Unum Group
Form 4
July 03, 2014

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0287
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
McGarry John F

(Last) (First) (Middle)

1 FOUNTAIN SQUARE

(Street)

CHATTANOOGA, TN 37402

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Unum Group [UNM]

3. Date of Earliest Transaction (Month/Day/Year)
07/01/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
EVP, Pres&CEO, Closed Blk Ops

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	07/01/2014		S (1)		2,000	D	$ 34.83	54,684 (2)	D	
Common Stock								767.969	I	By N-Q 401(k) Plan
Common Stock								2,893.4817	I	By 401(k) Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
McGarry John F 1 FOUNTAIN SQUARE CHATTANOOGA, TN 37402			EVP, Pres&CEO, Closed Blk Ops	

Signatures

/s/ Jullienne, J. Paul, Attorney-in-Fact	07/03/2014
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The transactions reported in this Form 4 were effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on November 25, 2013.

(2) Includes 22,916 restricted stock units, which may be settled, on a 1-for-1 basis, only in shares of common stock, and 31,768 shares of common stock. Fractional amounts have been rounded to the nearest whole number.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. " SIZE="2">

Deferred tax liability

14,785,850 11,179,933

Asset retirement obligations

408,035 420,820

Derivative financial instrument Swap

912,263 544,261

Total Liabilities

106,563,272 98,596,413

Commitments and contingencies (Note 14)

Shareholder s Net Investment

Shareholder s net investment

23,084,921 31,534,111

Total Liabilities and Shareholder s Net Investment	129,648,193	130,130,524

The notes form an integral part of these combined financial statements

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BioTherm Energy Projects

For the periods ended 31 March 2015 and 2014

Combined statements of income and comprehensive loss

In US dollars	**2015**	**2014**
Revenue	6,161,527	3,185,312
Operating expenses		
Operations management fee related party	(88,956)	(91,108)
Operations management fee	(306,296)	
Plant operating costs related party	(284,101)	(234,338)
Plant operating costs	(20,644)	(188)
General and administrative costs related party	(161,446)	(95,845)
General and administrative costs	(316,513)	(311,801)
Depreciation and amortization	(1,303,332)	(847,366)
Income before other income and expenses	3,680,239	1,604,666
Other income and expenses		
Interest income	282,959	90,022
Interest expense	(2,168,107)	(1,199,440)
Income before income taxes	1,795,091	495,248
Income tax (expense) benefit/(expense)	(570,155)	(185,011)
Net income for the period	1,224,936	310,237
Other comprehensive income/(loss):		
Foreign currency translation adjustments	(631,349)	(48,780)
Effects of cash flow hedges	(511,114)	359,901
Income tax relating to items that may be reclassified	143,112	(100,772)
Total other comprehensive (loss)/income	(999,351)	210,349
Comprehensive (loss)/income for the period	225,585	520,586

The notes form an integral part of these combined financial statements

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BioTherm Energy Projects

For the periods ended 31 March 2015 and 2014

Combined statements of changes in shareholder s net investment

In US dollars	**2015**	**2014**
Total shareholders net investment		
Balance at 1 January	31,534,111	27,278,365
Net income for the period	1,224,936	310,237
Other comprehensive (loss)/income for the period	(999,351)	210,349
Net contributions from members		3,075,678
Net distributions to members	(8,674,776)	
Balance at 31 March	23,084,921	30,874,629

The notes form an integral part of these combined financial statements

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BioTherm Energy Projects

For the periods ended 31 March 2015 and 2014

Combined statements of cash flows

In US dollars	**2015**	**2014**
Cash flows used in operating activities		
Net income for the period	1,224,936	310,237
Adjustments to reconcile net income for the period to net cash used in operating activities		
Depreciation and amortization	1,303,332	847,366
Accretion of asset retirement obligation	7,744	
Deferred tax	570,155	185,011
Changes in operating assets and liabilities Accounts receivable	912,502	(1,536,989)
Prepaids and other assets	204,411	(121,232)
Accounts payable	(107,846)	(2,157,840)
Other accrued liabilities	(302,546)	113,979
Net cash used in operating activities	3,812,688	(2,359,468)
Cash flows used in investing activities		
Capital expenditures		(7,469,534)
Delayed liquidate damages received recorded as a reduction to capital expenditure		2,023,007
Net cash used in investing activities		(5,446,527)
Cash flows provided by financing activities		
Net contributions from members		3,075,678
Proceeds from borrowings		8,514,513
Net cash provided by financing activities		11,590,191
Effect of exchange rate movement on cash balances	(1,306,927)	(722,793)
Net (decrease)/increase in cash and cash equivalents	3,812,688	3,784,194
Cash and Cash Equivalents, beginning of the period	22,069,224	17,372,573
Cash and Cash Equivalents, end of the period	24,574,985	20,433,974
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	2,160,364	1,199,440
Cash received for interest	282,959	90,022
Supplemental Disclosures of non-cash investing and financing activities:		
Delay liquidation damages receivable recorded as reduction to PPE		2,023,007
Distribution to members	8,228,057	

The notes form an integral part of these combined financial statements

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BioTherm Energy Projects

Notes to the combined financial statements

1. Organization and nature of business

BioTherm Energy Projects (the Company) consists of Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited, Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) Proprietary Limited. These Companies are privately owned companies, registered in South Africa, incorporated in 2011 and are all under common control of BTSA Netherlands Cooperatie U.A. (BTSA), a Company incorporated in The Netherlands.

The Companies are engaged in electricity generation at the 27MW Klipheuwel-Dassiefontein Wind Energy Facility near Caledon in the Western Cape, South Africa, a 10MW Solar PV Energy Facility near Kenhardt in the Northern Cape, South Africa and a 10MW Konkoonsies Solar PV Energy Facility near Pofadder in the Northern Cape, South Africa. The Company has a contract with Eskom Holdings SOC Limited a South African state owned entity for the supply of electricity.

2. Summary of significant accounting policies

Basis of preparation

The accompanying financial statements are prepared in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP). Such combined financial statements have been prepared for inclusion in a filing with the United States Securities and Exchange Commission by TerraForm Global, Inc due to the purchase and sale agreement for purposes of the proposed acquisition of the three entities by a subsidiary of TerraForm Global, Inc.

Throughout the periods presented in the combined financial statements, the Company did not exist as a combined, legally constituted entity. The combined financial statements have therefore been derived from the financial statements of Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited, Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) Proprietary Limited to represent the financial position and performance of the Company on a combined basis throughout those periods in accordance with accounting principles generally accepted in the United States of America.

Management of Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited, Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) Proprietary Limited believe the assumptions underlying the combined financial statements are reasonable based on the scope of the purchase and sale agreement and the entities forming the Company being under common control and management throughout the entire periods covered by the combined financial statements.

Outstanding inter-entity balances, transactions, and cash flows between entities comprising the Company have been eliminated.

BTSA Netherlands Cooperatie U.A. provides executive management services to the Company and charges a management fee to the Company for these services, the fees are considered to be a reasonable reflection of all costs of doing business by the Company. For the periods ended 31 March 2015 and 2014, the Company paid management fees of $0.07M and NIL, respectively. Management of BTSA determined that it was not practicable to determine an estimate of this fee that would have been incurred had the Company operated as an unaffiliated entity. The combined financial statements included herein may not necessarily represent what the Company s results, financial position and cash flows would have been had it been a stand-alone entity during the periods presented, or what the Company s results, financial position and cash flows may be in the future.

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The accompanying financial data as of 31 March 2015 and for the three month periods ended 31 March 2015 and 2014 has been prepared by the Company, without audit, pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States (GAAP) have been condensed or omitted pursuant to such rules and regulations. The 31 December 2014 Consolidated Balance Sheet was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States. However, the Company believes that the disclosures are adequate to make the information presented not misleading. These Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and the notes thereto included in the Company s financial statements for the years ended 31 December 2014 and 2013.

In the opinion of management, all adjustments (which include normal recurring adjustments, except as disclosed herein) necessary to present fairly the combined balance sheet as of 31 March 2015; the results of operations and statements of comprehensive income and cash flows for the three months ended 31 March 2015 and 31 March 2014; and the statements changes in shareholders net investment for the three months ended 31 March 2015 and 31 March 2014, as applicable, have been made. The results of operations for the three months ended 31 March 2015 are not necessarily indicative of the operating results for the full fiscal year or any future periods.

Change in Accounting Principle

Effective 1 January 2015, we were required to adopt guidance concerning service concession arrangements. The amendment applies to an operating entity of a service concession arrangement entered into with a public-sector entity grantor when the arrangement meets certain conditions. The amendments specify that such an arrangement may not be accounted for as a lease nor should the infrastructure used in a service concession arrangement be recognized as property, plant and equipment by the operating entity. Instead, the operating entity should refer to other guidance to account for the arrangement. We adopted this guidance using a modified retrospective approach which requires the cumulative effect of applying this guidance to arrangements existing at the beginning of the period of adoption be recognized as an adjustment to retained earnings. As a result, the costs associated with the building of the substations qualify for recognition as an intangible asset. And the costs have been reclassified from Property, plant and equipment, as previously reported, to Intangible asset. The application has had no impact on the amount of the deprecation / amortization charge and thus no impact on opening retained earnings.

The following tables present the pro-forma amounts as of 31 March 2015 under the prior accounting method, the effect on those amounts of the change in account principle, and amounts as reported in the Company s Combined Financial Statements:

Combined balance sheet

In US Dollar		**2015**	
	Previous Accounting Method	**Effect of Change in Accounting Principle**	**As Reported**
Assets			
Property, plant and equipment, net	83,587,702	(3,806,641)	79,781,061
Intangible asset, net		3,806,641	3,806,641

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3. Property, plant and equipment, net

Property, plant and equipment consist of the following:

In US dollar	2015	2014
Wind Energy Facility	41,276,373	43,784,220
Solar Energy Facility	44,079,017	45,689,053
Substation		4,239,816
Total property, plant and equipment, at cost	85,355,390	93,713,089
Less accumulated depreciation	(6,383,392)	(5,177,697)
Effect of movements in exchange rates	809,063	404,231
Total property, plant and equipment, net	79,781,061	88,939,623

Depreciation expense was $1.3M and $0.8M for the periods ended 31 March 2015 and 2014 respectively.

A special notarial bond and a general notarial bond has been registered over the Company s present and future movable property for an amount of $88.2M plus an additional amount of $17.6M, as security for the $81.0M first ranking debt. Refer to Note 7 for further details.

4. Intangible asset, net

Intangible asset consist of the following:

In US dollar	2015	2014
Substation	4,034,701	
Total intangible asset, at cost	4,034,701	
Less accumulated amortization	(239,080)	
Effect of movements in exchange rates	11,020	
Total intangible asset, net	3,806,641	

Amortization expense was $0.1M and NIL for the periods ended 31 March 2015 and 2014 respectively.

5. Deferred tax

Deferred tax assets and liabilities are non-current and are attributable to the following:

In US dollar	2015	2014
Deferred tax assets		
Tax losses	13,307,532	10,078,644
Cash flow hedge	255,434	
Asset retirement obligation	114,250	117,830
Total deferred tax assets	13,677,216	10,196,474

Deferred tax liabilities		
Property, plant and equipment	(14,716,383)	(11,073,009)
Prepayments	(69,467)	(106,924)
Total deferred tax liabilities	(14,785,850)	(11,179,933)
Total net deferred tax (liability)/asset	(1,108,634)	(983,459)

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The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences and carryforwards and no valuation allowance was considered necessary by management as of 31 March 2015 and 31 December 2014.

The estimated tax losses available for set off against future taxable income is $46.7M as of 31 March 2015 (31 December 2014: $32.3M), these losses will not expire. We believe that it is more likely than not, based on our projections of future taxable income that we will generate sufficient taxable income to realize the benefits of the deferred tax asset.

6. Derivative financial instrument Swap

In US dollar	**2015**	**2014**
Held at fair value		
Nedbank of South Africa Limited	224,681	53,069
The Standard Bank of South Africa Limited	687,582	491,192
Derivative financial liability	912,263	544,261

The Company has entered into an interest rate swap with Nedbank of South Africa Limited to pay fixed interest as follows:

Effective date: 16 November 2012

Notional amount at 31 March 2015: $13,600,064.

The rate was fixed as follows:

(i) For the period from and including 31 December 2013 up to and excluding 31 December 2018, 7.20%

(ii) For the period from and including 31 December 2018 up to and excluding 31 December 2025, 9.00%.

The Company has entered into an interest rate swap with Standard Bank of South Africa Limited to pay fixed interest as follows:

Effective date: 16 November 2012

Notional amount at 31 March 2015: $26,204,151.

The rate was fixed as follows:

(i) For the period from and including 31 January 2014 up to and excluding 31 December 2018, 7.40%

(ii) For the period from and including 31 December 2018 up to and excluding 31 December 2028, 9.50%

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The Company has designated the swap as a cash flow hedge and has satisfied itself as to the economic relationship between the swap and the variability in cash flows from borrowings.

In US dollar	**2015**	**2014**
Fair value hierarchy		
Level 2	912,263	544,261

The hierarchy categorizes the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

In US dollar	**2015**	**2014**
Reconciliation of hedging reserve		
Opening balance	544,261	(433,985)
Effects of cashflow hedges	368,002	978,246
	912,263	**544 261**

7. Accounts receivable

In US dollar	**2015**	**2014**
Trade receivables	4,370,498	5,283,000

Concentrations

The Company s trade receivables is due solely from Eskom Holdings SOC Limited at 31 March 2015 and 31 December 2014.

Credit quality of trade receivables

Trade receivables are generally collected within 30 to 60 days which represents normal terms. Trade receivables are amounts due from Eskom Holdings SOC Limited, for the sale of electricity. The carrying value of trade receivables recorded in the financial statements represents the maximum exposure to credit risk.

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8. Borrowings

In US dollar	2015	2014
The Standard Bank of South Africa Limited		
Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited has a senior loan facility of $28.5 million with The Standard Bank of South Africa Limited which was entered into on 5 November 2012. The loan bears interest at JIBAR plus a margin of 4.05% and the capital is repayable in bi-annual instalments which commenced on 31 December 2014. Interest is paid quarterly while capital is repaid bi- annually. The loan matures on 31 December 2028.	27,738,844	29,149,021
Nedbank of South Africa Limited		
Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) (Proprietary Limited) have senior loan facilities totaling $20.2 million with The Nedbank of South Africa Limited which was entered into on 5 November 2012. The loan bears interest at JIBAR plus a margin of 3.9% and the capital is repayable in bi-annual instalments which commenced on 30 September 2014, future instalments to occur at June and December. Interest is paid quarterly while capital is repaid bi- annually. The loan matures on 31 December 2028.	18,227,460	19,154,100
Industrial Development Corporation of South Africa Limited		
Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited has a senior loan facility of $12.2 million with Industrial Development Corporation of South Africa Limited which was entered into on 5 November 2012. The loan bears interest at a fixed rate of 7.7% plus a margin of 3.9% and the capital is repayable in bi-annual instalments which commenced on 31 December 2014. Interest is paid quarterly while capital is repaid bi-annually. The loan matures on 31 December 2028.	11,888,076	12,492,437
Industrial Development Corporation of South Africa Limited		
Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) (Proprietary Limited) have senior loan facilities of $20.2 million with Industrial Development Corporation of South Africa Limited which was entered into on 5 November 2012. The loan bears interest at a fixed rate of 7.7% plus a margin of 3.8% and the capital is repayable in bi-annual instalments which commenced on 30 September 2014. Interest is paid quarterly while capital is repaid bi-annually. The loan matures on 31 December 2028.	18,280,380	19,209,712
	76,134,760	**80,005,270**

In US dollar	2015
Payments due by period	
Less than 1 year	2,039,709
1-2 years	2,184,415
2-3 yeas	2,661,124
3-4 years	3,114,962
4-5 years	3,170,532
After 5 years	62,964,018
	76,134,760

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Security in favor of Senior Lenders

Security over the $81.0M (maximum amount) first ranking debt to be funded through the Facility Agreement and entered into between the Company and The Standard Bank of South Limited, Nedbank of South Africa Limited and the Industrial Development Corporation of South Africa Limited is as follows:

A special notarial bond and a general notarial bond registered over the entity s present and future movable property for an amount of $88.2M plus an additional amount of $17.6M.

A mortgage bond registered as a first mortgage over the entity s rights, title and interest in and to the notarial leases over the leased properties and notarial servitude over the servitude property.

The cession of all of the entity s secured property, other than restricted property, to the Debt Guarantor as collateral security for the due, proper and punctual payment and performance of the secured obligations by the Companies.

Our facilities agreement with Nedbank of South Africa, Standard Bank of South Africa Limited and the Industrial Development Corporation of South Africa Limited, requires that following ratios are complied with on any Measurement Date:

The Historic Debt Service Cover Ratio and the Projected Debt Service Cover Ratio exceeds 1.20:1

The Loan Life Cover Ratio exceeds 1.20:1

The Project Life Cover Ratio exceeds 1.35:1

If the Debt Service Cover Ratio is between 1.21:1 and 1.30:1 during the first two years from scheduled commercial operation date (COD), the Company will be permitted to make distributions equal to 50% of the amount available for distribution (excess cash after funding of the debt service reserve account, the maintenance reserve account and in compliance with South African Companies Act) to the shareholders of the Company and the remaining 50% shall either be transferred to the Debt Service Reserve Account or be used to repay the Facility.

If the Debt Service Cover Ratio exceeds 1.30:1 during the first two years from scheduled COD date, the Company will be permitted to make a distribution equal to 100% of the amount available for distribution.

The first Scheduled Measurement Date relating to the above ratios was 31 December 2014, where all ratios were in compliance, if the ratio is not met then a distribution would not be permissible. Thereafter measurements will be performed bi-annually at each debt repayment date.

In US dollar	**2015**	**2014**
Non-current liabilities		
At amortized cost	74,095,051	77,861,867
Current liabilities		
At amortized cost	2,039,709	2,143,403
	76,134,760	**80,005,270**

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9. Asset retirement obligation

In US dollar	2015	2014
Opening balance	420,820	-
Capitalized in property, plant and equipment		402,934
Accretion	7,744	17,886
Effect of movement in exchange rates	(20,529)	
	408,035	**420,820**

An asset retirement obligation was recorded due to a contractual obligation to remove all structures and other improvements from the leased property in such a manner that normal farming operations can be conducted on the property. The major parts of the carrying amount of the obligation relate to disposal of tower sections; removal of rebar; grid interface material recovery and MV cable extraction. The Company determined the obligations, based on detailed estimates, adjusted for factors that an outside third-party would consider (i.e. inflation, overhead and profit), escalated to the estimated closure dates and then discounted using a credit-adjusted risk-free interest rate of 13%. The Company has the obligation to remove the wind turbines and related equipment from the property at the end of the lease period. The remaining lease period is 23 years at 31 March 2015. The accretion of the liability and the amortization of the property and equipment will be recognized over the estimated lives of the assets.

10. Accounts payable

In US dollar	2015	2014
Trade payables	3,581,877	3,689,723

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables relating to the Engineer, Procure and Construct (EPC) contractor amounting to $3.5M and $3.7M will only be paid upon final completion of the project and are included in trade payables at 31 March 2015 and 31 December 2014 respectively.

11. Distribution payable

In US Dollar	2015	2014
Net distributions to members	8,674,775	
Effect of movement in exchange rates	(386,718)	
Distribution payable	8,288,057	

A dividend was declared to the shareholders of the Company in March 2015 by Klipheuwel-Dassifontien Wind Energy Facility USD4.9M, Sevenstones 159 USD1.7M and Limarco 77 USD1.7M.

12. Revenue

In US dollar	2015	2014
Sale of electricity	6,161,527	3,185,312

Revenue is generated from the sale of electricity in South Africa to Eskom Holdings SOC Limited. The Company has Power Purchase Agreements with Eskom Holdings SOC Limited, backed by the Government of the Republic of South Africa, each for a period of 20 years after the scheduled Commercial Operation Date.

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13. Interest income

In US dollar	2015	2014
Interest on bank balances	282,959	90,022

14. Interest expense

In US dollar	2015	2014
Interest on borrowings	2,076,130	1,114,457
Interest on bank balances	84,233	84,983
Asset accretion obligation	7,744	
	2,168,107	**1,199,440**

15. Taxation

In US dollar	2015	2014
Major components of the tax expense		
Deferred tax		
Reversing temporary differences	570,155	185,011
Reconciliation of tax expense to statutory tax rate		
Income before income taxes	1,795,091	495,248
Tax at the applicable tax rate of 28% (2014: 28%)	502,625	138,670
Tax effect of adjustments on taxable income		
Non-deductible expenses	67,530	46,341
Tax expense	**570,155**	**185,011**

16. Commitments and contingencies

Contingent asset

The Company is involved in renewable energy and its business, of generating electricity from wind and solar power, has been certified in terms of the Clean Development Mechanism (CDM). The process allows for the reduction in carbon emissions to be converted to carbon credits after a verification process. The Certified Emission Reductions (CER s) can be sold in the open market, no asset has been recorded during the periods 31 March 2015 and 31 December 2014 as the number of CERs have not been quantified.

17. Operating lease

At the reporting date, the Company has commitments for future notarial and servitude lease payments over three land leases for the remaining term of the leases of 23 years as of 31 March 2015 amounting to:

the greater of $9,997per turbine per year or 2% of gross revenue on the Klipheuwel-Dassiefontein Wind Energy Facility

0.5% of gross revenue on the Aries Solar PV Energy Facility

$17,062 per annum on the Konkoonsies Solar PV Energy Facility

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The annual minimum payment amount of $9,997 and $17,062 increases annually with South African Inflation (31 March 2015: 5.3%). The lease period can be renewed for a further 25 years at the end of the lease

18. Related parties

In US dollar	2015	2014
Related party transactions		
Administration fees paid to related parties		
Friedshelf 1293 (RF) Proprietary Limited	96,430	95,845
BioTherm Operations and Maintenance (RF) Proprietary Limited	373,056	325,446
BTSA Netherlands Cooperatie U.A. (Netherlands)	65,016	

Friedshelf 1293 (RF) Proprietary Limited a fellow subsidiary Company provides administrative services to the Company which includes submission of all compliance documentation as per the facility agreement, ensure that the companies are in compliance with all regulations and orders, and tax and accounting functions including maintenance of records, procurement of audit services and reporting. The term of the agreement extends to the expiration of the initial term of the Power Purchase Agreement being 20 years, however early termination may occur subject to notice. The fee charged is a fixed fee escalated annually at South African Inflation rate. The fee in 2015 was $0.05M, $0.02M and $0.02m for Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited, Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) Proprietary Limited respectively and is recorded in the general and administrative costs in the Statement of Income and Comprehensive Loss.

BioTherm Operations and Maintenance (RF) Proprietary Limited a fellow subsidiary Company provides operations and maintenance services to the energy facilities. These services mainly include the supervision of the operations and maintenance activities at the facilities and supervision of service providers. The term is five years from the commercial operations date being 07 May 2014 for Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited. The fee charged is a fixed fee escalated annually at South African Inflation rate, the fee incurred in 2015 was $0.1M and is recorded in operations management fee in the Statement of Income and Comprehensive Loss.

In addition BioTherm Operations and Maintenance (RF) Proprietary Limited provides construction management services which includes review of engineering and construction related documents and formulate an implementation strategy with overall contract management of the construction process. The agreement will terminate at the Final Completion date of the construction of the facility, this is the date that all work and all other obligations under the EPC Contract are fully and completely performed in accordance with the terms of the EPC Contract. The fee charged is a fixed fee escalated annually at South African Inflation rate. The fee in 2015 was $0.2M and $0.1M for Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited and Limarco 77 (RF) Proprietary Limited respectively and is recorded in plant operating costs in the Statement of Income and Comprehensive Loss.+

BTSA Netherlands Cooperatie U.A. the majority shareholder provides executive management services through policy and decision making and representation on the board in addition to finance and administration support. The agreement may be terminated at any point by mutual consent and will terminate automatically on the day that BTSA ceases to be an equity shareholder in the Company (which will terminate on sale of the Company see Note 17). The fee charged is a fixed fee escalated annually at South African Inflation rate. The fee in 2015 was $0.03M, $0.02M and $0.02m for Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited, Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) Proprietary Limited respectively and is recorded in the general and administrative costs in the Statement of Income and Comprehensive Loss.

