the Board of Directors.

The staff cost for Top Management has totalled Euros 266.6 thousand during the first semester of 2008.

During the six-month period ended 30 June 2007, no remuneration has been paid to the members of the Board of Directors or management personnel.

### **NOTE 15 – BUSINESS COMBINATION**

The most significant business combinations made during the first half of the 2008 are as follows:

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

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

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

Contribution of shares through non-cash capital increase	268.739
Deferred payments	10.602
Other transaction costs	18.335
Total purchase price	297.676
Fair value of the net assets acquired	173.263
<b>Difference between net assets acquired and purchase price</b>	<b>124.413</b>

Thus, the part of the purchase price that has been possible to assign in the accounts to the assets acquired minus the liabilities and contingent liabilities assumed are considered “Fair value of the net assets acquired”, and the difference that cannot be identified individually is Goodwill.

As well as contribution of shares, the Group acquires loans of the companies acquired in the amount of Euros 6,135 thousand, and, accordingly, the non-cash capital increase totals Euros 274,874 thousand (see Note 8).

In accordance with IFRS 3 “Business combinations”, the FERSA Group is now assigning the acquisition price in order to reflect the fair value of the assets and liabilities of the companies acquired in this operation and has prepared a provisional assignment. According to this provisional assignment, the fair value of the assets and liabilities acquired is as follows:

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

	Explotación Eólica la Pedrera S.L.	Sinergia Andaluza, S.L.	Energías Renovables del Guadiana Menor S.L.	Fercom Eólica, S.L.	Catalana d'Energies Renovables, S.L.	Empordavent, S.L.	Parque Eólico Hinojal, S.L.	Eólica del Pino, S.L.	Energia Renovable Mestral, S.L.	Fomento de Inversiones y Capital S.L.	Total
Property, plant and equipment	2	1,116	10	2,412	-	276	48,554	17,496	-	-	102,466
Other intangible assets	21,888	46,692	2,854	1,617	16,775	0	25,495	612	-	-	261,922
Non-current assets	-	687	-	1,706	587	424	166	1	1,332	2	5,412
Deferred tax assets	77	-	-	-	24	-	-	-	-	-	190
Current assets	258	266	-	676	3,501	36	5,726	1,422	537	303	15,366
<b>TOTAL ASSETS</b>	<b>22,225</b>	<b>48,761</b>	<b>2,864</b>	<b>6,411</b>	<b>20,887</b>	<b>736</b>	<b>79,941</b>	<b>19,531</b>	<b>1,869</b>	<b>305</b>	<b>385,356</b>
Non-current liabilities	-	2,068	0	5,193	2,487	758	44,762	14,883	468	-	97,821
Deferred tax liabilities	6,212	14,008	856	-	5,033	-	7,170	-	-	-	76,508
Current liabilities	-	-5	5	667	1,640	35	7,295	2,811	3	383	14,311
<b>TOTAL LIABILITIES</b>	<b>6,212</b>	<b>16,071</b>	<b>861</b>	<b>5,860</b>	<b>9,160</b>	<b>793</b>	<b>59,227</b>	<b>17,694</b>	<b>471</b>	<b>383</b>	<b>188,640</b>
<b>Net assets at fair value</b>	<b>16,013</b>	<b>32,690</b>	<b>2,003</b>	<b>551</b>	<b>11,727</b>	<b>-57</b>	<b>20,714</b>	<b>1,837</b>	<b>1,398</b>	<b>-78</b>	<b>196,716</b>
<b>Net assets acquired by shareholding percentage</b>	<b>16,013</b>	<b>19,614</b>	<b>2,003</b>	<b>165</b>	<b>11,727</b>	<b>-57</b>	<b>13,592</b>	<b>735</b>	<b>280</b>	<b>-78</b>	<b>173,263</b>
Contributions of shares through capital increase	20,011	20,074	2,637	15,972	15,310	4,322	13,123	5,995	3,108	25,242	268,739
Deferred payments	1,000	6,816	-	-	2,786	-	-	-	-	-	10,602
Other costs of the transaction	1,213	1,129	222	2,119	1,604	502	1,066	935	177	30	18,335
<b>Purchase price</b>	<b>22,224</b>	<b>28,019</b>	<b>2,859</b>	<b>18,091</b>	<b>19,700</b>	<b>4,824</b>	<b>14,189</b>	<b>6,930</b>	<b>3,285</b>	<b>25,272</b>	<b>297,676</b>
Cash and cash equivalents of the subsidiary acquired	61	137	-	30	-	59	71	218	1	42	2,431
<b>Cash used in the acquisition</b>	<b>1,152</b>	<b>992</b>	<b>222</b>	<b>2,089</b>	<b>1,604</b>	<b>443</b>	<b>995</b>	<b>717</b>	<b>176</b>	<b>-12</b>	<b>15,904</b>
<b>Difference between net assets acquired and purchase price</b>	<b>6,211</b>	<b>8,405</b>	<b>856</b>	<b>17,926</b>	<b>7,973</b>	<b>4,881</b>	<b>597</b>	<b>6,195</b>	<b>3,005</b>	<b>25,350</b>	<b>124,413</b>

The difference between the value of the net assets acquired at fair value and their carrying value arises mainly from the valuation of certain wind farm intangibles assets at fair value, which comply with the identification requirement of IAS 38 in order to be recorded as an intangible asset. These wind farms (some of which are under construction and others in operation) were stated in the financial statements before acquisition at their incurred cost, although their fair value is much higher, according to the valuation of an independent expert, after taking into consideration certain milestones in the development and start up of a wind farm, such as installation in ideal locations for the development of the wind farm, wind measurements, obtaining permits and authorisations from official bodies for the construction of the wind farm, etc. These intangible assets are written off over the useful life of each wind farm, as from the date they are brought into use.

Furthermore, in accordance with IFRS-EU and the policies of the FERSA Group, the acquisitions of additional equity holdings in companies in which Group already has control, is recorded as equity transactions and recognised directly under equity in the amount exceeding their attributable portion of net worth paid to the minority interest. The surplus corresponding to this transaction totals Euros 46,747 thousand, and has generated a deferred tax asset of Euros 7,605 thousand (see Note 12).

Therefore, the resulting goodwill totals Euros 77,666 thousand (Euros 124,413 thousand minus Euros 46,747 thousand recognized under equity).

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

#### **b) Other acquisitions made during the first half of 2008:**

On 26 March 2008, the parent Company acquired 24.6% of Parque Eólico Hinojal S.L., thus coming to hold after this acquisition all the shareholding stakes of this company. The breakdown of the net assets acquired at fair value is as follows:

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

<b>Difference between net assets acquired and purchase price</b>	<b>5,505</b>
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Due to the legislation governing the registration of acquisitions of minority interests mentioned above, the surplus price of Euros 5.5 million has been recognised directly under equity.

Additionally, on 16 February 2008, Fersa Energías Renovables, S.A. reached an agreement, through Siljan Port, S.L., an investee company 80% owned by Fersa, to constitute a Joint Venture with the Chinese company Shandong Lubei Enterprise Group Company. This company, which will be called Association of Shandong Lusa New Energy Co., Ltd. will be 60% owned by Siljan Port, S.L. and 40% owned by Shandong Lubei Enterprise Group Company. This Joint Venture has wind farm projects to be developed in the province of Shandong (China) of up to 10,000 MW, and the first project of 48MW has already been authorised. The Company will make contributions to the Joint Venture as the projects develop in proportion to its shareholding.