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19. Subsequent events

The company has evaluated subsequent events through 11 June 2015, the date the combined financial statements were available to be issued, in April 2015, TerraForm Global signed purchase and sale agreements to acquire equity interests in the BioTherm projects (Aries, Konkoonsies and Klipheuwel), all of which are located in South Africa. These projects have a combined capacity of 47.0 MW. The aggregate consideration paid for the majority interest (BioTherm and other minority interest) for this acquisition is expected to be $63.4 million, comprised of cash of $55.2 million and shares of Class A common stock of TerraForm Global with a value of $8.2 million.

No other subsequent events were identified during this period that would have a material impact on the combined financial statements.

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Honiton Energy XIL Holdings Limited and Honiton Energy BAV Holdings Limited

Unaudited condensed combined balance sheets

(Amounts in thousands)

	December 31, 2014	March 31, 2015
ASSETS:	**US$**	**US$**
Current assets		
Cash	4,366	4,475
Restricted cash	4,584	5,589
Accounts receivable, net of allowance for doubtful accounts	14,008	16,356
Notes receivable	4,300	3,663
Amounts due from related parties	4,032	4,041
Prepayments and other current assets	2,853	2,874
Total current assets	**34,143**	**36,998**
Property, plant and equipment, net	208,838	204,285
Other non-current assets	4,303	3,936
Total assets	**247,284**	**245,219**
LIABILITIES AND SHAREHOLDER S DEFICIT:		
Current portion of long-term bank loans	41,514	40,543
Accounts payable	11,436	11,035
Amounts due to related parties	180,765	178,244
Accrued expenses and other current liabilities	1,606	1,402
Total current liabilities	**235,321**	**231,224**
Long-term bank loans, excluding current portion	28,096	27,990
Other non-current liabilities	15,211	14,930
Total liabilities	**278,628**	**274,144**
Shareholder s deficit		
Share capital		
Additional paid-in capital	8,918	8,918
Accumulated deficit	(60,049)	(58,193)
Accumulated other comprehensive income	19,787	20,350
Total shareholder s deficit	**(31,344)**	**(28,925)**
Commitments and contingencies (note 10)		
Total liabilities and shareholder s deficit	**247,284**	**245,219**

The accompanying notes are an integral part of these unaudited condensed combined financial statements.

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Honiton Energy XIL Holdings Limited and Honiton Energy BAV Holdings Limited

Unaudited condensed combined statements of comprehensive income (loss)

(Amounts in thousands)

	Three months ended March 31, 2014 US$	2015 US$
Revenues	5,685	6,192
Cost of revenues	(3,877)	(4,077)
Gross profit	**1,808**	**2,115**
General and administrative expenses	(373)	(321)
Operating income	**1,435**	**1,794**
Interest income	17	18
Interest expense	(2,690)	(2,435)
Foreign currency exchange gain (loss), net	(1,135)	2,468
Income (loss) before income taxes	**(2,373)**	**1,845**
Income tax benefit	11	11
Net income (loss)	**(2,362)**	**1,856**
Foreign currency translation adjustments, net of nil income taxes	(1,735)	563
Comprehensive income (loss)	**(4,097)**	**2,419**

The accompanying notes are an integral part of these unaudited condensed combined financial statements.

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Honiton Energy XIL Holdings Limited and Honiton Energy BAV Holdings Limited

Unaudited condensed combined statement of changes in shareholder s deficit

(Amounts in thousands)

	Share capital US$	Additional paid-in capital US$	Accumulated deficit US$	Accumulated other comprehensive income US$	Total shareholder s deficit US$
Balance at December 31, 2014		**8,918**	**(60,049)**	**19,787**	**(31,344)**
Net income			1,856		1,856
Foreign currency translation adjustments, net of nil income taxes				563	563
Balance at March 31, 2015		**8,918**	**(58,193)**	**20,350**	**(28,925)**

The accompanying notes are an integral part of these unaudited condensed combined financial statements.

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Honiton Energy XIL Holdings Limited and Honiton Energy BAV Holdings Limited

Unaudited condensed combined statements of cash flows

(Amounts in thousands)

	Three months ended March 31, 2014 US$	2015 US$
Cash flows generated from operating activities	**1,833**	**910**
Cash flows from investing activities:		
Purchase of property, plant and equipment	(158)	(1)
Net cash used in investing activities	**(158)**	**(1)**
Cash flows from financing activities:		
Repayment of bank loans	(816)	(816)
Net cash used in financing activities	**(816)**	**(816)**
Effect of foreign currency exchange rate changes on cash	**42**	**16**
Net increase in cash	**901**	**109**
Cash at beginning of year	**5,233**	**4,366**
Cash at end of year	**6,134**	**4,475**
Supplemental disclosure of cash flow information:		
Interest paid	(1,520)	(1,271)

The accompanying notes are an integral part of these unaudited condensed combined financial statements.

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Honiton Energy XIL Holdings Limited and Honiton Energy BAV Holdings Limited

Notes to the unaudited condensed combined financial statements

(Amounts in thousands)

1 Basis of presentation and significant concentrations and risks

a) Basis of presentation

The accompanying unaudited condensed combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The condensed combined balance sheet as of December 31, 2014 was derived from the audited combined financial statements of the Combined Entity. The accompanying unaudited condensed combined financial statements should be read in conjunction with the combined balance sheet of the Combined Entity as of December 31, 2014, and the related combined statements of comprehensive loss, changes in shareholder s deficit and cash flows for the year then ended.

In the opinion of the management, all adjustments (which include normal recurring adjustments) necessary to present a fair statement of the financial position as of March 31, 2015, and the results of operations and cash flows for the three months ended March 31, 2014 and 2015, have been made.

The accompanying unaudited condensed combined financial statements were prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The realization of assets and the satisfaction of liabilities in the normal course of business are dependent on, among other things, the Combined Entity s ability to operate profitably, to generate cash flows from operations, and the Combined Entity s ability to pursue alternative financing arrangements to support its working capital requirements.

As of March 31, 2015, the Combined Entity had a shareholder s deficit of US$28,925. The Combined Entity mainly relies on the cash provided by operating activities, bank loans and advances from related parties to finance its investing activities and working capital requirements. In particular, the amount due to related parties in the amount of US$178,244 as of March 31, 2015 is due on demand, and US$40,543 of bank loan will mature in July 2015.

Honiton Energy Caymans Limited (HECL), the shareholder of the Combined Entity, has provided a letter of financial support to the Combined Entity including the conversion of the US$177,870 due to HECL as of March 31, 2015 into the share capital of Honiton Energy (Xilinguole) Co. Ltd. and Honiton Energy (Baotou) Co. Ltd, as necessary.

On May 5, 2015, HECL entered into a share purchase agreement to sell all of its equity interests in Honiton XIL and Honiton BAV to a subsidiary of TerraForm Global, Inc. (Acquirer). In connection with the proposed acquisition of the Combined Entity, the Acquirer has provided a letter to HECL stating that the Acquirer will take necessary actions to cause the Combined Entity to make payment when the bank loan matures.

Taking into consideration the commitments of HECL and the Acquirer to provide the Combined Entity the necessary financial support, management believes the Combined Entity will be able to meet its commitments and liabilities when they fall due for a period extending at least one year beyond the date of the financial statements.

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b) Revenue concentration

The Combined Entity derives all its revenues from its sole customer, Inner Mongolia Power (Group) Co., Ltd., for the wind power dispatched in Inner Mongolia. The Combined Entity expects revenues from the customer to continue to represent a substantial portion of its revenue in the future. Any factors adversely affecting the wind power industry in the PRC or the business operation of the customer will have a material effect on the Combined Entity s business, financial position and results of operations.

2 Cash and restricted cash

Cash consists of the following:

	December 31, 2014 US$	March 31, 2015 US$
RMB denominated bank deposits with financial institutions in the PRC	4,300	4,138
US dollar denominated bank deposits with financial institutions in HK SAR	60	327
Great Britain Pound denominated bank deposits with financial institutions in HK SAR		4
US dollar denominated bank deposits with financial institutions in the PRC	6	6
Total	**4,366**	**4,475**

Cash deposits in bank that are restricted as to withdrawal or usage for up to 12 months are reported as restricted cash in the condensed combined balance sheets and excluded from cash in the condensed combined statements of cash flows. Cash deposits that are restricted for period beyond 12 months from the balance sheet date are included in other non-current assets in the condensed combined balance sheets. Cash deposits that are pledged as collateral for long-term bank loans are reported as restricted cash and amounted to US$3,251 and US$4,262 as of December 31, 2014 and March 31, 2015, respectively (note 8). Cash deposits totaling US$1,718 were restricted due to the arbitration and lawsuit as of March 31, 2015 (note 10), of which US$1,327 is included in restricted cash and US$391 is included in other non-current assets.

3 Property, plant and equipment, net

Property, plant and equipment consist of the following:

	December 31, 2014 US$	March 31, 2015 US$
Machinery and equipment	271,371	270,362
Buildings	3,282	3,270
Equipment and furniture	311	310
Vehicles	294	275
	275,258	274,217
Less: Accumulated depreciation	(66,420)	(69,932)
Property, plant and equipment, net	208,838	204,285

Depreciation expense for property, plant and equipment was US$3,737 and US$3,779 for the three months ended March 31, 2014 and 2015 respectively. As of December 31, 2014 and March 31, 2015, the Combined Entity has pledged property, plant and equipment with a total net amount of US$205,965 and US$201,481, respectively, to secure bank borrowings.

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4 Government grants

For the three months ended March 31, 2014 and 2015, US$214 representing the amortization of government grant of US$16,715 related to the equipment purchased in prior years was credited against depreciation expense which is included in cost of revenues in the condensed combined statements of comprehensive income (loss). As of March 31, 2015, the balance of unamortized government grant was US$12,999, of which the current portion of US$856 was included in accrued expenses and other current liabilities, and the non-current portion US$12,143 was included in other non-current liabilities in the condensed combined balance sheets, respectively.

5 Income taxes

The effective income tax rates for the three months ended March 31, 2014 and 2015 were 1% and -1%, respectively. The effective income tax rates for the three months ended March 31, 2014 and 2015 differ from the PRC statutory income tax rate of 25% primarily due to the combined effect of the valuation allowance on the deferred tax assets of the PRC operating entities and the Hong Kong entities not subject to income tax.

6 Bank loans

Long-term bank loans consist of the following:

	December 31, 2014 US$	March 31, 2015 US$
Long-term bank loans:		
Loans from Standard Chartered Bank	37,265	36,310
Loans from Minsheng Bank	32,345	32,223
	69,610	68,533
Less: current portion	(41,514)	(40,543)
Total long-term bank loans, excluding current portion	28,096	27,990

As of March 31, 2015, there was no unpaid interest to China Minsheng Bank. The principal of US$4 million, US$5 million, US$5 million, US$5 million, US$5 million, US$6 million, and US$2 million will be repaid in 2015, 2016, 2017, 2018, 2019, 2020 and 2021, respectively.

In March 2011, Honiton Baotou and Honiton Xilinguole entered into an 12-month RMB362 million (US$59 million) loan agreement with Standard Chartered Bank at a floating interest rate of the one-to three-year RMB benchmark loan rates as published by PBOC plus an additional surcharge of 15%-70% of the interest rate per annum. As Honiton Baotou and Honiton Xilinguole failed to repay the loan on the original maturity date, the outstanding loan principal and interest of RMB283 million (US$46 million) was extended to July 2015 and the interest rate was based on the one-to three-year Renminbi benchmark loan rates plus an additional surcharge of 30% of the interest rate per annum. The loan is pledged by bank accounts of HECL, property, plant and equipment, land use rights and beneficial rights of insurance of the Bailimiao wind farm Phase II and Xiwu wind farm Phase I, the 100% paid-in capital of Honiton Xilinguole, the 100% issued shares of Honiton XIL and Honiton BAV. The outstanding loan balance was US$36 million as of March 31, 2015.

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7 Related party transactions

As of and for the three months ended March 31, 2015, the Combined Entity had related party transactions and balances with 1) Honiton Energy Caymans Limited (HECL , the immediate parent company of the Combined Entity) 2) Honiton Energy Barbados Ltd., which is a wholly owned subsidiary of HECL, and 3) Windco Cayman Holdings Limited, which is the shareholder of HECL. The significant related party transactions are summarized as follows:

		Three months ended March 31,	
		2014 US$	2015 US$
Interest expenses incurred for the shareholder s loans	(a)	1,163	1,163
Expenses paid by the Combined Entity on behalf of HECL	(b)		111

Balances with related parties as of March 31, 2015 are as follows:

		December 31, 2014 US$	March 31, 2015 US$
Amounts due from related parties:			
Honiton Energy Caymans Limited	(b)	4,025	4,034
Honiton Energy Barbados Ltd.		7	7
Total amounts due from related parties		4,032	4,041
Amounts due to related parties:			
Honiton Energy Caymans Limited	(a)(b)	180,389	177,870
Windco Cayman Holdings Limited		376	374
Total amounts due to related parties		180,765	178,244

(a) HECL provided interest-free loans of US$8,500 and interest-bearing loans of US$31,407 at the rate of 15% to the Combined Entity before January 1, 2014. All of the loans are unsecured and unguaranteed. The loans are due and payable on demand. The interest expenses incurred by the Combined Entity were US$1,163 for the three months ended March 31, 2014 and 2015.

(b) During the three months ended March 31, 2015, the Combined Entity paid professional service expenses in the amount of US$111 on behalf of HECL.

8 Commitments and contingencies

Operating lease commitments

Future minimum lease payments under non-cancellable operating lease agreements for office premises as of March 31, 2015 and 2014 were as follows:

	March 31,	March 31,

	2014 US$	2015 US$
Nine months ending December 31, 2014	44	
2015/ nine months ending December 31, 2015	59	50
2016	50	51
Thereafter		
Total	**153**	**101**

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Rental expenses incurred under operating leases for the three months ended March 31, 2014 and 2015 were US$14 and US$16 respectively.

Legal Proceedings

The Combined Entity is the party in one arbitration and the defendant in one lawsuit with one vendor who is the wind turbine and maintenance service provider to the Combined Entity. The vendor filed the arbitration and lawsuit against Honiton Baotou and Honiton Xilingguole in the PRC on August 21, 2014 and January 23, 2015, respectively, seeking claims in the amount of US$1,327 and US$10,683 for the provision of maintenance service and sales of wind turbine and relevant interests, respectively. The arbitration and lawsuit are in preliminary stage and US$1,060 and US$8,367 was accrued based on management s best estimate of the probable outcomes as of March 31, 2015. In addition, cash in bank in the amount of US$1,718 was restricted for the arbitration and lawsuit as of March 31, 2015. On January 14, 2015, Honiton Baotou filed a claim against the vendor in the arbitration, seeking a claim in the amount of US$1,092 for the overpaid maintenance service fee and relevant interests. Each of Honiton Baotou and Honiton Xilingguole filed an arbitration against this vendor on March 9, 2015, seeking claims in the amount of US$2,288 and US$1,062 for the undelivered spare parts and relevant interests, respectively.

9 Subsequent events

On May 5, 2015, Honiton Energy Caymans Limited entered into share purchase agreements to sell its interests in the Combined Entity to a subsidiary of TerraForm Global, Inc., an indirect subsidiary of SunEdison, Inc., for US$105 million in cash, subject to adjustment upon the closing of the share purchase. According to the share purchase agreement, the purchase price shall be reduced by an amount equal to the aggregate of all Leakage Amounts.

Management has considered subsequent events through June 9, 2015, which was the date the condensed combined financial statements were available to be issued.

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Renova Energy Projects I

Condensed combined balance sheets as of March 31, 2015 and December 31, 2014 (Unaudited)

Amounts in thousands of Brazilian Reais R$	**Note**	**March 31, 2015**	**December 31, 2014**
ASSETS			
CURRENT			
Cash and cash equivalents	4	23,455	34,109
Short-term investments	4	36,784	24,477
Trade receivables	5	21,258	22,475
Prepaid and recoverable taxes	12	955	3,037
Energy balance CCEE/Eletrobras	6	1,381	199
Prepaid and other current assets		1,973	2,299
Total current assets		85,806	86,596
NONCURRENT ASSETS			
Property, plant and equipment	7	1,375,053	1,388,090
Restricted deposits	9	171,019	160,488
Energy balance CCEE/Eletrobras	6	6,423	1,824
Prepaid and recoverable taxes	12	1,856	2,211
Other assets		35	35
Total noncurrent assets		1,554,386	1,552,648
TOTAL ASSETS		1,640,192	1,639,244

The accompanying notes are an integral part of these condensed combined interim financial statements.

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Renova Energy Projects I

Condensed combined balance sheets as of March 31, 2015 and December 31, 2014 (Unaudited) (Continued)

Amounts in thousands of Brazilian Reais R$	Note	March 31, 2015	December 31, 2014
LIABILITIES AND PARENT S NET INVESTMENT			
CURRENT LIABILITIES			
Trade payables		16,425	18,460
Borrowings current portion	8	70,149	70,071
Taxes payable	11	5,301	6,594
Energy balance CCEE/Eletrobras	6	23,335	22,339
Commitments for social and environmental costs	13	3,808	3,685
Other accounts payable		46	35
Total current liabilities		119,064	121,184
NONCURRENT LIABILITIES			
Borrowings	8	876,141	893,046
Energy balance CCEE/Eletrobras	6	15,758	13,397
Commitments for social and environmental costs	13	2,296	2,222
Total noncurrent liabilities		894,195	908,665
PARENT S NET INVESTMENT	14	626,933	609,395
TOTAL LIABILITIES AND PARENT S NET INVESTMENT		1,640,192	1,639,244

The accompanying notes are an integral part of these condensed combined interim financial statements.

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Renova Energy Projects I

Condensed combined income statements for the three-month periods ended March 31, 2015 and 2014 (Unaudited)

Amounts in thousands of Brazilian Reais R$	Note	Three month period ended March 31, 2015	2014
NET REVENUE	15	59,485	53,601
COST OF SERVICES PROVIDED			
Depreciation		(16,782)	(16,942)
Operating costs		(3,181)	(3,402)
Charges for use of distribution system		(3,262)	(2,343)
	16	(23,225)	(22,687)
GROSS PROFIT		36,260	30,914
General and administrative expenses		(4,790)	(5,065)
Other operating income, net			93
	16	(4,790)	(4,972)
OPERATING INCOME		31,470	25,942
FINANCE INCOME (EXPENSES)			
Finance income	17	5,563	4,332
Finance expenses	17	(19,065)	(18,786)
	17	(13,502)	(14,454)
INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES		17,968	11,488
Income and social contribution taxes	10	(3,849)	(2,996)
NET INCOME		14,119	8,492

The accompanying notes are an integral part of these condensed combined interim financial statements.

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Renova Energy Projects I

Condensed combined statements of comprehensive income for the three-month periods ended March 31, 2015 and 2014 (Unaudited)

Amounts in thousands of Brazilian Reais R$	**Three month period ended March 31, 2015**	**2014**
Net Income	14,119	8,492
Other comprehensive income		
TOTAL COMPREHENSIVE INCOME	14,119	8,492

The accompanying notes are an integral part of these condensed combined interim financial statements.

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Renova Energy Projects I

Condensed combined statements of changes in parent s net investment for the three-month periods ended March 31, 2015 and 2014 (Unaudited)

Amounts in thousands of Brazilian Reais R$	**Parent s net investment**
AT JANUARY 1, 2014	624,958
Net Income	8,492
Dividends	(16,830)
Others transfers from parent, net	3,134
AT MARCH 31, 2014	619,754
AT JANUARY 1, 2015	609,395
Net Income	14,119
Others transfers from parent, net	3,419
AT MARCH 31, 2015	626,933

The accompanying notes are an integral part of these condensed combined interim financial statements.

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Renova Energy Projects I

Condensed combined statements of cash flows for the three-month periods ended March 31, 2015 and 2014 (Unaudited)

		Three month period ended March 31,	
Amounts in thousands of Brazilian Reais R$	**Note**	**2015**	**2014**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income		14,119	8,492
Adjustments to reconcile Net Income to cash provided by operating activities:			
Depreciation	7, 16	16,869	16,972
Interest on borrowings	8, 17	17,537	17,535
Debt issuance costs	8	155	153
Interest on short-term investments and restricted deposits	17	(5,563)	(4,332)
(Increase) decrease in operating assets:			
Trade receivables		1,217	(1,991)
Prepaid and recoverable taxes		2,437	70
Other assets		326	607
Increase (decrease) in operating liabilities:			
Trade payables		(2,035)	(221)
Taxes payable		628	2,009
Energy balance CCEE/Eletrobras, net		(2,424)	3,524
Other payables		208	1
Other cash flows from operating activities:			
Income and social contribution taxes paid		(1,921)	(1,722)
Interest paid on borrowings	8	(17,490)	(17,770)
Net cash provided by operating activities		24,063	23,327
CASH FLOWS FROM INVESTING ACTIVITIES			
Short-term investments		(6,744)	16,293
Restricted deposits		(10,531)	(9,109)
Purchase of property, plant and equipment		(3,832)	
Net cash (used in) provided by investing activities		(21,107)	7,184
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on borrowings	8	(17,029)	(16,668)
Others transfers from parent, net		3,419	3,134
Payment of dividends	14		(16,830)
Net cash used in financing activities		(13,610)	(30,364)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(10,654)	147
Cash and cash equivalents at beginning of period	4	34,109	20,799
Cash and cash equivalents at end of period	4	23,455	20,946

(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(10,654)	147

The accompanying notes are an integral part of these condensed combined interim financial statements.

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Renova Energy Projects I

Notes to the unaudited condensed combined interim financial statements

(Thousands of Brazilian Reais   R$, unless otherwise stated)

1. Organization and description of business

Renova Energy Projects I (the   Group   or the   Company   ) comprises the operating assets, liabilities and operating activities of Energética Serra do Prata S.A. (Espra   ), Salvador Eólica Participações S.A. (Salvador   ), Bahia Eólica Participações S.A. (Bahia   ), all indirect-wholly-owned Brazilian subsidiaries of Renova Energia S.A. (Renova   or   Parent   ), a Brazilian listed company engaged in the development, implementation and operation of projects for the generation of energy from renewable sources, including wind, small hydroelectric power plants (SHPPs   ) and solar, and in the sale of power and related activities.

The Group is engaged in the construction and operation of renewable energy generation projects, through SHPPs and wind energy facilities, all located in Brazil, and conducts its operations through various wholly-owned project companies under authorizations granted to them: 30 years from 2003 in the case of small hydroeletric power plants and 35 years from 2010 in the case of wind energy facilities.

Small Hydroelectric Power Plants   Through Espra, the Group sells electric energy generated from its Serra da Prata Hydroelectric Complex, consisting of three SHPPs located in the State of Bahia which began operations in 2008. All energy generated from the complex is sold under long-term power purchase agreements (PPAs   ) with *Eletrobras   Centrais Elétricas Brasileiras S.A.*, under the Brazilian Alternative Electric Power Source Incentive Program (*Programa de Incentivo às Fontes Alternativas de Energia Elétrica   PROINFA*). The PPAs have an original term of 20 years through 2028 and include a fixed price per megawatt hour, adjusted annually for inflation based on the change in the Brazilian General Market Price Index   IGPM.

Wind Energy Facilities   Through Bahia and Salvador, the Group sells electric energy generated from its 14 wind energy facilities located in the State of Bahia which began operations in 2012. All energy generated from the complexes are sold under long-term PPAs with the *Câmara de Comercialização de Energia Elétrica   CCEE* (Electric Power Trade Chamber), under *PROINFA*. The PPAs have an original term of 20 years through 2032 and include a fixed price per megawatt hour, adjusted annually for inflation based on the change in the Brazilian Consumer Price Index   IPC-A.

The Group´s operating assets, consisting of its SHPPs and wind energy generation facilities, are held through the following wholly-owned project companies:

Centrais Eólicas Candiba S.A.