### c) Review of the process of purchase price allocation of business combinations made in the second half of 2007:

In accordance with la IFRS 3 “Business combinations” companies have one year as from the date of the business combination to complete the purchase price allocation. Thus, the FERSA Group has reviewed the process of assigning certain acquisitions made in the second half of 2007:

Acquisition of 75% of Oü Est Wind Power and 100% of Eólica Postolin Sp. Zoo. The breakdown of the net assets acquired and the goodwill are as follows:

	OÜ Est Wind Power		Eólica Postolin Sp Zoo	
	Carrying value	Fair value	Carrying value	Fair value
Property, plant and equipment	610	610	2,359	2,359
Other intangible assets	-	9,628	-	10,221
Current assets	233	29	676	676
<b>TOTAL ASSETS</b>	<b>843</b>	<b>10,267</b>	<b>3,035</b>	<b>13,256</b>
Deferred tax liabilities	-	2,888	-	3,066
Other non-current liabilities	55	55	12	12
Other current liabilities	41	41	2,844	2,844
<b>TOTAL LIABILITIES</b>	<b>96</b>	<b>2,984</b>	<b>2,856</b>	<b>5,922</b>
<b>Net assets acquired at fair value</b>	<b>747</b>	<b>7,283</b>	<b>179</b>	<b>7,334</b>
<b>Net assets acquired according to carrying value</b>	<b>560</b>	<b>5,462</b>	<b>179</b>	<b>7,334</b>
<b>Purchase price</b>		<b>8,575</b>		<b>10,830</b>
Cash and cash equivalents of the subsidiary acquired		29		9
<b>Cash used in the acquisition</b>		<b>8,546</b>		<b>10,821</b>
<b>Difference between net assets acquired and purchase price</b>		<b>3,113</b>		<b>3,496</b>



After the review of these business combinations, part of the surplus price paid over the carrying value of these companies has been booked as intangible assets (along with their respective deferred tax) of the same nature as those mentioned in section a) of this note, and the surplus price has been booked as goodwill. This goodwill is attributable to the high profitability expected of the business acquired and to the synergies that are expected to arise after the acquisition by the FERSA Group.

If the acquisitions made during the first half of 2008 are booked as taking place on 1 January 2008, the net contribution to profit for the year would be Euros 279 thousand.

#### ***NOTE 16 – TRANSACTIONS WITH RELATED PARTIES***

The Group defines related parties as those entities of natural persons that hold a significant shareholding in the parent Company, or those entities or natural persons that exercise control in the Board of Directors of the parent Company.

During the six-month period ended 30 June 2008 there have been no transactions with related parties.

#### ***NOTE 17 – GUARANTEES GIVEN TO THIRD PARTIES***

Parque Eólico Hinojal, S.L. has lodged, along with other wind farm developers in its area, a bank guarantee totalling Euros 84,195.31, given by Banco de Finanzas e Investments S.A. in favour of the City Council of Tarifa, to guarantee the repairs of the access road to the wind farms result from the possible damage caused during construction.

The companies Eolener, S.L. and Orta Eólica, S.L. have lodged bank guarantees for the processing of the authorisations of the wind farm installations totalling Euros 320,095.75 and 933,254.42 euros, respectively, backed 70% by Fersa Energías Renovables, S.A.

The companies Eólica Cijara, S.L. and Sinergia Andaluza S.L. have lodged bank guarantees with the General Directorate of Energy Policy for Euros 4 and 2 million, respectively, according to provisions of RD 661/2007.

Furthermore, Fersa Energías Renovables, S.A. has guaranteed Eólica Cijara, S.L. for the same item totalling Euros 1,300.000.

The companies included in the consolidation scope Eólica del Pino S.L., Eólica el Pedregoso, SAS Eoliennes de Beausemblant, Parque Eólico Hinojal S.L. and Gestora Fotovoltaica de Castellón have taken out loans from credit entities for which they have pignored their treasury shares.