Centrais Eólicas Igaporã S.A.

Centrais Eólicas Ilhéus S.A.

Centrais Eólicas Licínio de Almeida S.A.

Centrais Eólicas Pindaí S.A.

Centrais Eólicas Alvorada S.A.

Centrais Eólicas Guanambi S.A.

Centrais Eólicas Nossa Senhora Conceição S.A.

Centrais Eólicas Pajeú do Vento S.A.

Centrais Eólicas Planaltina S.A.

Centrais Eólicas Porto Seguro S.A.

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Centrais Eólicas Rio Verde S.A.

Centrais Eólicas Serra do Salto S.A.

Centrais Eólicas Guirapá S.A.

The Group presented negative working capital for March 31, 2015 which, based on the Company´s analysis, will be solved by its own operation. The negative working capital is reducing monthly.

2. Basis of presentation

The unaudited condensed combined interim financial statements for the three-month periods ended March 31, 2015 and 2014 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) and are presented on a condensed basis as permitted by IAS 34. Therefore, they do not include all disclosures that would otherwise be required in a full set of financial statements. They should be ready in conjunction with the Group s combined financial statements as of and for the years ended December 31, 2014 and 2013.

The Group has applied the same accounting policies, presentation and methods of calculation as those followed in the preparation of the Group s combined financial statements as of and for the years ended December 31, 2014 and 2013, which were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Group also follows the guidance in the Accounting Manual for the Brazilian Electricity Industry and standards established by the Brazilian National Agency for Electric Energy (*Agência Nacional de Energia Elétrica* ANEEL) Renova and its affiliated entities, together with the cost allocations, is included in note 14 to the condensed combined interim financial statements.

The condensed combined interim financial statements with respect to the Group is reflected in the individual legal entities that comprise the Group, which were all under the common control and management of Renova for all periods presented. These condensed combined interim financial statements have been prepared from the accounting records of Renova and reflect the cash flows, revenues, expenses, assets, and liabilities of these individual legal entities. All transactions and balances between the individual legal entities within the Group have been eliminated in combination.

Because the separate legal entities that comprise the Group were not and are not held by a single legal entity, Parent s net investment is shown in lieu of shareholders equity in these condensed combined interim financial statements. Parent s net investment represents the cumulative net investment by Renova in the Group through that date. The impact of transactions between the Group and Renova that were not historically settled in cash, including certain intercompany loans, are also included in Parent s net investment (see note 14).

During the periods presented, the Group functioned as part of the larger group of companies controlled by Renova, and accordingly, Renova performed certain operating and corporate overhead functions for the Group. These functions include, but are not limited to, executive oversight, legal, finance, human resources, information technology, internal audit, financial reporting, tax planning and investor relations. The costs of such services have been allocated to the Group based on the most relevant allocation method to the service provided, primarily based on relative percentage of revenue, installed capacity or headcount. Management believes such allocations are reasonable; however, they may not be indicative of the actual expense that would have been incurred had the Group been operating as a separate entity apart from Renova. The cost allocated for these functions is included in general and administrative expenses in the combined income statements for the historical periods presented. A complete discussion of the Group s relationship with Renova and its affiliated entities, together with the cost allocations, is included in note 14 to the condensed combined interim financial statements.

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As the Group did not operate as a stand-alone entity in the past, this unaudited condensed combined interim financial statements may not be indicative of the Group s future performance and does not necessarily reflect what its combined results of operations, financial position and cash flows would have been had the Group operated as a separate entity apart from Renova during the periods presented.

The condensed combined interim financial statements is presented in thousands of Brazilian Reais (R$), unless otherwise stated

Management of the Group authorized the issuance of these condensed combined interim financial statements on June 10, 2015.

3. Summary of significant accounting policies

The accounting policies adopted in the preparation of the condensed combined interim financial statements are consistent with those followed in the preparation of the Group s combined financial statements as of and for the years ended December 31, 2014 and 2013, except for the adoption of new standards and interpretations effective as of January 1, 2015, none of which had a material impact on the condensed combined interim financial statements of the Group.

The preparation of the condensed combined interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4. Cash and cash equivalents and short-term investments

	March 31, 2015	December 31, 2014
Cash	19	1
Banks accounts	18,392	34,108
Short-term investments	41,828	24,477
Total	60,239	58,586
Stated as:		
Cash and cash equivalents	23,455	34,109
Short-term investments	36,784	24,477
Total	60,239	58,586

The Group invests its excess unrestricted cash in short-term investments, which are generally fixed-income instruments and investments funds that earn interest at rates ranging from 90% to 102% of the CDI rate (Brazilian Interbank Certificate of Deposit rate).

For further discussion regarding the Group s exposure to interest rate risk and a sensitivity analysis of financial assets and liabilities, see note 18.

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5. Trade receivables

As of March 31, 2015 and December 31, 2014, balances are comprised of receivables with average collection periods of 24 to 30 days, for which losses on collection are not expected.

	March 31, 2015	December 31, 2014
Câmera de Comercialização de Energia Elétrica CCEE	17,732	17,731
Centrais Elétricas Brasileiras Eletrobras	3,526	4,744
Total	21,258	22,475

6. Energy balance CCEE/eletrobras

	Receivables		Accounts Payables	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Câmera de Comercialização de Energia Elétrica CCEE	7,804	2,023	17,525	14,562
Centrais Elétricas Brasileiras Eletrobras			21,568	21,174
Total	7,804	2,023	39,093	35,736

	Changes in accounts receivables				
	January 1, 2014	Addition	December 31, 2014	Addition	March 31, 2015
CCEE		2,023	2,023	5,781	7,804
Total accounts receivable		2,023	2,023	5,781	7,804

	Changes in accounts payables						
	January 1, 2014	Provision	Payment	December 31, 2014	Provision	Payment	March 31, 2015
CCEE	13,901	2,752	(2,091)	14,562	2,963		17,525
Eletrobras	2,060	21,174	(2,060)	21,174	3,160	(2,766)	21,568
Total accounts payable	15,961	23,926	(4,151)	35,736	6,123	(2,766)	39,093

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7. Property, plant and equipment

	March 31, 2105			December 31, 2014		
	Historical cost	Accumulated depreciation	Net value	Historical Cost	Accumulated depreciation	Net value
Small hydroelectric power plants						
Land	595		595	595		595
Reservoirs, dams and watermains	95,797	(15,026)	80,771	95,797	(14,474)	81,323
Buildings, civil works and improvements	46,336	(8,427)	37,909	46,336	(8,101)	38,235
Machinery and equipment	65,005	(13,585)	51,420	65,005	(13,104)	51,901
Other	434	(348)	86	434	(336)	98
Total	208,167	(37,386)	170,781	208,167	(36,015)	172,152
Wind energy facilities						
Buildings, civil works and improvements	83,065	(8,825)	74,240	83,065	(8,020)	75,045
Machinery and equipment	1,275,478	(156,215)	1,119,263	1,275,478	(141,543)	1,133,935
Other	11,491	(722)	10,769	7,659	(701)	6,958
Total	1,370,034	(165,762)	1,204,272	1,366,202	(150,264)	1,215,938
Total property, plant and equipment	1,578,201	(203,148)	1,375,053	1,574,369	(186,279)	1,388,090

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Changes in the balances of property, plant and equipment are as follows:

	January 1, 2014	Additions	December 31, 2014	Additions	March 31, 2015
Historical Cost					
Small hydroelectric power plants					
Land	595		595		595
Reservoirs, dams and watermains	95,797		95,797		95,797
Buildings, civil works and improvements	46,336		46,336		46,336
Machinery and equipment	65,005		65,005		65,005
Other	434		434		434
Subtotal	208,167		208,167		208,167
Wind energy facilities					
Buildings, civil works and improvements	83,065		83,065		83,065
Machinery and equipment	1,264,920	10,558	1,275,478		1,275,478
Other	7,538	121	7,659	3,832	11,491
Subtotal	1,355,523	10,679	1,366,202		1,370,034
Total historical cost	1,563,690	10,679	1,574,369	3,832	1,578,201
Accumulated Depreciation :					
Small hydroelectric power plants					
Reservoirs, dams and watermains	(12,231)	(2,243)	(14,474)	(552)	(15,026)
Buildings, civil works and improvements	(6,844)	(1,257)	(8,101)	(326)	(8,427)
Machinery and equipment	(11,085)	(2,019)	(13,104)	(481)	(13,585)
Other	(278)	(58)	(336)	(12)	(348)
Subtotal	(30,438)	(5,577)	(36,015)	(1,371)	(37,386)
Wind energy facilities					
Buildings, civil works and improvements	(4,329)	(3,691)	(8,020)	(805)	(8,825)
Machinery and equipment	(82,987)	(58,556)	(141,543)	(14,672)	(156,215)
Other	(352)	(349)	(701)	(21)	(722)
Subtotal	(87,668)	(62,596)	(150,264)	(15,498)	(165,762)
Total accumulated depreciation	(118,106)	(68,173)	(186,279)	(16,869)	(203,148)
Total property, plant and equipment net	1,445,584	(57,494)	1,388,090	(16,869)	1,375,053

The Group has evaluated whether there were indicators of impairment of its assets that would require an impairment test at March 31, 2015 and December 31, 2014. The evaluation was based on external and internal information sources, taking into account variations in interest rates, changes in market conditions and other factors. The result of the assessment indicated no triggers of impairment of these assets in any of the reporting periods and therefore no impairment losses were recognized.

Property, plant and equipment are depreciated on a straight-line basis over the estimated economic useful life of each component from the date the asset is placed in service and ready for its intended use. The estimated useful lives used in the determination of the depreciation rates consider the manuals and guides of ANEEL, which approximate the useful lives of these assets.

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For the SHPPs, the Group considers these rates appropriate since, based on a legal assessment of the prevailing legislation and management s assessment of ANEEL Permission Resolution granting a license to operate as an independent power generator, the Group will be indemnified for the residual value of the assets upon termination of these licenses, if not renewed. Management considers the renewal of operating licenses probable. As the regulatory agency issues new information or decisions, the current depreciation rates for such assets may be changed.

8. Borrowings

The Group´s small hydroelectric and wind energy generating facilities are owned and operated in separate legal entities for which the costs of development and construction have been financed by borrowings with Brazilian development banks through project entity specific debt secured by the project entity assets with no recourse to the Parent. The outstanding balances under these financing arrangements at March 31, 2015 and December 31, 2014 are summarized as follows:

					March 31, 2015				December 31, 2014
				Current	Noncurrent			Current	Noncurrent
	Interest rate Debt cost	Interest	Principal	Total	Principal	Interest	Principal	Total	Principal
BNDES	TJLP + from 1,92% to 2,18% p.a.	2,646	60,658	63,304	789,849	2,625	60,625	63,250	805,114
BNDES (Sub loans)	TJLP	17	1,525	1,542	5,051	14	1,527	1,541	5,419
BNB	8,08% p.a.	23	5,897	5,920	89,311		5,897	5,897	90,738
Borrowing subtotal		2,686	68,080	70,766	884,211	2,639	68,049	70,688	901,271
(-) Debt issuance costs			(617)	(617)	(8,070)		(617)	(617)	(8,225)
Total		2,686	67,463	70,149	876,141	2,639	67,432	70,071	893,046

BNDES Agreements The Group´s wind energy generation projects have been financed through the Brazilian National Development Bank (*Banco Nacional de Desenvolvimento Econômico e Social* BNDES) in the total amount of R$ 893,457. Borrowings accrue interest at variable rates based on the Long-term Interest Rate (*Taxa de Juros de Longo Prazo* TJLP) as offered by BNDES plus a credit spread ranging from 1.92% for subsidiary entities of Salvador and 2.18% for subsidiary entities of Bahia. For the period ended March 31, 2015 and December 31, 2014, TJLP was 5.5% Principal and interest are payable monthly from May 2013, with final maturity in 2029.

The project are also financed by sub-loans with BNDES, which have an outstanding principal amount of R$6,593. The sub-loans bear variable interest at TJLP rate, and mature in 2019 and 2029 for Bahia and Salvador respectively.

Borrowings under the BNDES financing agreements are secured by a pledge of the shares of all subsidiaries of Bahia and Salvador, substantially all the operating assets of the operating subsidiaries, and rights to receivables and cash collections on the future sales of electricity under the subsidiaries PPAs. Additionally, these agreements require that the subsidiaries maintain funds in restricted deposit accounts as collateral and guarantee for the related borrowings.

These agreements contain customary representations, covenants and warranties of the borrower including limitations on business activities, guarantees, environmental matters, and project maintenance standards. Additionally, the agreements require the maintenance of a minimum debt service coverage ratio, as defined in the agreements, of 1.3:1. At March 31, 2015 the Group was in compliance with all related covenants under the individual financing agreements.

BNB Agreements The Group´s small hydroelectric energy generation projects have been financed through the Bank of the Northeast of Brazil (Banco do Nordeste do Brasil BNB) for a total amount of R$120,096. Borrowings under the agreements are subject to fixed rate interest of 9.5% per annum (which can be reduced to 8.08% due to a 15% timely payment bonus), with principal and interest payable monthly with final maturity in 2026.

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Borrowings under the BNB financing agreements are secured by a pledge of the shares of all subsidiaries of Espra, substantially all the operating assets of the operating subsidiaries, and rights to receivables and cash collections on the future sales of electricity under the subsidiaries PPAs. Additionally, these agreements require that the subsidiaries maintain funds in a restricted deposit account as collateral and guarantee for the related borrowings (see note 9).

These agreements contain customary representations, covenants and warranties of the borrower including limitations on business activities, guarantees, environmental matters, and project maintenance standards. At March 31, 2015 the Group was in compliance with all related covenants under the individual financing agreements.

Changes in borrowings The following table presents the changes in borrowing for the three-month period ended March 31, 2015 and for the year ended December 31, 2014:

	Principal	Interest	Total
At January 1, 2014	1,019,981	2,635	1,022,616
Proceeds from borrowings	7,313		7,313
Accrued interest		69,725	69,725
Interest paid		(69,721)	(69,721)
Repayment on borrowings	(67,433)		(67,433)
Appropriation of debt issuance costs	617		617
At December 31, 2014	960,478	2,639	963,117
Accrued interest		17,537	17,537
Interest paid		(17,490)	(17,490)
Repayment on borrowings	(17,029)		(17,029)
Appropriation of debt issuance costs	155		155
At March 31, 2015	943,604	2,686	946,290

Scheduled maturities of borrowings recorded in noncurrent liabilities Scheduled future maturities of obligations under long-term borrowings at March 31, 2015 are as follows:

Maturity year	
2016	51,267
2017	68,693
2018	69,116
2019	68,930
2020	68,522
After 2020	557,683
Total	884,211
Debt issuance costs	(8,070)
Total borrowings non current	876,141

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9. Restricted deposits

The composition of restricted deposits is summarized as follows:

Institution	Interest rate	March 31, 2015	Noncurrent December 31, 2014
Citibank	94% to 98% CDI	157,731	147,556
Banco do Nordeste	97% CDI	13,288	12,932
Total		171,019	160,488

As described further at note 8, certain of the Group´s borrowing agreements require that the Group maintain funds in restricted deposit accounts as collateral and guarantee for the related borrowings.

Citibank The Group entities maintain restricted deposit accounts for collections made from the sale of generated electricity as collateral for related borrowings with the Brazilian National Development Bank (*Banco Nacional de Desenvolvimento Econômico Social BNDES*). Funds in these accounts are invested in low risk, highly-liquid, shorter-term investments that earn interest rates ranging from 94% to 98% of the CDI rate. Funds from these accounts are restricted for the payment of installments on the related borrowings and for other obligations related to the operation and maintenance of the wind generating facilities.

Banco do Nordeste Espra maintains a restricted deposit account at Banco do Nordeste do Brasil S.A. (BNB), whose purpose is to guarantee the repayment of borrowings obtained for the construction of small hydroelectric generating plants. Funds in this account are invested in low risk, highly-liquid, shorter-term investments that earn interest at 97% of the CDI rate. Funds are restricted until the full repayment of the related borrowings, expected to occur in 2026.

10. Income and social contribution taxes

Reconciliation of Effective Tax Rate The Group´s effective tax rate differs from the amount that would arise using the combined statutory tax rate of 34% applicable for Brazilian entities as follows:

	March 31, 2015	March 31, 2014
Income before income tax and social contribution	17,968	11,488
Combined income tax and social contribution rate	34%	34%
Income tax and social contribution at statutory rate	(6,109)	(3,906)
Effect of subsidiaries taxed under the deemed profit regime	3,550	1,833
Allocation of expense from Parent	(1,029)	(999)
Other permanent differences	(261)	76
Income and social contribution tax expense	(3,849)	(2,996)
Current	(3,575)	(3,121)
Deferred	(274)	125
Income and social contribution tax expense	(3,849)	(2,996)

Given the deemed profit election at the Group´s operating project companies, no related tax impacts, current or deferred, have been recorded for the allocation of expenses from Parent in the condensed combined interim financial statements.

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11. Taxes payable

The composition of taxes payable is as follows:

	March 31, 2015	December 31, 2014
Income and social contribution taxes (IRPJ and CSLL)	3,815	4,843
Federal sales taxes (PIS and COFINS)	1,226	1,425
Other taxes	260	326
Total	5,301	6,594

12. Prepaid and recoverable taxes

The balances of prepaid and recoverable taxes consist of the following:

	March 31, 2015	December 31, 2014
Income and social contribution taxes (IRPJ and CSLL)	1,179	3,266
Federal sales tax (PIS and COFINS)	1,173	1,254
Others	459	728
Total	2,811	5,248
Current	955	3,037
Noncurrent	1,856	2,211
Total	2,811	5,248

13. Commitments for social and enviromental costs

The Group provides for commitments for social and environmental costs in current and noncurrent liabilities, and capitalizes such costs in fixed assets over the projects construction periods. After plant startup, such costs are reviewed and are added or deducted from the cost of the related fixed asset in the period that it is adjusted.

	January 1, 2014	Addition	Payment	Interest	December 31, 2014	Interest	March 31, 2015
Commitment for social and environmental costs	2,017	5,073	(2,020)	837	5,907	197	6,104
Classified as:							
Current	2,017				3,685		3,808
Non current					2,222		2,296
Total	2,017				5,907		6,104

14. Parent s net investment and related party transactions

The separate legal entities that comprise the Group are not held by a single legal entity. As such, Parent s net investment is shown in lieu of shareholders equity in this condensed combined interim financial statements. Parent s net investment represents the cumulative net investment by Renova in the Group through that date. The impact of transactions between the Group and Renova that were not historically settled in cash, including certain intercompany loans, are also included in Parent s net investment.

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The following summarizes the Group´s transactions with its parent Renova.

Allocated expenses from Parent As discussed in note 2, during the periods presented, the Group functioned as part of the larger group of companies controlled by Renova, and accordingly, Renova performed certain operating and corporate overhead functions for the Group. These functions include, but are not limited to, executive oversight, legal, finance, human resources, internal audit, financial reporting, tax planning, and investor relations. The costs of such services have been allocated to the Group based on the most relevant allocation method for the service provided, primarily based on relative percentage of revenue, installed capacity or headcount. Management believes such allocations are reasonable; however, they may not be indicative of the actual expense that would have been incurred had the Group been operating as a separate entity apart from Renova. Total corporate expenses that were allocated to the Group and recorded in general and administrative expenses in the combined income statements were R$3,058 and R$3,134 for the three month period ended at 3/31/2015 and 3/31/2014, respectively.

Intercompany loans and balances Periodically the Group and Renova enter into intercompany loans based on the Group´s working capital needs and available cash positions. These intercompany loans generally bear interest at TJLP plus a credit spread. Outstanding intercompany loans payable and receivable, including accrued interest are reflected as part of Parent´s net investment. At March 31, 2015 and December 31, 2014, the outstanding balances of loans payable by the Group to Renova were R$2,077 and R$1,683, respectively.

Dividends The Group companies are all incorporated as Brazilian corporations (*sociedades anônimas* S.A.) in accordance with Brazilian corporate law. Based on the law and their articles of incorporation, the Group companies are required to pay mandatory dividends based on net income, if any, after allocations to legal reserves on profits and compensation of accumulated losses, if any. Additional distributions may be made, but are restricted under the terms of the project company borrowing agreements. Any such additional dividends must be approved by the applicable financial institution. During the three month period ended at 3/31/2015 the Company has not paid dividends (3/31/14, R$ 16,830).

Guarantees Renova has issued nonconvertible debentures, which are collateralized by the pledge of its shares in Enerbras and a collateral assignment of assets and certain rights to dividends distributed by Espra, Bahia and Salvador, which are deposited in a restricted accounts.

Transactions with other related parties included the following:

Director´s and key management remuneration expense Remuneration expense of directors and other key management personnel of Renova of R$1,946 and R$ 754, were allocated to the Group in 2015 and 2014, respectively.

15. Net revenue

	March 31, 2015	March 31, 2014
Power generation		
Electric power su pply Eletrobras	5,763	5,682
Electric power supply CCEE	55,969	49,937
Gross revenue	61,732	55,619
Less: Federal sales taxes		
COFINS	(1,846)	(1,658)
PIS	(401)	(360)
Total deductions	(2,247)	(2,018)
Net revenue	59,485	53,601

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16. Costs and expenses by nature

	March 31, 2015		March 31, 2014	
	Cost of services provided	Expenses	Cost of services provided	Expenses
Distribution system fee	(3,134)		(2,320)	
Inspection fee	(128)		(25)	
Depreciation (*)	(16,782)	(87)	(16,942)	(30)
Third-party services	(2,469)	(1,587)	(2,053)	(2,839)
Personnel expenses		(1,444)	(1)	(883)
Rentals	(485)	(71)	(542)	(77)
Insurance		(13)	(790)	(1)
Other (expenses) income, net	(227)	(1,588)	(14)	(1,142)
Total	(23,225)	(4,790)	(22,687)	(4,972)

(*) Includes R$94 and R$36 for 2015 and 2014, respectively, as allocated from Parent (note 14).

17. Finance income (expenses)

	March 31, 2015	March 31, 2014
Finance income		
Income from short-term investments and restricted deposits	5,563	4,332
	5,563	4,332
Finance expenses		
Interest on borrowings	(17,537)	(17,535)
Financing and guarantee fees, expenses, taxes and others	(1,528)	(1,251)
	(19,065)	(18,786)
Finance expense net	(13,502)	(14,454)

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18. Financial instruments and risk management

The Group conducts transactions with financial instruments. These financial instruments are managed through operating strategies that aim at liquidity, profitability and security.

The risks associated with these operations are managed according to the practices defined by management of the Group and Renova, including the monitoring of the levels of exposure of each market risk and estimated future cash flows. These practices also determine that the information is updated in the Group´s operating systems, as well as the information and operation of the transactions with counterparties.

Categories of financial instruments The following table summarizes the Group´s financial instruments by classification and related carrying amounts as recorded in the combined balance sheets at March 31, 2015 and December 31, 2014.

	March 31, 2015					December 31, 2014				
	Loans and receivables	Fair value through profit or loss	Held to maturity	Other at amortized cost	Total	Loans and receivables	Fair value through profit or loss	Held to maturity	Other at amortized cost	Total
Financial assets										
Current										
Short-term Investments		36,784			36,784		24,477			24,477
Trade receivables	21,258				21,258	22,475				22,475
Noncurrent										
Restricted deposits			171,019		171,019			160,488		160,488
Financial liabilities										
Current										
Trade payables				16,425	16,425				18,460	18,460
Borrowings				70,149	70,149				70,071	70,071
Noncurrent										
Borrowings				876,141	876,141				893,046	893,046

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Fair value of financial instruments The Group is exposed to the risks of changes in the fair value of its financial assets and liabilities. The following table summarizes the fair values and the carrying amounts of the Group´s financial assets and liabilities at March 31, 2015 and December 31, 2014. All fair value presented below are classified as level two.

	Fair value		Carrying amount	
	March 31, 2015	**December 31, 2014**	**March 31, 2015**	**December 31, 2014**
Financial assets				
Current				
Short-terms investments	36,784	24,477	36,784	24,477
Trade receivables	21,258	22,475	21,258	22,475
Noncurrent				
Restricted deposits	171,019	160,488	171,019	160,488
Financial liabilities				
Current				
Trade payables	16,425	18,460	16,425	18,460
Borrowings	70,766	70,688	70,149	70,071
Noncurrent				
Borrowings	884,211	901,271	876,141	893,046

Fair value measurement The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used in the estimation of fair value are based on available market information and methodologies applied consistently for all periods presented. Significant judgment is required to understand the market information and estimate the fair value. The use of different market methodologies or assumptions may have a material effect on the estimated fair values.

The fair values of short-term investments, restricted deposits, and trade receivables and payables approximate their carrying values due to their short-term nature and as they have characteristics similar to those that would be obtained had these financial instruments been traded in the market.

The fair values for the Group´s financial assets and liabilities that are measured at fair value in the condensed combined interim financial statements, are classified based on the following fair value hierarchy depending on the inputs used in the valuation methods applied:

Level 1 Use of quoted prices (unadjusted) in active markets for identical instruments. A financial instrument is considered as quoted in an active market if the quoted prices are immediately and regularly available from a stock exchange or organized over-the-counter market, by operators, brokers or market association, by entities whose purpose is to disclose the prices by regulatory agencies, and if these prices represent market transactions regularly carried out between market participants in orderly transactions.

Level 2 Use of inputs other than quoted prices included in Level 1 that are observable for the instrument, either directly (that is, as prices) or indirectly (that is, derived from prices). In relation to financial instruments not traded in an active market, the fair value must be determined based on the valuation/pricing methodology.

Level 3 Use of inputs that are not based on observable market data (non-observable inputs).

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The classification of financial instruments that are measured at fair value in the condensed combined interim financial statements by fair value hierarchy level is as follows :

Description	March 31, 2015	Level 1	Fair value as of March 31, 2015 Level 2	Level 3
Assets				
Short-term investments	36,784		36,784	

Market risk The market risk reflects the possibility of monetary losses due to the changes in variables that impact the prices and rates traded in the market. These fluctuations basically impact all sectors and, therefore, represent financial risk factors.

The Group´s principal market risk exposure is to interest rate risk, specifically variable rate CDI interest received on the Group´s short term investments and restricted deposits and to the TJLP rate on borrowings with BNDES.

Furthermore, the Group´s borrowings are concentrated with BNB and BNDES. The contractual rules applicable to financial liabilities represent risks related to these exposures.

The following table details the sensitivity of the expected variation of 10% of the exposure to the rates of interest on financial assets and liabilities as of March 31, 2015. This percentage is the average rate sensitivity used to internally present risks to key management personnel and corresponds to management s assessment of the possible changes in these rates.

	Risk	Impact on income and equity
Financial assets		
Short-term investments	CDI decrease	(396)
Restricted deposits	CDI decrease	(1,842)
Financial liabilities		
Borrowings	TJLP increase	(4,633)

Liquidity risk Liquidity risk is the risk associated with the Group s ability to meet its obligations underlying its financial liabilities.

Cash flow from operating activities provides the funds to service financial liabilities on a day-to-day basis. The Group enters into borrowings solely to leverage its operating capacity. This assumption is confirmed based on the characteristics of the Group s borrowings.

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The table below sets out details of the obligations assumed by the Group according to the contractual maturities of its financial liabilities as of March 31, 2015, taking into account principal and interest, based on the undiscounted cash flows, considering the earliest date on which the Group may have to settle the respective obligation:

Financial instruments	Note	Weighted average interest rate	Less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Borrowings	8	7,02%	5,867	11,735	52,813	348,532	535,410	954,357

Credit risk Credit risk is the risk of financial loss to the Group that a counterparty will not meet its obligations under a financial instrument or customer contract. The Company is exposed to credit risk from its operating activities (principally, trade receivables) and its investing activities, including deposits with banks and financial institutions, and other financial instruments.

		Carrying amount	Combined
	Note	3/31/15	12/31/14
Financial assets			
Current			
Short-term investments	4	36,784	24,477
Trade receivables	5	21,258	22,475

Short-term investments Credit risk from balances with banks and financial institutions is managed by the Group s treasury department in accordance with the Group s policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Trade receivables In the power sector, the operations carried out are directed to the regulatory agency that maintains the active information on the positions of produced and consumed power. Based on this structure, planning is made to operate the system without interferences or interruptions. Power is sold through auctions, agreements, among others.

Derivative transactions No transactions with derivative financial instruments were conducted in the periods reported.

Capital management The objectives of the Group in managing its capital are to ensure that the Group is always capable of providing return to its shareholders and benefits to other stakeholders, and maintains an adequate capital structure to reduce this cost.

	March 31, 2015	Combined December 31, 2014
Borrowings	946,290	963,117
Less: Cash and cash equivalents and, short-term investments and restricted deposits	(231,258)	(219,074)
Net debt	715,032	744,043
Parent s Net investment	626,933	609,395
Financial leverage ratio %	114%	122%

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Other operational risks

Risk of shortage of wind This risk results from the shortage of wind due to natural factors, which is reduced because the wind deposits in Brazil are one of the best in the world, as in addition to high speed, wind is considered stable, different from certain regions in Asia and the United States, which are subject to cyclones, typhoons and other natural factors.

Hydrological risks The power supplied through the National Interconnected System (SIN) is mostly generated by hydroelectric power plants. As the SIN operates through an optimized shipment system, centralized at the National Electric System Operator (ONS), each hydroelectric power plant, including those owned by the Group, is exposed to the existing hydrological conditions, both in the region where it operates and other Brazilian regions.

When the hydrological conditions are unfavorable, together with the obligation of delivering the contracted power, the Group could be exposed to the power spot market, which would affect its future financial results. However, the Company s total hydroelectric power generation capacity is part of the Energy Relocation Mechanism (MRE), which partly mitigates the hydrological risk by spreading it across all the plants included in the MRE.

19. SUBSEQUENT EVENTS

On May 6, 2015 the board of directors of Renova approved a planned share contribution agreement to be entered into with TerraForm Global, Inc. (TerraForm Global), an indirect subsidiary of SunEdison, Inc., whereby Renova will contribute all of its interests in the Group s project companies for shares in TerraForm Global and/or cash. The transaction will be conditioned on applicable regulatory and third party approvals, as well as the successful completion of TerraForm Global s planned underwritten initial public offering of shares to be registered in the United States of America.

Management has considered subsequent events through June 10, 2015, the date these combined financial statements were authorized to be issued.

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Core Energy (RF) Proprietary Limited and Erika Energy (RF) Proprietary Limited

Unaudited combined balance sheets

As at March 31, 2015 and December 31, 2014

Figures in ZAR 000	Note(s)	March 31, 2015	December 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents	3	112,358	147,764
Restricted cash	4	130,156	128,251
Accounts receivable	5	81,126	73,582
Deferred financing costs, net	7	150	150
Deferred income tax	16	5,485	14,685
Prepaid expenses		6,687	7,699
Total current assets		335,962	372,131
Non-current assets			
Property, plant and equipment, net	6	2,213,612	2,241,486
Deferred financing costs, net	7	1,435	1,472
Total non-current assets		2,215,047	2,242,958
Total assets		**2,551,009**	**2,615,089**
LIABILITIES AND INVESTED EQUITY			
Current liabilities			
Current portion of long-term debt	9	13,750	72,598
Value-added tax (VAT) payable		1,417	3,680
Accruals	11	6,529	54,496
Accounts payable	12	124	7,451
Accounts payable related parties	12	66,463	16,598
Derivatives	8	12,276	18,763
Income tax payable		2,790	2,790
Total current liabilities		103,349	176,376
Non-current liabilities			
Long-term debt	9	1,919,630	1,927,306
Loans from shareholders related parties	10	366,387	361,792
Deferred income tax	16	13,571	25,733
Asset retirement obligation	13	45,139	43,991
Total non-current liabilities		2,344,727	2,358,822

Total liabilities	**2,448,076**	**2,535,198**
Invested equity		
Invested equity	102,933	79,891
Total liabilities and invested equity	**2,551,009**	**2,615,089**

Commitments and contingencies have been discussed in detail in note 18.

See accompanying notes to combined financial statements.

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Core Energy (RF) Proprietary Limited and Erika Energy (RF) Proprietary Limited

Unaudited combined statements of Operations and comprehensive income

For the three months ended March 31, 2015 and 2014

Figures in ZAR 000	Note(s)	March 31, 2015	March 31, 2014
Power energy revenue	14	109,186	
Cost of operations		(8,445)	
Depreciation	6	(18,799)	
Accretion of asset retirement obligation	13	(1,148)	(677)
Operating costs and expenses		(28,392)	(677)
Gross profit/(loss)		80,794	(677)
General and administrative expenses		(2,621)	(435)
Operating income/(loss)		78,173	(1,112)
Other income	15	6,925	8,579
Other expenses	15	(71,506)	(16,809)
Gain on derivatives	8	6,487	17,592
Net other (expense)/income		(58,094)	9,362
Profit before income tax		20,079	8,250
Income tax benefit	16	2,963	
Net income		**23,042**	**8,250**
Other comprehensive income			
Total comprehensive income		**23,042**	**8,250**

See accompanying notes to combined financial statements.

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Core Energy (RF) Proprietary Limited and Erika Energy (RF) Proprietary Limited

Unaudited combined statement of invested equity

For the three months ended March 31, 2015

Figures in ZAR 000	**Invested equity**
Balance at January 1, 2015	79,891
Total comprehensive income	23,042
Balance at March 31, 2015	**102,933**

See accompanying notes to combined financial statements.

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Core Energy (RF) Proprietary Limited and Erika Energy (RF) Proprietary Limited

Unaudited combined statements of cash flows

For the three months ended March 31, 2015 and 2014

Figures in ZAR 000	**March 31, 2015**	**March 31, 2014**
Cash flows from/(used in) operating activities:		
Net profit	23,042	8,250
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Fair value (gain) on interest rate swap	(6,487)	(17,592)
Depreciation expense	18,799	
Accretion expense	1,148	677
Amortization of debt issuance costs		33
Amortization of debt discount	694	620
Amortization of commitment fees		857
Income tax benefit	(2,963)	
Changes in operating assets and liabilities		
Accounts and other receivables	(6,785)	3,122
Accounts and other payables	6,270	(62,022)
	(515)	(58,900)
Net cash earned from/(used in) operating activities:	33,718	(66,055)
Cash flows from/(used in) investing activities:		
Purchase of property, plant and equipment		(576,367)
Borrowing costs capitalized		(27,649)
Change in restricted cash	(1,905)	317,832
Net cash used in investing activities	(1,905)	(286,184)
Cash flows from financing activities		
Proceeds from long-term loans		316,679
Repayment of long term loans and interest	(67,219)	
Proceeds from shareholder loans		35,560
Net cash provided/(used in) by financing activities	(67,219)	352,239
Net (decrease) in cash and cash equivalents	(35,406)	
Cash and cash equivalents at beginning of quarter	147,764	
Cash and cash equivalents at end of quarter	112,358	
Schedule of non-cash activities		
Additions to property, plant and equipment from capitalized interest		27,649
Additions to property, plant and equipment related to asset retirement obligation (ARO)		9,431

See accompanying notes to combined financial statements.

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Core Energy (RF) Proprietary Limited and Erika Energy (RF) Proprietary Limited

Notes to the unaudited combined financial statements

For the three months ended March 31, 2015

1. Nature of operations

The Operating Entities (the Operating Entities) comprise Core Energy (RF) Proprietary Limited (Core) and Erika Energy (RF) Proprietary Limited (Erika). The Operating Entities are not a single stand-alone legal entity, but are a combination of entities that are under common control of SunEdison Green Power Renewable Energy Southern Africa Proprietary Limited (SEGP Renewable Energy Southern Africa (Pty) Ltd).

Basis of presentation

The accompanying unaudited combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The following notes should be read in conjunction with the accounting policies and other disclosures as set forth in the notes to the Operating Entities combined financial statements for the year ended December 31, 2014. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited combined financial statements contain all material adjustments consisting of normal and recurring accruals necessary to present fairly the Operating Entities unaudited combined financial position as of March 31, 2015, and the results of operations, comprehensive income and cash flows for the three months ended March 31, 2015, and 2014. During the three months ended March 31, 2015 and 2014, there were no material transactions among the combined entities that required elimination. The Operating Entities functional and presentation currency is the South African Rand (ZAR).

2. Summary of significant accounting policies

Use of estimates

In preparing the unaudited combined financial statements, the Operating Entities used estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements. Such estimates also affect the reported amounts of revenues, expenses and cash flows during the reporting period. Actual results may differ from estimates under different assumptions or conditions.

Revenue

Power purchase agreements

Substantially all of the Operating Entities revenues are obtained through the sale of energy to Eskom pursuant to terms of the PPAs. Concentration risk does exist as the Operating Entities transact with only one customer, namely Eskom. This concentration risk cannot be mitigated due to the limitations of the energy market within South Africa. All PPAs are accounted for as operating leases, have no minimum lease payments and all of the rental income under these leases are contingent rental recorded as income when the electricity is delivered.

Leases

The land on which the solar energy systems are situated is leased under operating lease agreements with a lease term of 25 years. Rentals applicable to operating leases, where substantially all of the benefits and risks

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of ownership remain with the lessor are charged to the statement of operations and comprehensive income on a straight-line basis over the period of the lease.

Income taxes

In general, the Operating Entities record income tax expense (benefit) each quarter based on the best estimate as to the full year s effective tax rate. This estimated tax expense (benefit) is reported based on a pro-ration of the actual income earned in the period divided by the full year forecasted income (loss). There are certain items, however, which are given discrete period treatment, and the tax effects of those items are reported in the quarter that such events arise. Items that give rise to discrete recognition include (but are not limited to) finalizing tax authority examinations, changes in statutory tax rates and expiration of a statute of limitations.

The process for calculating income tax expense (benefit) includes estimating current taxes due and assessing temporary differences between the recognition of assets and liabilities for tax and financial statement reporting purposes. The Operating Entities regularly review their deferred tax assets for realizability, taking into consideration all available evidence, both positive and negative, including cumulative losses, projected future pre-tax and taxable income (losses), the expected timing of the reversals of existing temporary differences and the expected impact of tax planning strategies.

The Operating Entities are subject to income taxes in South Africa and from time to time, they are subject to income tax audits in these jurisdictions. The Operating Entities believe that our tax return positions are fully supported, but tax authorities may challenge certain positions, which may not be fully sustained. Determining the income tax expense for these potential assessments and recording the related assets and liabilities requires significant judgments and estimates. Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The Operating Entities review their liabilities quarterly, and may adjust such liabilities due to proposed assessments by tax authorities, changes in facts and circumstances or issuance of new regulations.

Cash and cash equivalents

Cash and cash equivalents comprise of all cash balances.

Restricted cash

Restricted cash consists of cash on deposit in financial institutions that are restricted from use in operations pursuant to requirements of certain debt agreements. These funds are reserved for current debt service payments in accordance with the restrictions in the debt agreements.

Accounts receivable

Accounts receivable are reported on the combined balance sheet at the invoiced amounts adjusted for any write-offs and the allowance for doubtful accounts. Management establishes an allowance for doubtful accounts to adjust the receivables to amounts considered to be ultimately collectible. The allowance is based on a variety of factors, including the length of time receivables are past due, significant one-time events, the financial health of customers, and historical experience.

Property, plant and equipment

Property, plant and equipment consists of solar energy systems and is stated at cost less accumulated depreciation. Expenditures for major additions and improvements are capitalized, and maintenance and repairs

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are charged to expense as incurred. When property, plant and equipment is retired or otherwise disposed of, the cost and accumulated depreciation is removed from the accounts, and any resulting gain or loss is included in the results of operations for the respective period. Depreciation of property, plant and equipment is recognized using the straight-line method over the estimated useful lives of the solar energy systems of thirty years.

Borrowings

Borrowings consist of long-term debt facilities entered into by the Operating Entities. The loans are recorded at amortized cost.

Impairment of long-lived assets

Long-lived assets that are held and used are reviewed for impairment whenever events or changes in circumstances indicate carrying values may not be recoverable. Whenever an impairment indicator exists of the total future estimate of undiscounted cash flows expected from an asset being less than its carrying value an impairment calculation is performed. If such an impairment indicator exists, an impairment charge is measured as the difference between an asset s carrying amount and fair value with the difference recorded in operating costs and expenses in the statement of operations and comprehensive income. Fair values are determined by a variety of valuation methods including appraisals, sales prices of similar assets, and present value techniques. There were no impairments recognized during the three months ended March 31, 2015 and 2014.

Deferred financing costs

Deferred financing costs consist of debt issuance costs and commitment fees incurred by the Operating Entities and are directly attributable to the long-term debt facilities.

Debt issuance costs

Financing costs incurred in connection with obtaining construction and term financing are deferred and amortized over the maturities of the respective financing arrangements using the effective-interest method. The amortization of debt issuance costs is recorded in other expenses.

Commitment fees

Fees associated with commitment facilities that are not revolving lines of credit are deferred and amortized on a straight-line basis over the commitment period. The commitment period, as defined in the loan agreements, terminates at the earlier of actual COD, 140 days after scheduled COD, or the date of the full draw of the committed facility. For each of these loans, the commitment period expired at 140 days after scheduled COD. Amortization of commitment fees is recorded in other expenses. As of December 31, 2014, these fees have been fully amortized.

Derivatives

All derivative instruments are recorded on the combined balance sheet at fair value. As hedge accounting has not been applied, the movement in derivatives is reported directly in earnings.

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Asset retirement obligation

The Operating Entities asset retirement obligations relate to leased land upon which the solar energy systems were constructed. The Operating Entities are required to restore the leased land to an agreed-upon condition from the date construction of the asset commences. This would involve dismantling property, plant and equipment constructed on the leased land, and restoring the land to its pre-construction condition. The Operating Entities are required to record the present value of the estimated obligations as the solar energy systems are constructed. At the same time, a corresponding asset was capitalized to the solar energy systems cost. The asset retirement obligations will be accreted to their future value over the terms of the land leases, and the amounts capitalized through COD will be depreciated over the remainder of the same term.

Commitments and contingencies

The Operating Entities are involved in litigation and claims in the ordinary course of business with possible gain or loss contingencies that will ultimately be resolved when one or more future events occur or fail to occur. If some amount within a range of loss appears at the time to be a better estimate than any other amount within the range, that amount will be accrued. When no amount within the range is a better estimate than any other amount, the minimum amount in the range will be accrued. Management continually evaluates uncertainties associated with loss contingencies and record a charge equal to at least the minimum estimate liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable than an asset had been impaired or a liability had been incurred at the date of the financial statements; and (ii) the loss or range of loss can be reasonably estimated. Legal costs are expensed when incurred. Gain contingencies are not recorded until realized or realizable.

Commitments related to projects, consist of amounts contracted for but not yet incurred.

Fair value measurement

Management performs fair value measurements in accordance with ASC 820. ASC 820 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at their fair values, management considers the principal or most advantageous market in which it would transact and consider assumptions that market participants would use when pricing the assets or liabilities, such as inherent risk, transfer restrictions and risk of non-performance.

ASC 820 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. An asset s or a liability s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 establishes three levels of inputs that may be used to measure fair value:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3: unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets or liabilities.

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The Operating Entities interest rate swaps are classified as Level 2 since all significant inputs are observable for similar instruments. The fair value is determined based on observable market prices for interest rates. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract. There were no transfers between Level 1, Level 2 and Level 3 financial instruments during the year ended December 31, 2014 and for the three months ended March 31, 2015 and 2014.

The Operating Entities maintain various financial instruments recorded at cost in the December 31, 2014 and March 31, 2015 combined balance sheets that are not required to be recorded at fair value. For these instruments, the Operating Entities used the following methods and assumptions to estimate the fair value:

Cash and cash equivalents, restricted cash, accounts receivable and accounts payable, the carrying amount approximates fair value because of the short-term maturity of the instruments.

Long-term debt fair value is based on the amount of future cash flows associated with each debt instrument discounted at the current borrowing rate for similar debt instruments of comparable terms. As at March 31, 2015, the fair value of the Operating Entities long-term debt with unrelated parties is approximately 7.7% greater than its carrying value. At December 31, 2014, the fair value was approximately 8.0% greater than its carrying amount.

Given that the shareholder loan agreements do not contain a fixed or determinable repayment schedule, the amortized cost carrying value of loans from shareholders is deemed to approximate fair value.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Figures in ZAR 000	**March 31, 2015**	**December 31, 2014**
Bank balances	112,358	147,764

The full value of cash and cash equivalents has been pledged as collateral against the long-term debt of the Operating Entities.

4. Restricted cash

Restricted cash consists of:

Figures in ZAR 000	**March 31, 2015**	**December 31, 2014**
Restricted cash	130,156	128,251

In terms of the relevant loan agreements, the Operating Entities were required to maintain separate bank accounts with minimum balances to at least fully cover all scheduled debt repayments due in the immediate six month period. Refer to note 9 for further details on these loans.

The full value of restricted cash has been pledged as collateral against the long-term debt of the Operating Entities.

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5. Accounts receivable

Accounts receivable consist of:

Figures in ZAR 000	March 31, 2015	December 31, 2014
Trade debtors	81,126	73,582

The Operating Entities sole trade debtor, Eskom, is a state owned entity. The PPA also makes provision in the event that Eskom defaults on payment, the South African Department of Energy will settle the outstanding debt. As the amounts owing by Eskom have been guaranteed by a governmental agency, all amounts owing by Eskom are considered fully recoverable. Further, no allowance for doubtful accounts has been recognized as no default indicator has been identified.

None of the receivables are past due or impaired.

The full value of accounts receivable has been pledged as collateral against the long-term debt of the Operating Entities.

6. Property, plant and equipment

Property, plant and equipment, net, consists of the following:

Figures in ZAR 000	March 31, 2015	December 31, 2014
Solar energy systems	2,261,735	2,270,811
Less: accumulated depreciation solar energy systems	(48,123)	(29,325)
Property, plant and equipment, net	**2,213,612**	**2,241,486**

The Operating Entities recorded depreciation expense related to property, plant and equipment of R18 798 827 for the three months ended March 31, 2015. No depreciation expense was recognized for the three months ended March 31, 2014.

Included in the balance of solar energy systems is capitalized interest on expenditures directly attributable to the construction of the solar energy systems of R115 407 221 as at March 31, 2015 and at December 31, 2014.

Also included in the balance of solar energy systems is an asset relating to the ARO, which is depreciated over the remaining term of the land lease. No additional amounts were capitalized as at March 31, 2015. R41 284 442 was capitalized as at December 31, 2014.

The full value of the solar energy systems has been pledged as collateral against the long-term debt of the Operating Entities. The fair value of the property, plant and equipment is considered to approximate its carrying amount for the three months ended March 31, 2015 and for the year ended December 31, 2014.

7. Deferred financing costs

Debt issuance costs, comprising legal fees, which were incurred by both Core and Erika in establishing their loan facilities with the Standard Bank of South Africa Limited (Standard Bank), have been deferred on the balance sheet and are amortized based on the effective interest rate over the period of the loan.

The Operating Entities are also required to pay to an agent (for onward distribution to the relevant lenders) a commitment fee for the facility during a specified availability period. The commitment fee is calculated daily during the defined availability period and is payable quarterly in arrears on March 31, June 30, September 30

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and December 31 of each year. If any portion of the available commitment under the facility is canceled, the commitment fee is payable on any canceled amount at the time the cancelation is effective. Commitment fees are deferred and amortized on a straight-line basis during the availability period.

As at March 31, 2015 and December 31, 2014, deferred financing costs consist of:

Figures in ZAR 000	March 31, 2015	December 31, 2014
Current	150	150
Non-current	1,435	1,472
	1,585	**1,622**

Amortization of debt issuance costs amounted to R37 050 and R33 279 for the three months ended March 31, 2015 and 2014 respectively. Amortization of commitment fees amounted to Rnil and R856 860 for the three months ended March 31, 2015 and 2014 respectively.

8. Derivatives

As part of the Operating Entities risk management strategy, Core and Erika separately entered into interest rate swaps to mitigate interest rate exposure. Interest rate swap agreements are utilized in order to economically hedge the variability of Operating Entities expected future cash interest payments, and are not utilized for speculative purposes.