#### ***NOTE 18 – SIGNIFICANT ASPECTS OF THE PARENT COMPANY***

As mentioned in Note 15, the parent Company has acquired four companies in India. Due to the devaluation of the Rupee (functional currency of these shareholdings) since the date of acquisition (and as indicated in Note 5), the recoverable value of these shareholdings on the individual balance sheet of the parent Company has decreased significantly since the date of acquisition (20 February 2008) until 30 June 2008. Consequently, and in accordance with the New General Accounting Plan, the parent Company has provided Euros 14,486 thousand (Euros 12,845 thousand, net of tax) for these investments, which, together with the rest of the investment provision of the parent Company, totals Euros 15,253 thousand at 30 June 2008. We should point out that this impairment of the value of investments in India may be reversible if its recoverable value improves, and that, moreover, this impact has been transferred to Fersa consolidated accounts through the Reserve for translation differences due to the loss in net assets in India.

Of special note is the fact that, having the opposite effect, there has been a revaluation of the Zloty (functional currency of investments in Poland). In accordance with the New General Accounting Plan, the revaluation of this investment, estimated at Euros 5,400, has not been recorded.

#### ***NOTE 19 – SUBSEQUENT EVENTS***

The General Meeting of Shareholders of Fersa Energías Renovables, S.A. held in Barcelona on 25 June 2008 adopted the takeover merger by Fersa Energías Renovables S.A. of Fomento de Inversiones y Capital S.L. (Foinca), involving the transfer en bloc of the latter's equity to Fersa, which acquired all the assets and liabilities of the merged company, Foinca, under the terms of the Merger Project drafted and signed on 14 May 2008 by the Directors of Fersa and Foinca, which was filed with the Mercantile Registry of Barcelona on 11 June 2008. In accordance with current legislation, the company planned to file this agreement with the Mercantile Registry in August 2008.

## **FERSA GROUP ENERGÍAS RENOVABLES**

### **CONSOLIDATED DIRECTORS' REPORT AT 30 JUNE 2008**

#### **1. SIGNIFICANT EVENTS**

During the first half of 2008, Fersa Energías Renovables S.A., the parent Company, formalised a non-monetary capital increase by virtue of which various business groups have contributed various companies with wind farms in operation as well as those with outstanding formalities at different stages. This operation represents the inclusion in the FERSA Group of wind farms in Spain, India, France and Poland.

The non-monetary capital increase has taken place by issuing 64,491,828 new shares at an issue price of Euros 4.26216336 per share. These new shares have been adjudicated in proportion to the non-monetary contributions made by the new shareholders. The operations included in this capital increase are as follows:

- 1) The ENHOL Group (Eólica de Navarra) has contributed companies with various wind farms already in operation, the construction or development with an attributable capacity of 314.0 MW and a value of Euros 131.7 million.
- 2) Companies owned by BANC SABADELL and its minority shareholders have contributed companies with various wind farms with an attributable capacity of 73.2 MW and a value of Euros 32.9 million.
- 3) Shareholders of companies already previously owned by FERSA have contributed companies representing an additional 81.7 MW valued at Euros 48.0 million.
- 4) Companies owned by CAJA GRANADA and minority shareholders have contributed a total of 93.8 MW valued at Euros 37.0 million.
- 5) FOMENTO DE INVESTMENTS Y CAPITAL S.L. (FOINCA), company that handles the management and administration of FERSA has integrated all its know-how and human team into the Company so that FERSA now has its own management structure. This agreement to integrate Fomento de inversiones y capital S.L. in FERSA Energías Renovables S.A. has also been carried out through a capital increase with non-cash contributions of the same nature as those described above.

In total, these non-monetary capital increase operations represent the inclusion in the FERSA Group of an attributable 562.7 MW with a value of Euros 274.8 million.

This series of operations has generated a very relevant quantitative and qualitative leap for the FERSA Group, since it has allowed it to increase its attributable capacity very significantly and internationally diversify its project portfolio and wind farms in operation, and makes it possible to penetrate countries with high growth potential and high rates of profitability.