These swap agreements were initiated in November 2012, concurrent with the inception of the term loan facilities with Standard Bank. Because these hedges are deemed economic hedges and not accounted for under hedge accounting, the changes in fair value are recorded in operations.

The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract.

For the periods presented, derivative transactions consisted of the following:

		Notional amount		Fair value at	
Figures in ZAR 000	**Balance sheet classification**	**March 31, 2015**	**December 31, 2014**	**March 31, 2015**	**December 31, 2014**
Derivative not designated as a hedge					
Interest rate swap	Current liabilities Derivatives	1,715,262	1,721,081	(12,276)	(18,763)

		Notional amount		Fair value movements	
Figures in ZAR 000	**Statement of operations and comprehensive income classification**	**March 31, 2015**	**March 31, 2014**	**March 31, 2015**	**March 31, 2014**
Derivative not designated as a hedge					
Interest rate swap	Gain on derivatives	1,715,262	2,458,546	6,487	17,592

The notional amount represents the exposure at the reporting date which varies based on changes in the loan profile.

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The Operating Entities interest rate swaps have the following maturities:

Figures in ZAR 000	Notional amount	Maturity date
Derivative not designated as a hedge		
As at December 31, 2014		
Interest rate swap	804,814	March 28, 2024
Interest rate swap	916,267	March 28, 2024
As at March 31, 2015		
Interest rate swap	803,599	March 28, 2024
Interest rate swap	911,663	March 28, 2024

Under the interest rate swap agreement, the Operating Entities pay a fixed rate and the counterparty to the agreement pays the Operating Entities a floating interest rate. The amount recorded in the combined balance sheet represents the estimated fair value of the net amount that the Operating Entities would receive or pay in order to exit the agreement as at March 31, 2015 and December 31, 2014, respectively, if the agreements were transferred to other third parties or canceled by the Operating Entities.

9. Long-term debt

Debt consists of the following as at March 31, 2015 and December 31, 2014:

			March 31, 2015			**December 31, 2014**
Figures in ZAR 000	**Total**	**Current**	**Non-current**	**Total**	**Current**	**Non-current**
Term loan	1,963,075	16,561	1,946,514	1,969,703	14,816	1,954,887
Accrued Interest				60,590	60,590	
Debt discount	(29,695)	(2,811)	(26,884)	(30,389)	(2,808)	(27,581)
Total	**1,933,380**	**13,750**	**1,919,630**	**1,999,904**	**72,598**	**1,927,306**

On November 2, 2012, Core entered into a facility agreement with Standard Bank, which provided for a term loan facility with a limit of R1 056 million. The term loan facility bears interest at a rate of three month JIBAR plus a variable spread per annum, which represents liquidity and other risks, and matures in 2031. At March 31, 2015, the balance outstanding under the term loan facility was R1 035 million. At December 31, 2014, the balance outstanding under the term loan facility was R1 073 million. The average interest rate for the three months ended March 31, 2015 was 10.37% and for the year ended December 31, 2014 10.03%.

On November 2, 2012, Erika entered into a facility agreement with Standard Bank, which provided for a term loan facility with a limit of R956 million. The term loan facility bears interest at a rate of three month JIBAR plus a variable spread per annum, which represents liquidity and other risks, and matures in 2031. At March 31, 2015, the balance outstanding under the term loan facility was R928 million. At December 31, 2014, the balance outstanding under the term loan facility was R958 million. The average interest rate for the three months ended March 31, 2015 was 10.38% and for the year ended December 31, 2014 9.95%.

The fair value of the Operating Entities long-term debt was determined using inputs classified as Level 2 and a discounted cash flow approach using market rates for similar debt instruments, with consideration for non-performance risk. The estimated fair value of outstanding debt obligations was R2 081 774 996 at March 31, 2015 and R2 159 419 065 as at December 31, 2014, respectively.

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The combined aggregate amount of maturities for all long-term borrowings is as follows:

Contractual cash obligations	**ZAR 000**
2015	16,561
2016	21,018
2017	37,385
2018	51,606
2019	66,088
Thereafter	1,770,417
Total	**1,963,075**

A structuring and underwriting fee to the lender was incurred by Core and Erika as part of the establishment of this facility. The original aggregate amount of the structuring and underwriting fee amounted to R33 867 285 which has been amortized by R694 477 to R29 604 606 as at March 31, 2015. This fee paid to the lender is recorded as a direct reduction of the carrying amount of the debt.

The carrying value of cash and cash equivalents, restricted cash, accounts receivable and property, plant and equipment have been pledged as collateral against the long-term borrowings of the Operating Entities. Refer to note 3, 4, 5 and 6 for details.

10. Loans from shareholders related parties

Loans from shareholders represent additional funding provided by shareholders of the Operating Entities, which were initially obtained to fund a portion of the Engineering Procurement Contract.

The loans from shareholders bear an interest rate of 13% from the COD. Prior to the COD, no interest was levied on the shareholder loans. The loans are unsecured and are subordinated to the long-term third party debt. Repayment, under the terms of the agreements, will occur only when certain future profitability targets of the Operating Entities are met.

Refer to the table below for a listing of the shareholder loans for Core and Erika, respectively.

Core

		Outstanding amount	
Figures in ZAR 000	**% shareholding**	**March 31, 2015**	**December 31, 2014**
SEGP Renewable Energy Southern Africa Proprietary Limited	51	83,534	83,169
Public Investment Corporation (SOC) Limited	39	63,879	63,600
Kurisani Witkop Proprietary Limited	10	16,379	16,308
		163,792	**163,077**

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Erika

Figures in ZAR 000	% shareholding	March 31, 2015	Outstanding amount December 31, 2014
SEGP Renewable Energy Southern Africa Proprietary Limited	51	103,324	101,345
Public Investment Corporation (SOC) Limited	24	48,622	47,692
Izingwe International Fund Proprietary Limited	15	30,389	29,807
Kurisani Witkop Proprietary Limited	10	20,260	19,871
		202,595	**198,715**
		366,387	**361,792**

11. Accruals

Accruals comprise:

Figures in ZAR 000	March 31, 2015	December 31, 2014
Audit Fees	868	
Legal Fees	700	
Development fees		54,496
Other	4,961	
	6,529	**54,496**

12. Accounts payable

Accounts payable comprise:

Figures in ZAR 000	March 31, 2015	December 31, 2014
Trade creditors	124	7,451
Related parties:		
SEGP Solar Power Southern Africa Proprietary Limited	4,674	3,240
SunEdison Energy Southern Africa Proprietary Limited	60,885	13,358
SunEdison Engineering Southern Africa Property Limited	904	
	66,587	**24,049**

13. Asset retirement obligation

The Operating Entities recognized liabilities for asset retirement obligations (AROs) for their solar energy systems, from the date that construction commenced. The ARO liability is estimated based on the size of the project and the estimated cost of dismantling, and is accreted over the remainder of the lease term of the land using a credit-adjusted risk-free rate of 10.4% for the three months ended March 31, 2015 and for the year ended December 31, 2014.

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The asset retirement obligations for the three months ended March 31, 2015 and for the year ended December 31, 2014 are as follows:

Figures in ZAR 000	March 31, 2015	December 31, 2014
Balance at the beginning of the period	43,991	14,671
Recognition of liability		26,613
Accretion expense	1,148	2,707
Balance at the end of the period	**45,139**	**43 991**

The fair value of the ARO was estimated based on techniques that made use of third party data and management judgment.

The Operating Entities do not have any assets that are legally restricted for the purpose of settling the asset retirement obligations as at March 31, 2015 and December 31, 2014.

14. Power energy revenue

The Operating Entities entered into PPAs with Eskom, a state owned entity. In accordance with the PPAs, the counterparty acquires the full output generated by the plant on an as available basis.

Figures in ZAR 000	March 31, 2015	March 31, 2014
Revenue earned from power sales	109,186	

As the quantity to be sold under the PPAs is based on the power plants actual output on an as available basis , the Operating Entities considered all payments as contingent rent (i.e. contingent on generation).

The cost, accumulated depreciation and carrying amount of the property, plant and equipment used as part of the PPAs, for the year ended December 31, 2014 and for the three months ended March 31, 2015, has been disclosed in note 6.

15. Other income/(expenses)

Figures in ZAR 000	March 31, 2015	March 31, 2014
Other Income		
Interest income earned on cash and cash equivalents	3,901	8,579
Other refunds	3,024	
	6,925	8,579
Other Expenses		
Interest expense on long-term debt	(57,388)	(44,458)
Interest expense on shareholder loans related parties	(14,118)	
Less: capitalized interest		27,649
	(71,506)	(16,809)
Total	**(64,581)**	**(8,230)**

The interest expense was capitalized at a rate of 10.05% for Core, and 10.59% for Erika in 2014 based on the effective interest rate for each instrument. There was no interest expense capitalized in 2015.

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16. Income taxes

Income tax expense (benefit) for the three months ended March 31, 2015 and 2014 consists of the following:

Figures in ZAR 000	March 31, 2015	March 31, 2014
Current		
Deferred	42,939	
Benefits of operating loss carryforwards	(45,902)	
	(2,963)	

Effective tax rate

In general, we record income tax expense (benefit) each quarter based on our best estimate as to the full year s effective tax rate.

The significant reconciling items have been noted below:

%	March 31, 2015	March 31, 2014
Income tax on SA statutory rate	28	28
Permanent items	(4.4)	(58.9)
Change in valuation allowance	(2.2)	30.9
Change in prior period amounts	(36.2)	
Effective benefit rate	**14.8**	

Deferred taxes

Deferred income taxes for the Operating Entities taxable project entities reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

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Significant components of the Operating Entities deferred tax assets and liabilities at March 31, 2015 and December 31, 2014 are as follows:

Figures in ZAR 000	**March 31, 2015**	**December 31, 2014**
Deferred tax assets		
Current	5,922	14,685
Non-current	364,830	319,782
	370,752	**334,467**
Deferred tax assets consist of the following:		
net operating losses and tax credit carryforwards	342,026	296,123
pre-trade expenditures	22,804	22,804
accrued expenses	2,204	15,259
asset retirement obligation reserve	12,639	13,075
interest rate swap	3,437	
commitment charges	281	281
valuation allowance	(12,639)	(13,075)
	370,752	**334,467**
Deferred tax liabilities		
Current	(437)	
Non-current	(378,401)	(345,515)
	(378,838)	**(345,515)**
Deferred tax liabilities consist of the following:		
property, plant and equipment	(378,401)	(345,515)
other	(437)	
	(378,838)	**(345,515)**

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the scheduled reversal of deferred tax liabilities and generation of future taxable income during the periods in which the deferred tax assets become deductible. During the three months ended March 31, 2015, a valuation allowance was recognized on the tax effect of the Asset Retirement Obligation, as there is insufficient evidence to suggest there will be sufficient taxable income during the periods in which certain of the deferred tax assets will be realized.

The operating loss carryforward period is indefinite, subject to certain conditions.

As at March 31, 2015 and December 31, 2014, the Operating Entities have identified no uncertain tax positions, for which a reserve under ASC 740-10 would be required.

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17. Fair value measurement

The fair value of the Operating Entities long-term debt was determined using inputs classified as Level 2 and a discounted cash flow approach using market rates for similar debt instruments. The carrying amount and estimated fair value of the Operating Entities long-term debt as at March 31, 2015 and December 31, 2014 are as follows:

	As at March 31, 2015		As at December 31, 2014	
Figures in ZAR 000	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liabilities:				
Long-term debt, including current portion	1,933,380	2,081,775	1,999,904	2,159,419

Recurring fair value measurements

The following table summarizes the financial instruments measured at fair value on a recurring basis classified in the fair value hierarchy (Level 1, 2 or 3) based on the inputs used for valuation in the accompanying combined balance sheet:

	As at March 31, 2015				As at December 31, 2014			
Figures in ZAR 000	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities								
Interest rate swaps		12,276		12,276		18,763		18,763
Total Derivative Liabilities		**12,276**		**12,276**		**18,763**		**18,763**

18. Commitments and contingencies

From time to time, management is notified of possible litigation or claims arising in the normal course of business operations. Management continually evaluates such matters with legal counsel and believes that, although the ultimate outcome is not presently determinable, these matters will not result in a material adverse impact on the financial position or operations.

Operating lease

The Operating Entities are obligated under certain long-term noncancelable operating leases related to land for its solar energy systems. Certain of these lease agreements contain renewal options. Below is a summary of the Operating Entities future minimum lease commitments as at March 31, 2015:

Contractual cash obligations	**ZAR**
2015	486,780
2016	511,119
2017	536,675
2018	563,509
2019	591,684
Thereafter	16,987,545
Total	**19,677,312**

Total rental expense was R241 637 and R241 637 for the three months ended March 31, 2015 and 2014, respectively.

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Core fully prepaid the land lease pursuant to the Witkop Solar Plant for R6 278 362 at inception. Erika prepaid three years of the land lease pursuant to the Soutpan Solar Plant for R1 200 000 at inception of the lease.

19. Related parties

The following parties are considered related parties of the Operating Entities:

Name of related party	Nature of Relationship	Type of transactions involved in
SunEdison Green Power Southern Africa Proprietary Limited	Contractual	Engineering Procurement Contract
SEGP Solar Power Southern Africa Proprietary Limited	Contractual	Operations and Maintenance Contract
SunEdison Energy Southern Africa Proprietary Limited	Contractual	Service Level Agreement
SEGP Renewable Energy Southern Africa Proprietary Limited	Shareholder	Shareholder loan
Public Investment Corporation	Shareholder	Shareholder loan
Kurisani Witkop Proprietary Limited	Shareholder	Shareholder loan
Izingwe International Fund Proprietary Limited	Shareholder	Shareholder loan

Various related parties have provided services to the Operating Entities during the years presented. The expenses incurred by the Operating Entities have been described below:

Figures in ZAR 000	**March 31, 2015**	**March 31, 2014**
SunEdison Green Power Southern Africa Proprietary Limited:		
The Operating Entities entered into a contractual arrangement with this entity, a member of the SunEdison Group, for the construction of the solar energy systems		358,668
SunEdison Energy Southern Africa Proprietary Limited:		
The Operating Entities entered into a contractual arrangement with this entity, a member of the SunEdison Group, for the provision of general administration services		
Management Service Agreement fees incurred by the Operating Entities	1,658	
***SEGP Solar Power Southern* Africa *Proprietary Limited*:**		
The Operating Entities entered into a contractual arrangement for the operations and maintenance for the plant	5,534	

Refer to note 10 for details on loans provided by shareholders to the Operating Entities.

20. Subsequent events

For the combined financial statements as at March 31, 2015, management has evaluated subsequent events through June 17, 2015, the date the combined financial statements were available to be issued.

Management is not aware of any other material event which occurred after the reporting date and up to the date of this report.

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EN Renewable Energy Limited, EN Wind Power Private Limited and Generacion Eolica India Limited

Combined Statements of Income (Unaudited)

All figures in Indian Rupees (INR)

	Note	Three months ended March 31, 2015	2014
Revenue		95,493,277	69,325,961
Operating costs and expenses:			
Cost of operations		(28,630,273)	(18,924,002)
General and administrative		(5,998,668)	(5,245,827)
Depreciation and accretion		(54,633,353)	(41,514,178)
Other operating income		9,794,597	7,397,700
Total operating costs and expenses, net		(79,467,697)	(58,286,307)
Operating income		16,025,580	(11,039,654)
Other income (expense):			
Interest expense		(80,198,238)	(63,711,147)
Interest income		8,864,587	11,530,631
Other income (expense), net		(15,022)	(57,210)
Total other expenses, net		(71,348,673)	(52,237,726)
Loss before income tax expense		(55,323,093)	(41,198,072)
Income tax credit	8	33,520,822	53,846,979
Net income/(loss)		(21,802,271)	12,648,907

See accompanying notes to combined financial statements.

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EN Renewable Energy Limited, EN Wind Power Private Limited and Generacion Eolica India Limited

Combined Balance Sheets (Unaudited)

All figures in Indian Rupees (INR)

	Note	As of March 31, 2015	As of December 31, 2014
Assets			
Current assets:			
Cash and cash equivalents		9,766,393	567,041
Restricted cash		18,136,545	16,899,836
Accounts receivable		59,846,468	85,616,649
Deferred financing costs		6,187,500	6,187,500
Other current assets	4	68,160,749	108,131,397
Total current assets		162,097,655	217,402,423
Property and equipment, net	3	4,183,995,274	4,236,467,624
Restricted cash		345,536,489	363,044,948
Deferred financing costs		35,484,657	37,031,532
Other assets	4	109,215,473	103,648,051
Total assets		**4,836,329,548**	**4,957,594,578**
Liabilities and Equity			
Current liabilities:			
Current portion of long-term debt	6	307,483,294	305,180,720
Accounts payable		18,986,463	18,935,893
Accrued expenses and other current liabilities	7	5,349,053	952,435
Due to related parties	9	5,882,026	6,412,042
Total current liabilities		337,700,836	331,481,090
Other liabilities:			
Long-term debt, less current portion	6	2,211,473,250	2,290,071,004
Asset retirement obligations	5	95,115,905	92,929,601
Deferred tax liabilities	8	170,069,839	199,340,895
Total liabilities		2,814,359,830	2,913,822,590
Equity:			
Net parent investment		1,812,588,687	1,812,588,687
Accumulated other comprehensive income (loss)		209,381,031	231,183,302
Total equity		2,021,969,718	2,043,771,989
Total liabilities and equity		4,836,329,548	4,957,594,579

See accompanying notes to combined financial statements.

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EN Renewable Energy Limited, EN Wind Power Private Limited and Generacion Eolica India Limited

Combined statements of equity (Unaudited)

All figures in Indian Rupees (INR)

	Net parent investment	Accumulated other comprehensive income (loss)	Total equity
Balance at December 31, 2013	1,840,418,377	221,962,986	2,062,381,363
Net income		12,648,907	12,648,907
Balance at March 31, 2014	1,840,418,377	234,611,893	2,075,030,270
Balance at December 31, 2014	1,812,588,687	231,183,302	2,043,771,989
Net income		(21,802,271)	(21,802,271)
Balance at March 31, 2015	1,812,588,687	209,381,031	2,021,969,718

See accompanying notes to combined financial statements.

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EN Renewable Energy Limited, EN Wind Power Private Limited and Generacion Eolica India Limited

Combined statements of cash flows (Unaudited)

All figures in Indian Rupees (INR)

	Three months ended March 31,	
	2015	**2014**
Cash flows from operating activities:		
Net Income	(21,802,271)	12,648,907
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and accretion	54,633,353	41,514,178
Amortization of deferred financing costs	1,546,875	1,287,854
Deferred taxes	(29,271,056)	(53,221,523)
Changes in assets and liabilities:		
Accounts receivable	25,770,181	9,733,606
Other current assets	39,995,950	42,395,213
Other non-current assets	(5,567,422)	(33,463,564)
Accounts payable and other current liabilities	4,447,188	159,074,430
Due to related parties	(530,016)	(8,004,659)
Net cash provided by operating activities	69,222,782	171,964,442
Cash flows from investing activities:		
Capital expenditures		(141,896,493)
Change in restricted cash	(1,236,709)	11,394,760
Net cash used in investing activities	(1,236,709)	(130,501,733)
Cash flows from financing activities:		
Principal payments on long-term debt	(76,295,180)	(63,257,180)
Change in restricted cash	17,508,459	11,300,000
Payment of deferred financing costs		(6,049,157)
Net cash used in financing activities	(58,786,721)	(58,006,337)
Net (decrease)/ increase in cash and cash equivalents	9,199,352	(16,543,628)
Cash and cash equivalents at beginning of period	567,041	58,633,513
Cash and cash equivalents at end of period	9,766,393	42,089,885
Supplemental disclosures of cash flow information:		
Cash paid for interest (net of capitalization)	78,651,363	98,833,784
Income taxes paid		16,036,000
Schedule of non-cash investing activities:		
Additions to asset retirement obligation		13,878,087

See accompanying notes to combined financial statements.

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EN Renewable Energy Limited, EN Wind Power Private Limited and Generacion Eolica India Limited

Notes to combined financial statements (Unaudited)

All figures in Indian Rupees (INR)

1. Nature of operations

EN Renewable Energy Limited (ENRE), EN Wind Power Private Limited (ENWP) and Generacion Eolica India Limited (GEI) (Together the Companies) are domiciled in India and were formed for the purpose of developing, constructing, owning and operating are engaged in wind power generation businesses. A State Government Power Distribution Companies (Discom) in India has entered into Power Purchase Agreements (PPA) with each of the above mentioned Companies and all the electricity generated by the Companies is purchased by such Discoms.

Fersa Energia Renovables S.A, Spain (FERSA) holds 100% of the total shares in the Companies either directly or through Fersa India Private Limited, its wholly owned subsidiary.

Basis of presentation

These financial statements represent combined financial statements of ENRE, ENWP and GEI as of March 31, 2015 and for the three-month periods ended March 31, 2015 and 2014. The combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) is the source of authoritative U.S. GAAP to be applied by non-governmental entities.

These combined financial statements are presented in Indian Rupees (INR) except as otherwise indicated. Transaction gains and losses that arise from exchange rate fluctuations on transactions and balances denominated in a currency other than the functional currency are generally included in the statements of income as incurred.

The combined financial statements have been prepared using the Companies historical basis for assets and liabilities, and include all revenues, expenses, assets, and liabilities attributed to these assets.

All significant inter-company transactions and balances have been eliminated in the combined financial statements.

2. Summary of significant accounting policies

Use of estimates

In preparing the combined financial statements, we use estimates and assumptions that may affect reported amounts and disclosures. Estimates are used when accounting for depreciation, leases, asset retirement obligations, contingencies, impairments, accrued liabilities and income taxes, among others. These estimates and assumptions are based on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue, costs and expenses that are not readily apparent from other sources. To the extent there are material differences between the estimates and actual results, our future results of operations would be affected.

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Cash and cash equivalents

Cash and cash equivalents include all cash balances and the bank deposits with original maturity periods of three months or less.

Restricted cash

Restricted cash consists of cash on balance in banks and financial institutions that are restricted from use in operations pursuant to requirements of certain debt agreements. These funds are used to pay for current operating expenses and current debt service requirements in accordance with the restrictions in the debt agreements.

Accounts receivable

Accounts receivable are reported on the combined balance sheets at the invoiced amounts adjusted for any write-offs and an allowance for doubtful accounts. We establish an allowance for doubtful accounts to adjust our receivables to amounts considered to be ultimately collectible. Our allowance is based on a variety of factors, including the length of time receivables are past due, significant one-time events, the financial health of our customers and historical experience. There was no allowance for doubtful accounts as of March 31, 2015. Unbilled receivables included in account receivables were INR 31,540,486 and INR 36,860,640 as of March 31, 2015 and December 31, 2014 respectively.

Property and equipment

Property and equipment consists of wind energy systems and construction in progress and is stated at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense as incurred. When property and equipment is retired, or otherwise disposed of, the cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation of property and equipment is recognized using the straight-line method over the estimated useful lives of the wind energy systems, which is the lesser of twenty five years or the term of the underlying non-renewable real property lease to which the assets are affixed. The useful lives of property and equipment are as under:

	Useful Lives
Wind Energy Systems	25 years
Other equipment	6 years
Computers and Computer Software	6 years
Office equipment	15 years

Capitalized interest

Interest incurred on funds borrowed to finance construction of wind energy systems is capitalized until the system is ready for its intended use. There was no interest capitalized during the three month periods ended March 31, 2015 and 2014, respectively.

Deferred financing costs

Financing costs incurred in connection with obtaining construction and term financing are deferred and amortized using the straight-line method over the period in which the term financing is expected to be outstanding. Amortization of deferred financing costs related to the term loans is recorded as interest expense in the combined statements of income.

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Amortization of deferred financing costs recorded as interest expense was INR 1,546,875 and INR 1,287,854 during the three-month periods ended March 31, 2015 and 2014, respectively.

Impairment of long-lived assets

Long-lived assets that are held and used are reviewed for impairment whenever events or changes in circumstances indicate carrying values may not be recoverable. An impairment loss is recognized if the total future estimated undiscounted cash flows expected from an asset are less than its carrying value. An impairment charge is measured as the difference between an asset s carrying amount and fair value with the difference recorded in operating costs and expenses in the statement of Income. Fair values are determined by a variety of valuation methods, including appraisals, sales prices of similar assets and present value techniques. There were no impairments recognized during the three-month periods ended March 31, 2015 and the year ended December 31, 2014.

Asset retirement obligations

The Companies operate under real property operating lease agreements that include a requirement for the removal of the wind energy systems at the end of the term of the agreement. Asset retirement obligations are recognized at fair value in the period in which they are incurred and the carrying amount of the related long-lived asset is correspondingly increased. Over time, the liability is accreted to its expected future value. The corresponding asset capitalized at inception is depreciated over the useful life of the wind energy system.

Revenue recognition

Power purchase agreements

The Companies revenues are obtained through the sale of energy pursuant to terms of power purchase agreements (PPAs) or other contractual arrangements which have remaining lives of 15-25 years as of March 31, 2015. All PPAs are accounted for as operating leases, have no minimum lease payments and all of the rental income under these leases is recorded as income when the electricity is delivered. The contingent rental income recognized in the three-month periods ended March 31, 2015 and 2014 was INR 95,493,277 and INR 69,325,961 respectively.

Grants

For certain owned wind energy systems, we receive certified emissions rights (CERs) under the Clean Development Mechanism of United Nations Framework Convention on Climate Change. CERs are generated as our wind energy systems generate electricity. CER is recognized as revenue at the time we have transferred a CER pursuant to an executed contract relating to the sale of the CERs to a third party. Also, one of the Power Purchase Agreement provides for sharing of CER revenue with the Power Purchaser. In this case, the Power Purchaser s share of CER revenue has been netted off against total CER revenue.

The Companies are also eligible to receive generation based incentives (GBI) based on Kwh of electricity fed to Discoms. For GBIs, production from our operated systems is certified by a third party and, once verified, revenue is recognized based on the terms of the contract and the fulfillment of all revenue recognition criteria. Income received pursuant to the GBI scheme is recorded as Other operating income .

Income taxes

Our income tax balances are determined and reported in accordance with FASB ASC 740 (ASC 740), Income Taxes. Our income tax balances are determined and reported using a separate return method. Under the separate return method, income tax amounts have been computed as if the Companies filed separate tax returns.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards and tax credit carry forwards. Deferred income taxes arise primarily because of differences in the bases of assets or liabilities between financial statement accounting and tax accounting which are known as temporary differences. We record the tax effect of these temporary differences as deferred tax assets (generally items that can be used as a tax deduction or credit in future periods) and deferred tax liabilities (generally items for which we receive a tax deduction, but have not yet been recorded in the combined statement of Income).

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. We ignore future originating temporary differences and schedule existing temporary differences to reverse on a first-in-first-out basis when determining the tax rate expected to apply for purposes of measuring deferred taxes. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in operations in the period that includes the enactment date.

We regularly review our deferred tax assets for realizability, taking into consideration all available evidence, both positive and negative, including historical pre-tax and taxable income, projected future pre-tax and taxable income and the expected timing of the reversals of existing temporary differences. In arriving at these judgments, the weight given to the potential effect of all positive and negative evidence is commensurate with the extent to which it can be objectively verified.

Valuation allowances are established when management determines that it is more likely than not that some portion, or all of the deferred tax asset, will not be realized.

The Companies intend to account for dividend distribution tax in equity in the year in which a dividend is declared.

We believe our tax positions are in compliance with applicable tax laws and regulations. Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. We believe that our income tax accrued liabilities, including related interest, are adequate in relation to the potential for additional tax assessments. There is a risk, however, that the amounts ultimately paid upon resolution of audits could be materially different from the amounts previously included in our income tax expense and, therefore, could have a material impact on our tax provision, net income and cash flows.

Contingencies

We are involved in conditions, situations or circumstances in the ordinary course of business with possible gain or loss contingencies that will ultimately be resolved when one or more future events occur or fail to occur. If some amount within a range of loss appears at the time to be a better estimate than any other amount within the range, that amount will be accrued. When no amount within the range is a better estimate than any other

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amount, however, the minimum amount in the range will be accrued. We continually evaluate uncertainties associated with loss contingencies and record a charge equal to at least the minimum estimated liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements; and (ii) the loss or range of loss can be reasonably estimated. Legal costs are expensed when incurred. Gain contingencies are not recorded until realized or realizable.

Fair value measurements

Fair value accounting guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability, and are based on market data obtained from sources independent of us. Unobservable inputs reflect assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Because valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Valuations for Level 2 are prepared on an individual instrument basis using data obtained from recent transactions for identical securities in inactive markets or pricing data from similar instruments in active and inactive markets.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

We maintain various financial instruments recorded at cost in the March 31, 2015 and 2014 combined balance sheets that are not required to be recorded at fair value. For cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and accrued liabilities, the carrying amount approximates fair value because of the short-term maturity of the instruments. For due to related parties and debt, the carrying amount approximates fair value based on comparable market interest rates for similar instruments.

New accounting standards

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. ASU 2014-09 is effective for us on January 1, 2017. Early application is not permitted. The standard permits the use of either a retrospective or cumulative effect transition method. We have not determined which transition method we will adopt, and we are currently evaluating the impact that ASU 2014-09 will have on our financial statements and related disclosures upon adoption.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity s Ability to Continue as a Going Concern, which requires management to evaluate, at each annual and interim reporting period, whether there are conditions or events that raise substantial doubt about the entity s ability to continue as a going concern within one year after the date the financial statements are issued and to provide related disclosures. ASU 2014-15 is effective

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for us for our fiscal year ending December 31, 2016 and for interim periods thereafter. We are currently evaluating the impact of this standard on our financial statements.

In March 2015, the FASB issued ASU No. 2015-03, Interest Imputation of Interest (Subtopic 835-30):, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for us for our fiscal year starting December 31, 2015 and for interim periods within those fiscal years. We are currently evaluating the impact of this standard on our financial statements.

3. Property and equipment

Property and equipment consists of the following:

	As of March 31, 2015	As of December 31, 2014
Wind energy systems	5,148,439,380	5,148,439,380
Office equipment and computers	343,634	368,934
Other equipment	5,185,840	5,185,840
Less: Accumulated depreciation	(969,973,580)	(917,526,530)
Add: Construction in progress		
Property and equipment, net	**4,183,995,274**	**4,236,467,624**

Depreciation expense was INR 52,447,050 and INR 39,864,903 for the three-month periods ended March 31, 2015 and 2014, respectively.

4. Other Assets

Other assets consist of the following:

	As of March 31, 2015		As of December 31, 2014	
	Current	Non-Current	Current	Non-Current
Advance recoverable from Supplier	907,261		2,077,261	
GBI Receivables	29,382,445		62,953,045	
Prepaid Land lease rent	5,390,366	99,132,813	5,390,366	100,461,944
Capital Advance		1,300,000		
Deposits with banks			9,000,000	
Advance tax	16,562,388	8,357,660	18,231,097	
Prepaid Expenses	6,205,916			
Others	9,712,373	425,000	10,479,628	3,186,107
	68,160,749	**109,215,473**	**108,131,397**	**103,648,051**

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5. Asset retirement obligations

Activity in asset retirement obligations for the periods ended March 31, 2015 and 2014 is as follows:

	As of March 31, 2015	As of December 31, 2014
Balance at the beginning of the period	92,929,601	71,257,279
Additional obligation		13,878,087
Accretion	2,186,304	7,794,235
Balance at the end of the period	**95,115,905**	**92,929,601**

6. Debt

Debt consists of the following:

	As of March 31, 2015	As of December 31, 2014
Current	307,483,294	305,180,720
Long term	2,211,473,250	2,290,071,004
Total Principal	**2,518,956,544**	**2,595,251,724**

ENRE

ENRE executed a loan agreement on March 19, 2010 with the Indian Renewable Energy Development Agency Limited (IREDA).

The sanctioned term loan from IREDA was for INR 1,860,000,000, carried a rate of interest of 11.6% and required repayment of principal in 48 installments from September 30, 2011 to June 30, 2023. The loan amount borrowed, rate of interest and repayment of principal was revised to INR 1,842,059,000, 12.25% and 48 installments from March 31, 2012 to December 31, 2023, respectively. The term loan is secured by a mortgage and hypothecation of all existing and future immoveable and movable assets of ENRE and is further secured through a trust and retention account, bank guarantee and pledge of equity in ENRE.

ENWP

ENWP executed a rupee loan agreement on June 21, 2012 (and as amended/modified from time to time) with IREDA.

The term loan sanctioned from IREDA is for INR 745,000,000, carries a rate of interest of 12.25% and requires quarterly repayment of principal in 44 installments from March 31, 2015 to December 31, 2025. The term loan is secured by a mortgage and hypothecation of all existing and future immoveable and movable assets of ENWP and is further secured through a trust and retention account and pledge of equity in ENWP.

GEI

GEI executed a loan agreement on January 29, 2008 with IREDA.

The sanctioned term loan from IREDA was for INR 1,186,500,000, carried a rate of interest of 10.25% and required repayment of principal in 40 installments from March 31, 2009 to December 31, 2018. The rate of

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interest and repayment of principal was revised to 12.50% and 25 installments from December 31, 2012 to December 31, 2018 respectively. The term loan is secured by a mortgage and hypothecation of all existing and future immoveable and movable assets of GEI and is further secured through a trust and retention account, bank guarantee and pledge of equity in GEI.

Maturities

The aggregate amounts of payments on long-term debt due after March 31, 2015 are as follows:

Year	2015-16	2016-17	2017-18	2018-19	2019-20	Thereafter
Maturities of long-term debt	307,483,294	316,253,016	321,839,016	297,286,016	223,627,016	1,052,468,198

The debt arrangements contain certain representations, covenants and warranties of the borrower companies including limitations on business activities, guarantees, project maintenance standards, debt equity ratios and minimum debt service reserve requirements. The debt service reserve money is required to be maintained out of the cash flows generated from the project, which shall be funded through the receivables from business operations.

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other liabilities consist of the following:

	As at March 31, 2015	As at December 31, 2014
Payable to employees	72,820	79,133
Accrued expenses	5,276,233	873,302
	5,349,053	**952,435**

8. Income taxes

Income tax balances are determined and reported herein under the separate return method.

Income tax credit consists of the following:

	Current	Deferred	Total
Period ended March 31, 2015	4,249,766	29,271,056	33,520,822
Period ended March 31, 2014	625,456	53,221,523	53,846,979

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Tax rate reconciliation

The applicable Indian statutory tax rate for the tax quarter ended 2015 is 34.61%. Income tax credit differed from the amounts computed by applying the statutory Indian income tax rate of 34.61% to profit/(loss) before income taxes.

	For the quarter ended March 31, 2015
Income tax at Indian statutory rate	34.61%
Increase (reduction) in income taxes:	
Impact of valuation allowance	1.37%
Impact of tax holidays	24.72%
Effective tax benefit rate	60.70%

Significant components of deferred taxes

The significant component of deferred tax assets and liabilities for the quarter ended March 31, 2015 and year ended December 31, 2014 are as follows:

	As of March 31, 2015	**As of December 31, 2014**
Deferred tax assets:		
Asset retirement obligations	32,919,614	32,162,935
Total deferred tax assets	32,919,614	32,162,935
Deferred tax liabilities:		
Property and equipment	170,069,839	199,340,895
Total deferred tax liabilities	170,069,839	199,340,895
Valuation allowance	32,919,614	32,162,935
Net deferred tax liabilities	170,069,839	199,340,895

The Companies have unabsorbed depreciation for Indian income tax purposes of INR 689,407,664 as at March 31, 2015 and INR 592,181,412 as at March 31, 2014 which are available to offset future taxable income, if any, over an indefinite period. The Companies have a minimum alternate tax credit of INR 34,576,107 as at March 31, 2015 which are available to offset future taxes expire during the period from March 31, 2019 and March 31, 2022. The minimum alternate tax rate is 19.05%. A deferred tax asset has not been recognized since the amounts are forecasted to be utilized during the Companies tax holiday periods and have no overall impact.

The Companies have a tax holiday which expires 15 years from the date of commissioning of the wind energy system and is available for a 10 year period starting from the date on which the project entity starts claiming the holiday. The tax holiday provides for a zero percent tax rate during the years it applies. The 10 year tax holiday periods apply from March 31, 2012, March 31, 2015 and March 31, 2018 for GEI, ENRE and ENWP, respectively. The tax holiday ends on March 31, 2022, March 31, 2025 and March 31, 2028 for GEI, ENRE and ENWP, respectively.

The change in valuation allowance is INR 756,680 during the quarter ended March 31, 2015.

The 2014 and 2013 tax years remain open to examination by tax authorities.

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The Companies have recognized tax benefits only for tax positions that are more likely than not to be sustained upon examination by tax authorities. As of March 31, 2015 and 2014, the total unrecognized tax benefits amounted to INR 13,900,766 and INR 13,900,766, respectively, towards tax benefits and deductibility of expenses which result in a reduction of unabsorbed depreciation carryforwards. These unrecognized tax benefits, if recognised, would affect the effective tax rate. Given the expectation that the carryforwards would be expected to be utilized during the tax holiday periods, the unrecognized tax benefits would have no overall impact.

9. Related parties

Management and Technical Fees

The Companies entered into a Technical and Management Services Agreement with FERSA Spain and FERSA India, whereby above entities will provide technical and management services such as provision of financial services, advising and supporting on day to day operational issues and provision and coordination of legal and tax advice, primarily on a cost-reimbursement basis, plus a 7.5% fee on arm length s basis. Costs incurred for these services were INR 7,312,483 and INR 2,668,220 for the three-month periods ended March 31, 2015 and 2014, respectively. Related amounts were reported as cost of operations in the combined statements of income and were reflected in operating activities in the combined statements of cash flows. Amounts payable to FERSA (included in Due to related parties) in respect of the above management and technical fees is INR 5,882,026 and INR 6,412,042 as at March 31, 2015 and December 31, 2014, respectively.

Net parent investment

Net parent investment account represents common stock and additional paid in capital of ENRE, GEI and ENWP, net of intercompany investments.

Holders of common stock are entitled to one vote per share, and to receive dividends and, upon liquidation or dissolution, are entitled to receive all assets available for distribution to stockholders. The holders have no preemptive or other subscription rights and there are no redemption or sinking fund provisions with respect to such shares.

10. Commitments and contingencies

From time to time, the Companies have become involved in claims and legal matters arising in the ordinary course of business. Management is not currently aware of any matters that will have a material adverse effect on the financial position, results of operations, or cash flows of the Companies.

Contingency

There are certain pending matters relating to the sub-lease of /rights in certain portions of lands for one of the projects in which the lessor holds lease rights. The sub-lease is subject approvals from certain government authorities. The project company believes that there are no irregularities in its right to use the land and based on the opinion of its legal counsel believes that the likelihood of an unfavourable outcome of its lease rights of the said land is not probable. In addition, the Company believes that no further settlement or any significant additional liability is expected on account of such matters pending resolution.

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Operating Lease

The Companies have entered into operating lease for Registered Office of the Companies. Rent expense, included in General and Administrative Expenses in the combined statements of Income, was INR 486,000 and INR 445,500 for the three-month periods ended March 31, 2015 and 2014, respectively.

The future minimum payments related to these leases as of March 31, 2015, are as follows:

	Amount
2015-16	682,400
Thereafter	

Purchase Commitments

ENWP has entered an into an agreement with Wind World (India) Limited (WWIL), whereas the WWIL will install an online WEG monitoring mechanism at all WEG commissioned which will help ENWP to view the daily information from their own location.

ENWP had open commitments of INR 1,300,000 and INR 522,379 as at March 31, 2015 and December 31, 2014 respectively.

11. Segment information

The Companies are engaged in one reportable segment that operates a portfolio of wind energy generation assets. The Companies operate as a single reportable segment based on a management approach. This approach designates the internal reporting used by management for making decisions and assessing performance as the source of the reportable segments. The Companies chief operating decision maker (the CODM), its Board of Directors manages the Companies operation.

Revenue for the periods ended March 31, 2015 and 2014 were from customers located in India. Customers include government controlled public electricity distribution entities. Revenue to specific customers exceeding 10% of total revenue for the periods ended March 31, 2015 and 2014 were as follows:

Customer Name	For the three-month periods ended March 31, 2015		2014	
	Revenue	Percent	Revenue	Percent
Customer 1	42,360,018	44%	43,327,006	62%
Customer 2	24,449,036	26%	25,997,961	38%
Customer 3	28,684,223	30%		0%

All property, plant and equipment of the Companies are located in India.

12. Subsequent events

For the combined financial statements as of and for the periods ended March 31, 2015 and 2014, we have evaluated subsequent events through June 9, 2015, the date the combined financial statements were available to be issued and determined that no subsequent events had occurred that would require additional disclosures.

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Empresa de Generación Eléctrica de Junín S.A.C.

Interim statement of financial position

As of March 31, 2015 (unaudited) and December 31, 2014 (audited)

	Note	March 31, 2015 S/.(000)	December 31, 2014 S/.(000)
Assets			
Current assets			
Cash and cash equivalents	3	5,613	4,973
Trade accounts receivable	4	11,312	3,539
Accounts receivable from related parties	11(b)	102	95
Other accounts receivable	5	1,814	506
Other assets		44	
Total current assets		18,885	9,113
Non-current assets			
Other accounts receivable	5	24,240	17,752
Property, plant and equipment	6	240,441	245,487
Intangible assets, net		23	25
Total non-current assets		264,704	263,264
Total assets		283,589	272,377
Liabilities and equity			
Current liabilities			
Loans and borrowings	7	1,109	1,674
Trade accounts payable		203	557
Accounts payable to related parties	11(b)	1,636	9,866
Other accounts payable		760	243
Total current liabilities		3,708	12,340
Non-current liabilities			
Accounts payable to related parties	11(b)	864	5,897
Loans and borrowings	7	207,044	178,988
Deferred taxes	9(a)	2,931	337
Total non-current liabilities		210,839	185,222
Total liabilities		214,547	197,562
Equity			
Share capital		53,475	53,475

Additional capital	37,413	37,413
Accumulated losses	(21,846)	(16,073)
Total equity	69,042	74,815
Total liability and equity	283,589	272,377

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Empresa de Generación Eléctrica de Junín S.A.C.

Interim statement of comprehensive income (unaudited)

For the three-month periods ended March 31, 2015 and 2014

	Note	March 31, 2015 S/.(000)	March 31, 2014 S/.(000)
Revenue			
Energy sales	1	10,609	
Power sales		657	
		11,266	
Cost of sales	8	(2,786)	
Gross profit		8,480	
Operating expenses			
Administrative expenses		(737)	(213)
Operating profit (loss)		7,743	(213)
Financial income			7
Financial expenses		(4,023)	(31)
Exchange losses, net		(6,899)	(449)
Loss before income tax		(3,179)	(686)
Income tax	9(b)	(2,594)	
Net loss		(5,773)	(686)
Other comprehensive income			
Total comprehensive income of the period		(5,773)	(686)

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Empresa de Generación Eléctrica de Junín S.A.C.

Interim statement of changes in equity (unaudited)

For the three-month periods ended March 31, 2015 and 2014

	Share capital S/.(000)	Additional capital S/.(000)	Accumulated losses S/.(000)	Total S/.(000)
As of January 1, 2014	**42,379**	**29,646**	**(4,585)**	**67,440**
Net loss for the period			(686)	(686)
Capital contribution	2,226	1,558		3,784
As of March 31, 2014	**44,605**	**31,204**	**(5,271)**	**70,538**
As of January 1, 2015	**53,475**	**37,413**	**(16,073)**	**74,815**
Net loss for the period			(5,773)	(5,773)
As of March 31, 2015	**53,475**	**37,413**	**(21,846)**	**69,042**

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Empresa de Generación Eléctrica de Junín S.A.C.

Interim statement of cash flows (unaudited)

For the three-month period ended March 31, 2015 and 2014

	March 31, 2015 S/.(000)	March 31, 2014 S/.(000)
Operating activities		
Collections from customers	3,496	
Payments to suppliers	(2,425)	(217)
Payments of taxes, interest and other, net	(5,026)	(4,929)
Net cash flow used in operating activities	(3,955)	(5,146)
Investing activities		
Restricted funds	(6,862)	
Purchase of property, plant and equipment	(8,242)	(29,148)
Purchase of intangible assets		(418)
Net cash used in investing activities	(15,104)	(29,566)
Financing activities		
Proceeds from borrowings	27,401	46,208
Repayment of borrowings	(2,715)	(8,762)
Repayment of borrowings from related parties	(4,987)	
Capital contribution		3,784
Net cash flows from financing activities	19,699	41,230
Net increase in cash and cash equivalents for the period	640	6,518
Cash and cash equivalents at beginning of period	4,973	15,827
Cash and cash equivalents at end of the period	5,613	22,345

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Empresa de Generación Eléctrica de Junín S.A.C.

Notes to the interim financial statements

As of March 31, 2015 and December 31, 2014

1. Identification and business activity

(a) Identification

Empresa de Generación Eléctrica de Junín S.A.C. (hereafter the Company) is a Peruvian entity incorporated on December 14, 2009, in the city of Lima by Latin America Power Perú S.A.C. (a subsidiary of Latin America Power Holding B.V., domiciled in the Netherlands) and GCZ Energía

S.A.C., which respectively hold 70 percent and 30 percent of the voting shares of the Company s capital stock.

(b) Business activity

The Company is dedicated to the generation and sale of electricity to local private and state-owned companies, as well as to engineering activities, and actions related to its business activity. Its legal domicile is Av. del Pinar N° 152, Oficina N° 508, Santiago de Surco, Lima, Peru.

Through Ministerial Resolution N° 072-2012-MEM/DM dated February 16, 2012, the Peruvian State via the Ministry of Energy and Mines (hereafter MEM) awarded the Company the definite concession to develop electric generation activities at the Runatullo III Hydroelectric Plant, located in the Mariscal Castilla and Comas districts, province of Concepción, department of Junín. Also, through Ministerial Resolution N° 114-2012-MEM/DM, dated March 2, 2012, the Peruvian State via MEM awarded the Company the definite concession to develop electric generation activities at the Runatullo III Hydroelectric Plant, located in the Mariscal Castilla and Comas districts, province of Concepción, department of Junín, and also approved the subscription of the Concession Contract between the Peruvian State, represented by MEM, and the Company, which took place on September 30, 2011.

On September 30, 2011, the Company was awarded the Tender on Electricity Supply through renewable energy resources (hereafter RER) called by the Supervising Agency of Investments in Energy and Mining (OSINERGMIN), which, among other RER generating projects, selected the Runatullo III Hydroelectric Plant as supplier of electricity for the National Interconnected Electric System (SEIN under its Spanish acronym) for a 20-year term. The Company committed to start commercial operations at the Runatullo III Hydroelectric Plant, at the latest, on December 15, 2014. As a consequence, the Company and the Peruvian State entered into the corresponding supply contract. The construction of these Plants was performed by its related party GCZ Ingenieros S.A.C.

On December 12, 2013, the Company was awarded the Tender on Electricity Supply through RER called by OSINERGMIN, which among other RER generating projects, selected the Runatullo II Hydroelectric Plant as supplier of electricity for the SEIN for a 20-year period maturity, which establish that, through the mechanism of RER Auctions, the Company receives a fixed fee per megawatt established for each hydroelectric plant. The Company committed to start commercial operations at the Runatullo II Hydroelectric Plant, at the latest, on December 15, 2014. As consequence, the Company and the Peruvian State subscribed the corresponding supply contract.

In November 2014, the Company started operations at the Runatullo III Hydroelectric Plant, which has 20.2 MW of installed capacity.

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In December 2014, the Company started operations at Runatullo II Hydroelectric Plant, which is located all along the Runatullo River located at 6 Km in the department of Junin, which has 19.1 MW of installed capacity.

2. Basis of preparation and changes to accounting policies

2.1 Basis of preparation

The interim financial statements for the three months ended 31 March 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at 31 December 2014.