Permission was given so that the shares of Fersa issued as a result of the aforementioned non-cash capital increase could begin being traded on the SIBE of the Spanish Stock Exchange (*Sistema de Interconexión Bursátil Español* –SIBE) on 5 June 2008.

## 2. OPERATING INFORMATION

The attributable operating capacity at 30 June 2008 has reached 135.8 MW, which represents a year-on-year increase of 104% against the same period in 2007 (an increase of 83.6 MW), basically due to:

- Addition of a 31.2 MW farm in India (Gadaj).
- Addition of a 12 MW wind farm (9.6 MW attributable) in France (Eoliennes de Beausemblant).
- The start up in the second half of 2007 of the 36 MW Parque Eólico Hinojal wind farm, and the increase in the shareholding in the company from 45% to 100%.
- The increase of the shareholding in Eólica del Pino from 40% to 80%.

For its part, aggregate attributable production has totalled 130.1 GWh, which represents an increase of 173.4% compared to 47.6 GWh in the first half of last year. The wind farms of Eólica el Pedregoso and Eólica del Pino have been partially overcoming the start problems of 2007 and have increased production by 44.1% and 8.9%, respectively, which is still, however, below their expected levels. Parque Eólico Altos del Voltoya has also increased production by 6.3% due to greater wind resources. Finally, Parque Eólico Hinojal, which began its activity at the end of last year, has chalked up a very satisfactory production level, reaching production of 51.4 GWh during the period.

During the first half of 2008 operations at 11 solar energy plants have begun, each with 100 Kw. They are all owned by Gestora Fotovoltaica de Castellón, S.L., in which Fersa has a shareholding of 76%. During the first half of 2008 production has reached 0.5 GWh.

## 3. STRATEGIC AGREEMENTS

During the first half of 2008 Fersa has reached agreements for the development of international projects with an attributable capacity of more than 5,000 MW. These projects are located mainly in China, Russia and Italy.

### 3. 1. China

Fersa has entered into an agreement with the Chinese company Lubei Enterprise Group to develop through a joint venture, of which FERSA holds 48%, a series of wind farms along the coast of the province of Shandong with total capacity of 10,000 MW, of which 4,800 MW are attributable to FERSA.

The company already has the permits and authorisations to begin the construction of a wind 48 MW wind farm (23 MW attributable).

### 3. 2. Russia

Furthermore, an agreement has been reached with Russian developers for wind farms in the province of Cherkesia with an installed capacity of 575 MW. Fersa will have a purchase option over all the wind farms once they have been developed.

Thus, and during June, the company Fersa Cherkessk was incorporated, which is 100% owned by FERSA.

### 3. 3. Italy

In February 2008, an agreement was entered into for the acquisition of 50% of Nextwind SrL, an Italian wind farm development company.

The company has a large wind farm portfolio in different stages of development, over which FERSA has a purchase option over all of them once they have been built.

## 4. ACQUISITIONS

The FERSA Group has continued growing by means of acquisitions during this first semester:

- Acquisition of 67.39% of Castellwind-03, S. L. This company is developing three wind farms with a total installed capacity of 102 MW (68.7 MW attributable to Fersa) in the municipality of Tivissa (Tarragona).
- Acquisition of an additional 50% of Fergest Biomasa, S. L. Consequently, the FERSA Group has increased its shareholding in this company to 100% of the share capital.

## 5. MAIN FINANCIAL AGGREGATES

Net turnover totals Euros 9,188 thousand, 178 % greater than the first half of the previous year, as shown below:

Net turnover (Thousand Euros)	1S 2008	1S 2007	Dif 08-07	% variation
Eólica el Pedregoso, S. L.	3,235	1,816	1,419	78%
Eólica del Pino, S. L.	1,410	1,020	390	38%
Parque eólico Hinojal, S. L.	2,499	0	2,499	N. A.
Gestora fotovoltaica de Castellón, S. L.	221	0	221	N. A.
Invetem Mediterránea S. L.	501	447	54	12%
Eoliennes de Beausemblant	1,059	0	1,059	N. A.
Generación Eólica India Limited	258	0	258	N. A.
Other revenues	5	21	-16	-76%
<b>TOTAL</b>	<b>9,188</b>	<b>3,304</b>	<b>5,884</b>	<b>178%</b>

This stiff increase in turnover is due to the improvement in wind resources and the production generated by wind farms already in existence in 2007 due to the start up and acquisition of new wind farms and the major increase in the sale price of electricity against the first half of 2007.