2.2 New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2014. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. Cash and cash equivalents

(a) Following is the composition of this caption:

	March 31, 2015 S/.(000)	**December 31, 2014 S/.(000)**
Current accounts(b)	4,025	895
Trust fund account(c)	1,588	4,078
	5,613	4,973

(b) As of March 31, 2015 and December 31, 2014, the Company keeps current accounts in local banks, denominated in local and foreign currency, which are unrestricted and do not bear interest.

(c) As of March 31, 2015 and December 31, 2014, this balance corresponds to disbursements received from the syndicated loan the Company has with Banco Internacional del Perú S.A.A., the Corporación Andina de Fomento (CAF) and the Corporación Financiera de Desarrollo S.A. (COFIDE), which become available according to the execution and advances of construction works of Runatullo II and Runatullo III Hydroelectric Plants. This account is managed by La Fiduciaria S.A., as indicated by the trust agreement. As of the date of this report, these balances were entirely used for the finalization of the plants construction.

4. Trade accounts receivable

(a) Following is the composition of this caption:

	March 31, 2015 S/.(000)	December 31, 2014 S/.(000)
Trade accounts receivable(b)	1,642	1,109
Accrued income(c)	9,670	2,430
	11,312	3,539

(b) Trade accounts receivable correspond mainly to the estimation performed by Management of accounts receivable from energy delivered but not billed in the month. These accounts receivable are billed on the first days of the following month and are denominated in Nuevos Soles.

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As of March 31, 2015 and December 31, 2014, the aging of the balance of accounts receivable is mainly comprised by non-past due balances shorter than 30 days.

(c) Corresponds to unbilled sales of energy delivered into the current month. These sales are invoiced within the billing cycle of the following month.

(d) No provision for doubtful accounts as of March 31, 2015 and December 31, 2014 was recorded as management assessed that there were no significant risks of default.

5. Other accounts receivable

(a) Following is the composition of this caption:

	March 31, 2015 S/.(000)	December 31, 2014 S/.(000)
Value Added Tax credit(b)	17,633	18,227
Restricted funds(c)	6,862	
Advances to suppliers	1,472	7
Advance payment of Income Tax	57	
Other accounts receivable	30	24
	26,054	18,258
Current	1,814	506
Non-current	24,240	17,752
	26,054	18,258

(b) During 2015 and 2014, this caption corresponds mainly to the Value Added Tax VAT credit as result of purchases and acquisitions from suppliers for the construction of the Runatullo II and Runatullo III Hydroelectric Plants. Said VAT credit will be applied to the tax payable in the medium-term.

(c) Corresponds to the fiduciary reserve deposit made as result of the loan with Banco Internacional del Perú S.A.A., see note 7(a). As of March 31, 2015 the deposits is equivalent to two installments of the aforementioned loan, according to the maturity schedule.

6. Property, plant and equipment

(a) Following is the movement and composition of the caption at the date of the financial statements:

	Cost S/.(000)	Accumulated depreciation S/.(000)	Net book value S/.(000)

As of March 31, 2015			
Balance as of January 1, 2015	245,703	(216)	245,487
Additions	13	(1,335)	(1,322)
Reclassfication(d)	(3,724)		(3,724)
Balance as of March 31, 2015	241,992	(1,551)	240,441
As of December 31, 2014			
Balance as of January 1, 2014	147,816		147,816
Additions(b)	86,978	(216)	86,762
Interest capitalization(c)	10,909		10,909
Balance as of December 31, 2014	245,703	(216)	245,487

(b) As of December 31, 2014, additions correspond to civil works, electromechanic works and transmission lines that are part of the construction and development of the Runatullo II and Runatullo III Hydroelectric Plants.

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(c) The Company ended the construction of Runatullo III Hidroelectric plant in November 2014 and Runatullo II Hidroelectric plant in December 2014. These constructions are financed by Banco Internacional del Perú S.A.A.

The amount of borrowing costs capitalized during the year ended December 31, 2014 was S/.10,909,000. The rate used to determine the amount of borrowing cost eligible for capitalization was 8.06 percent which is the average effective interest rate of the specific borrowings.

(d) Corresponds to the reclassification of the financial commissions for structuring the loans, to the account Loans and borrowings , see note 7.

7. Loans and borrowings

(a) Following is the composition of this caption:

	Annual interest rate	**Maturity**	**Currency**	**Guarantee**	**March 31, 2015 S/.(000)**	**December 31, 2014 S/.(000)**
Loans(b)						
Banco Internacional del Perú S.A.A.(b)	8.5%	April 2026	US$	Property	52,339	48,710
Banco Internacional del Perú S.A.A.(b)	8.7%	April 2028	US$	Property	69,992	65,139
Banco Internacional del Perú S.A.A.(b)	3 month Libor + 6%	April 2028	US$	Property	69,992	65,139
Banco BTG Pactual S.A. Cayman Branch(c)	9%	December 2019	US$	Property	18,583	
Banco Internacional del Perú S.A.A.	6.8%		S/.	Property	1,109	1,674
					212,015	180,662
Structuring fees					(3,862)	
Total					208,153	180,662
Maturities						
Current portion					1,109	1,674
Non-current portion					207,044	178,988
Total					208,153	180,662

In order to comply with the financial obligations above mentioned, the Company constituted a trust fund with La Fiduciaria.

(b) On March 16, 2015, the Company received the last disbursement of the syndicated loan for US$2,218,000 (equivalent to S/. 6,873,000), that was used to pay obligations with the suppliers involved in the construction of the Hydroelectric Plants.

(c)

Corresponds to the commercial loan for US$6,000,000 (equivalent to S/.18,378,000) obtained on February 5, 2015, that was used to start commercial operations of the Runatullo II and III Hydroelectric Plant.

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8. Cost of sales

Following is the composition of this caption:

	For the three months ended 31 March 2015 S/.(000)	2014 S/.(000)
Depreciation, note 6	1,335	
Operating and maintenance cost	550	
Insurance	387	
Taxes	130	
Amortization of intangible assets	2	
Other	382	
	2,786	

9. Income tax

(a) Following is the composition of the deferred income tax:

	March 31, 2015 S/.(000)	December 31, 2014 S/.(000)
Difference of book and tax depreciation rates	(2,853)	(321)
Amortization of capitalized interest	(89)	(16)
Other	11	
Deferred income tax liability, net	(2,931)	(4,469)

(b) The Company calculates the income tax expense of the period using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim statement of comprehensive income are:

	For the three months ended 31 March 2015 S/.(000)	2014 S/.(000)
Current income tax expense		
Deferred income tax expense	(2,594)	
	(2,594)	

10. Contingencies

There are no significant trials or lawsuits pending resolution against the Company as of March 31, 2015 and December 31, 2014.

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11. Transactions with related entities

(a) During the three months ended March 31, 2015 and 2014, the Company performed the following transactions with related entities, which were performed under market conditions:

	For the three months ended 31 March	
	2015	**2014**
	S/.(000)	**S/.(000)**
Services received		
GCZ Servicios S.A.C.	977	130
GCZ Ingenieros S.A.C.	169	253
GCZ Desarrollo y Gestión S.A.C.		62
	1,146	445

(b) As consequence of these and other minor transactions, the Company held the following accounts receivable and accounts payable with related entities as of March 31, 2015 and December 31, 2014:

	March 31,	**December 31,**
	2015	**2014**
	S/.(000)	**S/.(000)**
Accounts receivable		
Current		
GCZ Ingenieros S.A.C.	100	32
Advances to suppliers		
GCZ Ingenieros S.A.C.		61
GCZ Desarrollo y Gestión S.A.C.	2	2
	2	63
Total	102	95
Accounts payable		
GCZ Ingenieros S.A.C.	1,636	9,344
GCZ Servicios S.A.C.		452
GCZ Construcción S.A.C.		29
GCZ Desarrollo y Gestión S.A.C.		21
	1,636	9,846
Loans payable		
Current		
EGE Junín Tulumayo IV S.A.C.		10
EGE Junín Tulumayo V S.A.C.		10

Latin America Power Perú S.A.C.	864	5,897
	864	5,917
Total	2,500	15,763

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	March 31, 2015 S/.(000)	December 31, 2014 S/.(000)
Maturities:		
Current	1,636	9,866
Non-current	864	5,897
Total	2,500	15,763

12. Information on fair value of financial instruments

Following is shown a comparison by category of carrying amounts and fair values of financial instruments of the Company presented in the financial statements:

	Book value		Fair value	
	March 31, 2015 S/.(000)	December 31, 2014 S/.(000)	March 31, 2015 S/.(000)	December 31, 2014 S/.(000)
Financial liabilities				
Loans and borrowings:				
Fixed rate loans	208,153	180,662	244,265	209,524
Total	208,153	180,662	244,265	209,524

Management estimates that there are no significant differences between the book value and the fair value of the other Company s financial instruments as of March 2015 and December 31, 2014.

13. Subsequent events

Between April 1, 2015, and the issuance date of the present financial statements (May 30, 2015), there have not been any significant subsequent events of financial-accounting nature that could affect the interpretation of the present financial statements.

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Hidroeléctrica Santa Cruz S.A.C.

Interim statement of financial position

As of March 31, 2015 (unaudited) and December 31, 2014 (audited)

	Note	March 31, 2015 S/.(000)	December 31, 2014 S/.(000)
Assets			
Current assets			
Cash and cash equivalents	3	1,555	1,406
Trade accounts receivable	4	5,898	2,566
Other accounts receivable	5	756	3,702
Accounts receivable from related parties	12(b)	3	
Prepaid expenses and other		754	375
Total current assets		8,966	8,049
Non-current assets			
Other accounts receivable	5	7,613	5,121
Property, plant and equipment	6	153,637	154,482
Intangible assets, net		2,228	2,280
Total non-current assets		163,478	161,883
Total assets		172,444	169,932
Liabilities and equity			
Current liabilities			
Loans and borrowings	7	8,617	8,263
Trade accounts payable		123	304
Accounts payable to related parties	12(b)	282	5
Other accounts payable		765	471
Derivative financial instruments	8	11,254	8,722
Total current liabilities		21,041	17,765
Non-current liabilities			
Loans and borrowings	7	112,303	112,129
Deferred taxes	10(a)	5,148	4,469
Total non-current liabilities		117,451	116,598
Total liabilities		138,492	134,363

Equity		
Share capital	31,238	31,238
Legal reserve	6,248	6,248
Other reserves	4,198	4,198
Accumulated losses	(7,732)	(6,115)
Total equity	33,952	35,569
Total liability and equity	172,444	169,932

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Hidroeléctrica Santa Cruz S.A.C.

Interim statement of comprehensive income (unaudited)

For the three-month periods ended March 31, 2015 and 2014

	Note	March 31, 2015 S/.(000)	March 31, 2014 S/.(000)
Revenue			
Energy sales	1	10,089	7,549
Power sales		336	411
Other operating income		57	123
		10,482	8,083
Cost of sales	9	(2,306)	(2,242)
Gross profit		8,176	5,841
Operating expenses			
Administrative expenses		(499)	(415)
Operating profit		7,677	5,426
Financial income			2
Financial expenses		(4,858)	(9,787)
Exchange losses, net		(3,433)	(508)
Loss before income tax		(614)	(4,867)
Income tax	10(b)	(679)	(786)
Net loss		(1,293)	(5,653)
Other comprehensive income			
Total comprehensive income for the period		(1,293)	(5,653)

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Hidroeléctrica Santa Cruz S.A.C.

Interim statement of changes in equity (unaudited)

For the three-month periods ended March 31, 2015 and 2014

	Share capital S/.(000)	Legal reserve S/.(000)	Other reserves S/.(000)	Accumulated losses S/.(000)	Total S/.(000)
As of January 1, 2014	**31,238**	**6,248**	**4,198**	**3,746**	**45,430**
Net loss for the period				(5,653)	(5,653)
Dividend distribution				(983)	(983)
At March 31, 2014	**31,238**	**6,248**	**4,198**	**(2,890)**	**38,794**
As of January 1, 2015	**31,238**	**6,248**	**4,198**	**(6,115)**	**35,569**
Net loss for the period				(1,293)	(1,293)
Dividend distribution, note 12(c)				(324)	(324)
As of March 31, 2015	**31,238**	**6,248**	**4,198**	**(7,732)**	**33,952**

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Hidroeléctrica Santa Cruz S.A.C.

Interim statement of cash flows (unaudited)

For the three-month period ended March 31, 2015 and 2014

	March 31, 2015 S/.(000)	March 31, 2014 S/.(000)
Operating activities		
Collections from customers	7,136	6,604
Payments to suppliers	(1,774)	(1,380)
Payments of taxes, interest and other, net	(2,209)	(2,849)
Net cash flow from operating activities	3,153	2,375
Investing activities		
Restricted funds	(62)	(8)
Purchase of property, plant and equipment	(562)	(313)
Net cash used in investing activities	(624)	(321)
Financing activities		
Repayment of borrowings	(2,056)	(1,801)
Dividends paid	(324)	(983)
Net cash flows used in financing activities	(2,380)	(2,784)
Net increase (decrease) in cash and cash equivalents for the period	149	(730)
Cash and cash equivalents at beginning of the period	1,406	2,980
Cash and cash equivalents at the end of the period	1,555	2,250

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Hidroeléctrica Santa Cruz S.A.C.

Notes to the interim financial statements

As of March 31, 2015 (unaudited) and December 31, 2014 (audited)

1. Identification and business activity

(a) Identification

Hidroeléctrica Santa Cruz S.A.C. (hereafter the Company) is a Peruvian entity incorporated on December 21, 2006, in the city of Lima, subsidiary of Latin America Power Perú S.A.C. (a Subsidiary of Latin America Power Holding B.V., domiciled in the Netherlands), which holds 65.7 percent of the voting shares of the Company s capital stock (a 30.54 percent direct participation, and a 35.16 percent indirect participation through HSC Holding S.A.C.).

(b) Business activity

The Company is dedicated to the generation and sale of electricity to local private and state-owned companies, as well as to engineering activities, and actions related to its business activity. Its legal domicile is Av. del Pinar N° 152, Oficina N° 508, Santiago de Surco, Lima, Peru.

As of March 31, 2015 and 2014, the Company is developing the Santa Cruz III Hydroelectric Plant, which is located all along the Santa Cruz River (Caraz, department of Áncash). Said plant will have 2.8 MW of generation capacity. Construction started in January 2015 and commercial operations are estimated to start by July 2016.

On January 12, 2012, and February 15, 2012, the Company started the commercial operations of Group 1 and Group 2, respectively, of the Huasahuasi I Hydroelectric Plant, which has 10.0 MW of generation capacity. Said plant is located in the basins of the Huasahuasi and Huacuas rivers, Huasahuasi district, province of Tarma, department of Junín.

On April 18, 2012, and May 5, 2012, the Company started the commercial operations of Group 1 and Group 2, respectively, of the Huasahuasi II Hydroelectric Plant, which has 10.0 MW of generation capacity. Said plant is located in the basins of the Huasahuasi and Huacuas rivers, Huasahuasi district, province of Tarma, department of Junín.

In 2010, the Company started operations of the Santa Cruz II Hydroelectric Plant, which has 7.4 MW of generation capacity.

In 2009, the Company started operations of the Santa Cruz I Hydroelectric Plant, which is located on the Santa Cruz River (15 km north of the city of Caraz, department of Áncash), which has 6.0 MW of generation capacity.

In 2008, the Company entered the Regime of Investment Promotion on Electricity Generation by Using Renewable Energy Resources (hereafter RER), through which the Company supplies the

National Interconnected Electric System (SEIN under its Spanish acronym) with energy generated by its four hydroelectric plants that are currently operating. For this purpose, the Company and the Peruvian government signed RER contracts, which have a 20-year period maturity, which establish that, through the mechanism of RER Auctions, the Company receives a fixed fee, adjusted for WPSSOP3500 rate (finished goods less food and energy), per megawatt established for each hydroelectric plant.

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2. Basis of preparation and changes to accounting policies

2.1 Basis of preparation

The interim financial statements for the three months ended 31 March 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at 31 December 2014.

2.2 New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2014. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. Cash and cash equivalents

(a) Following is the composition of this caption:

	March 31, 2015 S/.(000)	December 31, 2014 S/.(000)
Current accounts(b)	688	625
Trust fund account(c)	867	781
	1,555	1,406

(b) As of December 31, 2014 and 2013, the Company keeps current accounts in local banks, denominated in local and foreign currency, are unrestricted and do not bear interest.

(c) Correspond to the collections bank account which include collections from customers of the Company which are deposited in an account in local and foreign currency in a local bank, according to the Trust Agreement subscribed with La Fiduciaria . These balances are freely available.

4. Trade accounts receivable

(a) Following is the composition of this caption:

	March 31, 2015 S/.(000)	December 31, 2014 S/.(000)

Trade accounts receivable(b)	3,262	2,084
Accrued income for RER auctions(c)	2,650	482
	5,912	2,566
Less:		
Provision for doubtful accounts receivable	(14)	
	5,898	2,566

(b) Trade accounts receivable correspond mainly to the estimation performed by Management of accounts receivable from energy delivered but not billed in the month. These accounts receivable are billed on the first days of the following month and are denominated in Nuevos Soles.

As of March 31, 2015 and December 31, 2014, the aging of the balance of accounts receivable is mainly comprised by non-past due balances shorter than 30 days.

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(c) Corresponds to unbilled sales of energy delivered into the current month. These sales are invoiced within the billing cycle of the following month.

5. Other accounts receivable

(a) Following is the composition of this caption:

	March 31, 2015 S/.(000)	December 31, 2014 S/.(000)
Value Added Tax credit(b)	5,304	5,820
Restricted funds(c)	1,669	1,608
Advance payment of Income Tax	640	640
Other accounts receivable	756	755
	8,369	8,823
Current	756	3,702
Non-current	7,613	5,121
	8,369	8,823

(b) During 2015 and 2014, the Value Added Tax VAT credit was generated by purchases and acquisitions from suppliers for the development of electricity generation activities, which will be recovered in the medium term.

(c) Corresponds to the fiduciary reserve deposits made as result of the loan with Banco Internacional del Perú S.A.A., note 7(a). As of March 31, 2015 and December 31, 2014, the deposits are equivalent to two installments of the aforementioned loan, according to the maturity schedule.

6. Property, plant and equipment

(a) Following is the movement and composition of the caption at the date of the financial statements:

	Cost S/.(000)	Accumulated depreciation S/.(000)	Net book value S/.(000)
As of March 31, 2015			
Balance as of January 1, 2015	166,425	(11,943)	154,482
Additions(b)	637	(892)	(256)
Reclassification(c)	(589)		(589)
Balance as of March 31, 2015	166,473	(12,836)	153,637
As of December 31, 2014			
Balance as of January 1, 2014	165,195	(8,222)	156,973

Additions(b)	1,230	(3,721)	(2,491)
Balance as of December 31, 2014	166,425	(11,943)	154,482

(b) As of March 31, 2015 and December 31, 2014, additions correspond mainly to complementary civil works performed at the Santa Cruz II and Huasahuasi II Hydroelectric Plants.

(c) Corresponds to the reclassification of the financial commissions for structuring the loans, to the account Loans and borrowings , see note 7.

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7. Loans and borrowings

(a) Following is the composition of this caption:

		Currency	Guarantee	Fixed annual interest rate	Maturities	Total March 31, 2015 S/.(000)	Total December 31, 2014 S/.(000)
Loans							
Banco Internacional del Perú S.A.A.(b)		US$	Property	7.30%	November 2022	77,251	75,862
Structuring fees						(437)	
						76,814	75,862
Finance leases							
BBVA Banco Continental	Leasing	S/.	Equipment	7.35%	June 2019	6,182	6,414
BBVA Banco Continental	Leasing	S/.	Property	7.35%	June 2019	3,350	3,476
BBVA Banco Continental	Leasing	US$	Property	7.00%	February 2023	7,614	7,493
BBVA Banco Continental	Leaseback	S/.	Equipment	7.20%	March 2023	13,449	13,737
BBVA Banco Continental	Leaseback	S/.	Property	7.20%	April 2023	2,657	2,718
BBVA Banco Continental	Leaseback	US$	Equipment	6.90%	March 2023	6,885	6,776
BBVA Banco Continental	Leaseback	US$	Property	6.90%	April 2023	3,969	3,916
						44,106	44,530
Total						120,920	120,392
Maturities							
Current portion						8,617	8,263
Non-current portion						112,303	112,129
Total						120,920	120,392

In order to comply with the financial obligations above mentioned, the Company constituted a trust fund with La Fiduciaria.

(b) Corresponds to the commercial loan for US$28,000,000 (equivalent to S/.83,692,000) that was used for the construction and to start commercial operations of the Huasahuasi I and II Hydroelectric Plants, that was granted between 2010 and 2012.

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8. Derivative financial instruments

As of March 31, 2015 and December 31, 2014 the Company has contracted cross currency interest swaps with BBVA Banco Continental in order to manage the interest rate risk. The detail of such instruments is as follows:

			Nominal amount			Fair value	
						March 31,	December 31,
		Maturity			Exchange	2015	2014
Description	Beginning date	date	US$(000)	S/.(000)	rate	S/.(000)	S/.(000)
Swap agreement BBVA Banco Continental	26/10/2010	30/07/2019	6,060	16,878	2.785	3,024	2,249
Swap agreement BBVA Banco Continental	15/03/2013	15/03/2023	6,982	18,048	2.585	6,846	5,380
Swap agreement BBVA Banco Continental	09/04/2013	10/04/2023	1,383	3,551	2.567	1,384	1,093
Total			14,425	38,477		11,254	8,722

Effects of the accounting of derivative financial instruments held by the Company are presented in the Financial expenses caption of the statements of comprehensive income.

9. Cost of sales

Following is the composition of this caption:

	For the three months ended 31 March	
	2015	2014
	S/.(000)	S/.(000)
Depreciation	892	927
Operating and maintenance cost	660	593
Insurance	295	339
Taxes	204	191
Amortization of intangible asset	52	52
Maintenance of fixed assets	8	
Other	195	140
	2,306	2,242

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10. Income tax

(a) Following is the composition of the deferred income tax:

	March 31, 2015 S/.(000)	December 31, 2014 S/.(000)
Tax losses	1,770	1,770
Exchange difference loss considered for tax purposes as cost of plant and equipment	2,008	2,031
Difference of book and tax depreciation rates	(8,297)	(7,679)
Amortization of capitalized interest	(633)	(591)
Other	4	
Deferred income tax liability, net	(5,148)	(4,469)

(b) The Company calculates the income tax expense of the period using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim statement of comprehensive income are:

	For the three months ended 31 March	
	2015 S/.(000)	2014 S/.(000)
Current income tax expense		
Deferred income tax expense	(679)	(786)

11. Contingencies

There are no significant trials or lawsuits pending resolution against the Company as of March 31, 2015 and December 31, 2014.

12. Transactions with related entities

(a) During the three months ended March 31, 2015 and 2014, the Company performed the following transactions with related entities, which were performed under market conditions:

	For the three months ended 31 March	
	2015 S/.(000)	2014 S/.(000)
Services received		
GCZ Servicios S.A.C.	896	734
GCZ Fabricaciones S.A.C.	637	263
	1,533	997

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(b) As a consequence of these and other minor transactions, the Company held the following accounts receivable and accounts payable with related entities as of March 31, 2015 and December 31, 2014:

	March 31, 2015 S/.(000)	December 31, 2014 S/.(000)
Accounts receivable		
GCZ Desarrollo y Gestión S.A.C.	3	
Accounts payable		
GCZ Servicios S.A.C.	119	5
GCZ Fabricaciones S.A.C.	163	
	282	5

The balances of accounts receivable and accounts payable have current maturity.