Operating expenses have totals Euros 3,070.7 thousand, which represents an increase of 184.6% against the same period last year, as a result basically of the addition of new plants in operation.

Net financial expense totals Euros 1,262 thousand, compared to Euros 1,002 during the same period last year.

Of special note is the positive impact of the incorporation by equity accounting of the 30% shareholding that Fersa has in Parque Eólico Altos de Voltoya, S.A. in the consolidation scope, which represents income of approximately Euros 704 thousand (176% higher than the first half of last year), and the addition to the consolidation scope of Parque Eólico Hinojal S. L. before 20 February 2008 (in which only 45% was held), which represents income of approximately Euros 228.5.

The aggregates on production, turnover and profit before tax of Parque Eólico Altos de Voltoya, S. A. for the first semester of 2008 compared to the same period last year are as follows:

Parque Eólico Altos de Voltoya, S.A.	1S 2008	1S 2007	Dif 08-07	% variation
Production (GWh)	68,4	64,4	4,1	6.3%
Turnover (Thousand €)	6,929	4,961	1,968	39.7%
Profit before tax (Thousand €)	3,365	1,329	2,036	153.1%

Net profit attributable to the parent Company has totalled Euros 1,825.4 thousand, an increase of Euros 1,764 thousand against the figure in the first half of the last year.

Please note the improvement in the profit of the companies Eólica el Pedregoso and Eólica del Pino, due to the improvement in the production and in sale price, which have improved from losses of Euros 72.8 and profit of Euros 80.9 thousand in the first half of 2007 to approximately profit of Euros 770.1 and Euros 278.9 thousand in the first half of 2008 respectively. Furthermore, of special note is the improvement in the contribution of Eólico Altos del Voltoya y Parque Eólico Hinojal, and the start up in the first half of the year of the Sociedad Gestora Fotovoltaica de Castellón S.L., which has reported profits of approximately Euros 124.9 thousand.

## 6. MAIN RISKS RELATING TO THE ACTIVITY OF THE FERSA GROUP

The activities of the Group are exposed to various business risks and wind conditions and other meteorological conditions. The operational risk of the Group is subject to technological failures, human error or errors caused by external events.

The Group makes the investments necessary to mitigate these risks and has appropriate insurance policies.

The Group companies are subject to the legislation in force in each country in regards to the electricity rates at which they invoice their electricity production. The modification of the legislation could affect the results of their activity.

The Group is exposed to fluctuations in interest rates since all its debt with financial entities is at a floating rate. Thus, the Group has interest rate hedging contracts, basically through contracts with structures that insure maximum interest rates. Because of their nature, these contracts meet the hedging requirements under IFRS-EU. Consequently, the net cash flows exchanged are booked in the profit and loss account on an accruals basis. At the year end these contracts are valued individually at their fair value and carried under consolidated net equity.

The Group's activities outside of Spain are exposed to currency exchange rate fluctuations which could affect the results of the respective investee companies, their market value and the transfer of profits to the parent Company.

We should also point out that the activities of the Group are subject to compliance with environmental legislation in force, and therefore, subject to the approval by the authorities of the environmental studies and granting of the respective licenses and authorisations.

## 7. ENVIRONMENT

Environmental aspects are taken into account throughout the entire permit processing procedure and construction of the facilities, and the studies required are carried out on the basis of the legislation in each country.

During the first half of 2008 and in relation to the facilities in operation, the Group has incurred expenses of Euros 50 thousand, basically for wildlife preservation.

## APPENDIX

### – *SUBSIDIARY COMPANIES*

The fully consolidated subsidiary companies of the FERSA Group, and the direct and indirect shareholding percentages of Fersa Energías Renovables, S.A. at 30 June 2008 are as follows:

<u>Company</u>		<u>Shareholding %</u>
Eólica the Pedregoso, S.L		80%
Invetem Mediterránea, S.L		71%
Empordavent, S.L	1	100%
Energia Renovable Mestral, S.L		100%
Eólica of the Pino, S.L		80%
Catalana d'Energies Renovables, S.L.	1	100%
Fercom Eólica, S.L.		100%
La Tossa del Vent, S.L.	2	100%
Texte, S.L.	2	100%
Eolener, S.L.	2	100%
Orta Eólica, S.L.	2	100%
Electravent, S.L.	2	100%
Gestora Fotovoltaica de Castellón, S.L.		76%
Fotovoltaica Fer, S.L.	3	76%
Weinsberg Ecotec, S.L.	3	76%
Fotovoltaica Ecotec, S.L.	3	76%
Joso Fotovoltaica, S.L.	3	76%
Fotovoltaica Padua, S.L.	3	76%
Fotovoltaica Vergos, S.L.	3	76%
Fotovoltaica The Mola, S.L.	3	76%
Inversions Trautt, S.L.	3	76%
Fotovoltaica de Castelló, S.L.	3	76%
Fotovoltaica de les Coves, S.L.	3	76%
Inversions Vinroma, S.L.	3	76%
Parque Eólico Hinojal , S.L		100%
Enrilews, S.A.		92%
Eólica Postolin Sp		100%
OÚ EstWindPower		75%
Fergest Biomasa 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%
Sinergia andaluza ,S.L.		60%
Generación Eólica India Limited		100%
EN Renewable Energy Private Limited		100%
EN Wind Power Private Limited		100%
EN Green Energy Private Limited		100%
Eólica Kisielice SP		100%
Eólica Warblewo Sp		100%
Eólica Cieplowody Sp		100%
Eoliennes De Beausemblant, SAS		80%
Fomento de Investments y Capital S.L.		100%
Castelwind 03 S.L		67%
Fersa Cherkessk		100%



- (1) Indirect shareholding through Energía Renovable Mestral, S.L.
- (2) Indirect shareholding through Fercom Eólica, S.L.
- (3) Indirect shareholding through Gestora Fotovoltaica de Castellón, S.L.

**- OTHER COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE**

The other companies included in the consolidation scope of the FERSA Group, and the respective direct and indirect shareholding percentages of Fersa Energías Renovables, S.A. at 30 June 2008 break down is as follows:

<u>Company</u>		<u>Shareholding &amp;</u>	<u>Consolidation Method</u>
Aprofitament d'Energies Renovables Ebre (AERE )	1	20,54%	Equity accounting
Aprofitament d'Energies renovables Terra Alta ( AERTA)	2	29,67%	Equity accounting
Parque Eólico Altos del Voltoya, S.A		30.00%	Equity accounting
AIE los Siglos	3	30,30%	Proportional consolidation
Energía Cijara, S.L.		50.00%	Proportional consolidation
Eólica Cijara S.L.		50.00%	Proportional consolidation
Parque Eólico Valcaire S.L.	4	27.00%	Equity accounting
E.R Guadiana Menor S.L.		50.00%	Proportional consolidation
Energia Renovable Mestral Eólica, S.L		50.00%	Proportional consolidation
Siljan Port S.L.		80.00%	Proportional consolidation

- (1) Indirect shareholding through Empordavent, S.L. and AERTA.
- (2) Indirect shareholding through Fercom Eólica, S.L. and Catalana d'Energies Renovables, S.L.
- (3) Indirect shareholding through Parque Eólico Hinojal, S.L.
- (4) Indirect shareholding through Sinergia Andaluza, S.L.