(c) During March 2015, the Company paid dividends in advance to its shareholders, the detail is as follows:

	S/.(000)
Latin America Power Perú S.A.C.	153
GCZ Energía S.A.C.	97
Manuel Montori	74
	324

13. Information on fair value of financial instruments

Following is shown a comparison by category of carrying amounts and fair values of financial instruments of the Company presented in the financial statements:

	Book value		Fair value	
	March 31, 2015 S/.(000)	December 31, 2014 S/.(000)	March 31, 2015 S/.(000)	December 31, 2014 S/.(000)
Financial liabilities				
Loans and borrowings:				
Fixed rate loans	120,920	120,392	141,188	140,482
Total	120,920	120,392	141,188	140,482

Management estimates that there are no significant differences between the book value and the fair value of the other Company s financial instruments as of March 2015 and December 31, 2014.

14. Subsequent events

Between April 1, 2015, and the issuance date of the present financial statements (May 30, 2015), there have not been any significant subsequent events of financial-accounting nature that could affect the interpretation of the present financial statements.

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Plantas Eólicas, S.R.L.

(A Costa Rican Entity)

Interim condensed statements of financial position

As of March 31, 2015 and December 31, 2014 and 2013

(expressed in US dollars)	Notes	March 31, 2015 (Unaudited)	December 31, 2014 (Audited) restated (note 2.2)	December 31, 2013 (Audited) restated (note 2.2)
ASSETS				
Current assets:				
Cash	4	**$ 847,166**	$ 815,424	$ 341,813
Accounts and notes receivable	5	**2,325,738**	747,502	639,071
Spare parts inventory		**682,225**	732,524	695,859
Prepaid expenses		**30,434**	67,185	71,931
Income tax paid				112,682
Total current assets		**3,885,563**	2,362,635	1,861,356
Non-current assets:				
Property, plant and equipment	6	**1,058,724**	977,754	1,027,168
Other financial assets		**13,418**	11,857	14,660
Total assets		**$ 4,957,705**	$ 3,352,246	$ 2,903,184
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable and accrued expenses		**$ 236,077**	$ 185,009	$ 104,326
Accounts payable to related parties	7	**98,611**	72,280	83,545
Income tax payable		**494,657**	291,090	
		829,345	548,379	187,871
Non-current liabilities:				
Deferred income tax, net		**53,499**	63,306	55,302
Decommissioning provision		**586,984**	571,448	527,563
Total liabilities		**1,469,828**	1,183,133	770,736
Equity:				
Capital quotas		**376,881**	376,881	376,881
Legal reserve		**37,504**	37,504	37,504
Retained earnings		**3,073,492**	1,754,728	1,718,063
Total equity		**3,487,877**	2,169,113	2,132,448

Total liabilities and equity	**$ 4,957,705**	$ 3,352,246	$ 2,903,184

The accompanying notes are part of the interim condensed financial statements.

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Plantas Eólicas, S.R.L.

(A Costa Rican Entity)

Interim condensed statements of comprehensive income

For the three-month periods ended March 31, 2015 and 2014

(expressed in US dollars)	Notes	March 31, 2015 (Unaudited)	March 31, 2014 (Unaudited)
Income:			
Sale of electric power and capacity charge		**$ 2,540,612**	$ 2,797,199
Operating costs and expenses:			
Cost of operations		**511,888**	472,465
Administrative expenses		**281,784**	304,992
Depreciation of non-financial assets		**4,702**	56,694
Total operating costs and expenses		**798,374**	834,151
Operating income		**1,742,238**	1,963,048
Other income (expenses):			
Interest income		**3,776**	1,231
Finance costs from decommissioning provision		**(7,229)**	(7,287)
Gain on sale of land		**125,464**	
Other operating (expenses) income, net		**(8,167)**	1,721
Exchange rate differences		**15,606**	73,994
Income before income tax		**1,871,688**	2,032,707
Income tax	8	**(552,924)**	(658,111)
Total comprehensive income		**$ 1,318,764**	$ 1,374,596

The accompanying notes are part of the interim condensed financial statements.

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Plantas Eólicas, S.R.L.

(A Costa Rican Entity)

Interim condensed statements of changes in equity

For the three-month periods ended March 31, 2015 and 2014

(expressed in US dollars)	Capital quotas	Legal reserve	Retained earnings Restated (note 2.2)	Total equity Restated (note 2.2)
For the three-month period ended March 31, 2014:				
As of January 1, 2014 (audited)	$ 376,881	$ 37,504	$ 1,718,063	$ 2,132,448
Comprehensive income			1,374,596	1,374,596
As of March 31, 2014 (unaudited)	$ 376,881	$ 37,504	$ 3,092,659	$ 3,507,044
For the three-month period ended March 31, 2015:				
As of January 1, 2015 (audited)	**$ 376,881**	**$ 37,504**	**$ 1,754,728**	**$ 2,169,113**
Comprehensive income			**1,318,764**	**1,318,764**
As of March 31, 2015 (unaudited)	**$ 376,881**	**$ 37,504**	**$ 3,073,492**	**$ 3,487,877**

The accompanying notes are part of the interim condensed financial statements.

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Plantas Eólicas, S.R.L.

(A Costa Rican Entity)

Interim condensed statements of cash flows

For the three-month periods ended March 31, 2015 and 2014

(expressed in US dollars)	March 31, 2015 (Unaudited)	March 31, 2014 (Unaudited)
Operating activities:		
Income before income tax	**$ 1,871,688**	$ 2,032,707
Adjustments to reconcile income before income tax to cash flows from operating activities:		
Depreciation expense	**4,702**	56,694
Gain on sale of land	**(125,464)**	
Loss on disposal of property, plant and equipment		129,856
Finance cost from provisions	**7,229**	7,287
Decommissioning provision	**8,307**	4,889
Interest income	**(3,776)**	(1,231)
	1,762,686	2,230,202
Changes in operating assets and liabilities:		
Accounts receivable	**(1,432,857)**	(1,387,810)
Spare parts inventory	**50,299**	41,388
Prepaid expenses	**36,751**	41,287
Other financial assets	**(1,561)**	909
Accounts payable and accrued expenses	**3,832**	16,787
Accounts payable with related parties	**26,331**	(52,539)
Income tax paid	**(311,928)**	(29,966)
Net cash provided by operating activities	**133,553**	860,258
Investing activities:		
Additions to property, plant and equipment	**(105,587)**	(78,200)
Interest received	**3,776**	1,231
Net cash used in investing activities	**(101,811)**	(76,969)
Net increase in cash	**31,742**	783,289
Cash at beginning of year	**815,424**	341,813
Cash at end of year	**$ 847,166**	$ 1,125,102

The accompanying notes are part of the interim condensed financial statements.

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Plantas Eólicas, S.R.L.

(A Costa Rican Entity)

Notes to interim condensed financial statements

March 31, 2015

(expressed in US dollars)

1. Corporate information

Plantas Eólicas, S.R.L. (Plantas Eólicas or the Company) was incorporated in accordance with the laws of the Republic of Costa Rica on November 9, 1990 for a ninety-nine-year term. Its legal address is in the city of Tilarán, Guanacaste Costa Rica. The Company is a wholly-owned subsidiary of Inversiones Eólicas de Costa Rica, S.A., which in turn is controlled by Globeleq Mesoamerica (Wind) Limited (GME Wind) an entity domiciled in Bermuda and Orosí s ultimate parent is Actis Infrastructure Fund 2LP. The ultimate parent of Plantas Eólicas is Actis Infrastructure Fund 2LP.

The Company s main activity is the generation of electricity from its 23 megawatt (MW) wind electric power generating plant located in Guanacaste, Costa Rica. All the electricity generated by the plant is sold to Instituto Costarricense de Electricidad (ICE).

The Company does not have traded debt or equity in the public markets. The accompanying financial statements have been prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 9.

2. Basis of preparation of the financial statements and accounting policies

The accompanying restated interim condensed financial statements have been prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 10. They have also been restated for the correction of certain errors as explained in Note 2.2. The Company s Chief Executive Officer as of December 31, 2014 and 2013.

2.1 Basis of preparation

The interim condensed financial statements for the three-month period ended March 31, 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting, an accounting standard of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The Company s interim condensed financial statements as of March 31, 2015 were approved for issuance by the Company s Chief Executive Officer and Chief Financial Officer on June 13, 2015. The accompanying interim condensed financial statements have been prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 9. They have also been restated as of December 31, 2014 and 2013 and for the three-month period ended March 31, 2014.

2.2 Restatement of interim condensed financial statements

During its preparation of the accompanying interim condensed financial statements for the purpose aforementioned described, the Company identified certain accounting errors that are being retrospectively corrected herein. They are explained as follows:

The Company has identified the need for a decommissioning provision in the accompanying financial statements given obligations that it believes exist under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

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The Company has determined residual values for its wind turbines which resulted in a change in the depreciation expense.

The aforementioned matters have an impact on deferred income tax.

Certain accounting disclosures have been expanded from those previously presented.
These corrections have impacted the accompanying interim condensed financial statements as follows (amounts in US dollars):

	Balance as of the year ended December 31, 2014 as previously reported	Retrospective adjustments	Balance as of the year ended December 31, 2014 as restated
Statement of financial position:			
Current assets	2,362,635		2,362,635
Non-current assets	338,532	651,079	989,611
Total assets	2,701,167	651,079	3,352,246
Current liabilities	548,379		548,379
Non-current liabilities		634,754	634,754
Total liabilities	548,379	634,754	1,183,133
Equity	2,152,788	16,325	2,169,113

2.3 New standards, interpretations and amendments thereof, adopted by the Company

The accounting policies applied by the Company in the preparation of these interim condensed financial statements are consistent with those applied in the preparation of its annual financial statements for the year ended December 31, 2014.

3. Seasonality of operations

The Company s revenue depends on the wind power, which is normally stronger during the dry season, which in Costa Rica occurs from December through April. Due to the seasonal nature of this business and the difference in the rates, higher revenues and operating profits are usually expected from January to May (higher rates and winds) in comparison with the remaining period of the year. This information is provided to allow for a proper appreciation of the results, however Management have concluded that it does not meet the definition of highly seasonal as considered by IAS 34 Interim Financial Reporting.

4. Cash

	March 31 2015	December 31 2014
Cash in banks and on hand:		
Banks	$ 846,231	$ 814,500
Petty cash	935	924

	$ 847,166	$ 815,424

Cash deposited in bank accounts earns interest based on daily rates determined by the corresponding banks. As of March 31, 2015 (December 31, 2014), there were no restrictions on the use of cash balances.

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5. Accounts and notes receivable

	March 31 2015	December 31 2014
Instituto Costarricense de Electricidad (ICE)	**$ 1,960,188**	$ 668,459
Advance payments to Suppliers	**219,835**	78,916
Related parties (note 7)	**145,665**	
Others	**50**	127
	$ 2,325,738	$ 747,502

The outstanding balances due from ICE correspond to trade receivables for the sale of electric power. Terms of these accounts receivable extend to 30 days from the corresponding invoice issue dates; are not subject to early-payment discounts, and do not generate interest except for late charges.

As of March 31, 2015 and December 31, 2014, receivable balances were not past due. Based on the collection analysis performed by Management, it has been determined that no impairment existed as of those dates.

6. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Furniture and equipment	Vehicles	Work in process	Total
Cost:							
As of December 31, 2013	$ 206,697	$ 360,976	$ 7,994,133	$ 139,285	$ 228,632	$	$ 8,929,723
Additions		1,865	131,088	20,449	37,036		190,438
Retirements			(3,010)	(8,390)	(30,000)		(41,400)
As of December 31, 2014	206,697	362,841	8,122,211	151,344	235,668		9,078,761
Additions			**97,028**	**8,098**		**461**	**105,587**
Retirements	**(19,915)**						**(19,915)**
As of March 31, 2015	**$ 186,782**	**$ 362,841**	**$ 8,219,239**	**$ 159,442**	**$ 235,668**	**$ 461**	**$ 9,164,433**
Accumulated depreciation:							
As of December 31, 2013	$	$ 330,870	$ 7,221,534	$ 121,519	$ 228,632	$	$ 7,902,555
Depreciation		30,154	188,803	19,044	1,851		239,852
Retirements			(3,010)	(8,390)	(30,000)		(41,400)
As of December 31, 2014		361,024	7,407,327	132,173	200,483		8,101,007
Depreciation		**47**	**3,031**	**698**	**926**		**4,702**
Retirements							
As of March 31, 2015	**$**	**$ 361,071**	**$ 7,410,358**	**$ 132,871**	**$ 201,409**	**$**	**$ 8,105,709**
Carrying amounts:							
As of December 31, 2013	$ 206,697	$ 30,106	$ 772,599	$ 17,766	$	$	$ 1,027,168
As of December 31, 2014	$ 206,697	$ 1,817	$ 714,884	$ 19,171	$ 35,185	$	$ 977,754

As of March 31, 2015	**$ 186,782**	**$ 1,770**	**$ 808,881**	**$ 26,571**	**$ 34,259**	**$ 461**	**$ 1,058,724**

The Company has recognized a decommissioning provision related to its wind farm.

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7. Balances and transactions with related parties

The related parties with whom the Company maintains balances and performs transactions are entities under the common control of Globeleq Mesoamerica Energy (Wind) Limited. A breakdown of these balances and the respective terms and conditions is as follows:

	March 31 2015	December 31 2014
Notes receivable:		
Alisios Holdings, S.A. (note 5)	**$ 145,665**	$
Account payable:		
CR Operaciones y Mantenimiento, S.A.	**$ 98,611**	$ 72,280

The maturity term for the balance payable extends up to 30 days from the corresponding invoices issue dates, and is not subject to interest or discounts for early-payment.

Transactions performed with related parties are summarized below:

	March 31 2015	March 31 2014
Sale of land:		
Alisios Holdings, S.A.	**$ 145,665**	$
Plant operation expenses:		
CR Operaciones y Mantenimiento, S.A.	**$ 280,764**	$ 224,806
Administrative expenses:		
TCR Holdings, S.A.	**$ 210,000**	$ 210,000

The Company financed the sale of land to Alisios Holdings, S.A. through the issuance of a note receivable in US dollars at an annual interest rate of 6.21% and with a maturity date of January 19, 2016, with principal and interest to be paid in a single payment on that date.

Plant operation expenses correspond to billings from the related party which operates and provides maintenance to the plant.

Administrative expenses correspond to payments for accounting, financial, logistical, market, human resources, IT and engineering services.

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8. Income tax and deferred income tax

The Company calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed statement of comprehensive income are:

	For the three months ended March 31, 2015	March 31, 2014
Current income tax expense	**$ 562,731**	$ 658,111
Deferred income tax expense relating to origination and reversal of temporary differences	**(9,807)**	
Income tax expense recognized in statement of comprehensive income	**$ 552,924**	$ 658,111

9. Subsequent events

On June 12, 2015, a Stock Purchase Agreement (SPA) was signed between Globeleq Holdings (Americas Renewables) Limited and Mesoamerica Power Limited as sellers and an affiliate of SunEdison as purchaser, for the sale of a 100% interest in the Company s upstream shareholder, Globeleq Mesoamerica Energy (Wind) Limited. The SPA is subject to various conditions, not all of which have been met as of the date of these financial statements. There is no guarantee that such transaction will be consummated.

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Energía Eólica de Honduras, S.A.

(A Honduran Entity)

Interim condensed statements of financial position

As of March 31, 2015 and December 31, 2014 and 2013

(expressed in US dollars)

	Notes	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)	December 31, 2013 (Audited)
				Restated (Note 2.2)
ASSETS				
Current assets:				
Cash	4	**$ 2,188,654**	$ 4,468,345	$ 3,135,050
Restricted cash	4	**12,095,233**	15,197,262	14,944,204
Accounts receivable	5	**12,539,329**	12,396,177	5,878,148
Spare parts inventory		**3,036,273**	3,030,477	2,273,008
Prepaid expenses and other current assets		**488,336**	235,671	493,743
Total current assets		**30,347,825**	35,327,932	26,724,153
Non-current assets:				
Restricted cash	4	**25,703,953**	18,171,075	18,188,292
Accounts receivable	5	**1,719,343**	2,430,661	3,107,508
Intangible assets	8	**13,237,413**	13,389,592	10,532,819
Property, plant and equipment	7	**225,369,615**	228,513,011	194,561,410
Deferred finance costs				1,277,712
Derivative financial instruments	10	**722,699**	826,034	2,118,788
Deferred income tax, net	17	**232,940**	182,916	317
Other financial assets		**13,618**	13,797	14,967
Total assets		**$ 297,347,406**	$ 298,855,018	$ 256,525,966
LIABILITIES AND EQUITY				
Current liabilities:				
Notes and loans payable	9	**$ 10,836,479**	$ 10,303,543	$ 8,481,330
Accrued interest payable	9	**1,610,268**	5,987,891	5,377,002
Accounts payable and accrued expenses		**5,550,089**	9,254,830	655,260
Total current liabilities		**17,996,836**	25,546,264	14,513,592
Non-current liabilities:				
Long-term notes and loans payable	9	**210,411,359**	206,686,501	183,099,772
Derivative financial instruments	10	**4,806,153**	4,536,571	5,093,068
Decommissioning and restoration provisions		**829,155**	792,588	467,971
Total liabilities		**234,043,503**	237,561,924	203,174,403

Equity:			
Share capital	**48,000,856**	48,000,856	48,000,856
Contributed capital	**2,465,909**	2,465,909	
Legal reserve	**679,873**	679,873	248,692
Other equity components	**(3,827,535)**	(3,548,591)	(3,412,977)
Retained earnings	**15,984,800**	13,695,047	8,514,992
Total equity	**63,303,903**	61,293,094	53,351,563
Total liabilities and equity	**$ 297,347,406**	$ 298,855,018	$ 256,525,966

The accompanying notes are part of the interim condensed financial statements.

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Energía Eólica de Honduras, S.A.

(A Honduran Entity)

Interim condensed statements of comprehensive income

For the three-month periods ended March 31, 2015 and 2014

(expressed in US dollars)

	Notes	March 31, 2015 (Unaudited)	March 31, 2014 (Unaudited) Restated (Note 2.2)
Income:			
Sale of electric power and capacity		**$ 20,027,786**	$ 14,161,686
Operating costs and expenses:			
Cost of operations		**2,610,200**	1,830,444
General and administrative		**65,539**	74,058
Depreciation and amortization of non-financial assets		**3,352,505**	2,680,114
Total operating costs and expenses		**6,028,244**	4,584,616
Operating income		**13,999,542**	9,577,070
Other income (expenses):			
Interest income		**8,760**	18,757
Finance costs from loans and notes payable		**(4,669,177)**	(3,959,311)
Finance costs from decommissioning and restoration provisions		**(20,638)**	(10,202)
Change in fair value of derivative financial instruments	10	**(117,635)**	(228,072)
Exchange rate differences		**(145,511)**	170,258
Other income, net		**191,388**	2,728
Total other income (expenses)		**(4,752,813)**	(4,005,842)
Income before income tax		**9,246,729**	5,571,228
Income tax	11	**50,024**	78,480
Net income		**9,296,753**	5,649,708
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net movement on cash flow hedge	10	**(278,944)**	(401,184)
Income tax effect			
Other comprehensive income net of income tax		**(278,944)**	(401,184)
Total comprehensive income		**$ 9,017,809**	$ 5,248,524

The accompanying notes are part of the interim condensed financial statements.

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Energía Eólica de Honduras, S.A.

(A Honduran Entity)

Interim condensed statements of changes in equity

For the three-month periods ended March 31, 2015 and 2014

(expressed in US dollars)

	Notes	Share capital	Contributed capital	Legal reserve	Hedging reserve	Retained earnings Restated (Note 2.2)	Total equity Restated (Note 2.2)
For the three-month period ended March 31,2014:							
As of January 1, 2014 (audited)		$ 48,000,856	$	$ 248,692	$ (3,412,977)	$ 8,514,992	$ 53,351,563
Comprehensive income						5,649,708	5,649,708
Other comprehensive income					(401,184)		(401,184)
Total comprehensive income					(401,184)	5,649,708	5,248,524
Dividends						(3,821,205)	(3,821,205)
As of March 31, 2014 (unaudited)		$ 48,000,856	$	$ 248,692	$ (3,814,161)	$ 10,343,495	$ 54,778,882
For the three-month period ended March 31,2015:							
As of January 1, 2015 (audited)		**$ 48,000,856**	**$ 2,465,909**	**$ 679,873**	**$ (3,548,591)**	**$ 13,695,047**	**$ 61,293,094**
Comprehensive income						**9,296,753**	**9,296,753**
Other comprehensive income					**(278,944)**		**(278,944)**
Total comprehensive income					**(278,944)**	**9,296,753**	**9,017,809**
Dividends						**(7,007,000)**	**(7,007,000)**
As of March 31, 2015 (unaudited)		**$ 48,000,856**	**$ 2,465,909**	**$ 679,873**	**$ (3,827,535)**	**$ 15,984,800**	**$ 63,303,903**

The accompanying notes are part of the interim condensed financial statements.

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Energía Eólica de Honduras, S.A.

(A Honduran Entity)

Interim condensed statements of cash flows

For the three-month periods ended March 31, 2015 and 2014

(expressed in US dollars)

	Notes	March 31, 2015 (Unaudited)	March 31, 2014 (Unaudited) Restated (Note 2.2)
Operating activities:			
Income before income tax		**$ 9,246,729**	$ 5,571,228
Adjustments to reconcile income before income tax to cash flows from operating activities:			
Finance costs from notes and loans payable		**4,669,177**	3,959,311
Change fair value of derivative financial instruments	10	**117,635**	228,072
Depreciation expense		**3,199,671**	2,527,280
Amortization expense		**152,833**	154,688
Financing costs from provisions		**20,638**	(10,202)
Decommissioning and restoration provisions		**15,930**	36,188
Loss on sale and disposal of productive asset		**1,695**	1,596
Interest income		**(8,760)**	(18,757)
		17,415,548	12,449,404
Changes in operating assets and liabilities:			
Accounts receivable		**568,166**	2,148,018
Spare parts inventory		**(5,796)**	(6,774)
Prepaid expenses		**(252,665)**	(138,988)
Other financial assets		**179**	16
Accrued expenses and other accounts payable		**(3,704,741)**	(432,066)
Net cash provided by operating activities		**14,020,691**	14,019,610
Investing activities:			
Additions to property, plant and equipment		**(57,970)**	(2,887,447)
Additions to intangible assets		**(654)**	(18,044)
Interest received		**8,760**	18,757
Net cash used in investing activities		**(49,864)**	(2,886,734)
Financing activities:			
(Increase) decrease in restricted cash accounts designated for financing activities		**(4,430,849)**	3,047,625
New loans		**8,855,251**	5,684,579
Loan settlements		**(5,011,836)**	(4,502,078)
Interest paid		**(8,656,084)**	(8,922,912)
Dividends		**(7,007,000)**	(3,821,205)

Net cash used in financing activities	**(16,250,518)**	(8,513,991)
Net (decrease) increase in cash	**(2,279,691)**	2,618,885
Cash at beginning of period	**4,468,345**	3,135,050
Cash at end of period	**$ 2,188,654**	$ 5,753,935

The accompanying notes are part of the interim condensed financial statements.

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Energía Eólica de Honduras, S.A.

(A Honduran Entity)

Notes to interim condensed financial statements

March 31, 2015

(amounts expressed in US dollars)

1. Corporate information

Energía Eólica de Honduras, S.A. (Energía Eólica or the Company) was organized as a corporation on June 10, 2005 under the laws of the Republic of Honduras, where the Company is domiciled. As of December 31, 2014 the Company is a 99.9% subsidiary of Globeleq Mesoamerica Energy (Wind) Limited (GME Wind), a company incorporated in Bermuda, and Energía Eólica s ultimate parent company is Actis Infrastructure Fund 2LP.

The Company s main activity is the operation of a 126 megawatt wind park called Cerro de Hula and the sale of energy to the Honduran National Electric Energy Company (ENEE) through the power purchase agreement signed between the parties. Energy sales began in October 2011. This activity is regulated by Honduras electricity law No. 158-94 of November 1994 (Honduran Law Electricity Sub-sector).

On October 1, 2008 Energía Eólica entered into a 20-year power purchase agreement (PPA) with the Honduran National Electric Energy Company (ENEE) to operate a 102 megawatt wind park (Cerro de Hula Project or the Project). The Company was granted the commercial operation status (as defined in the PPA) by ENEE on December 21, 2011. On December 20, 2012, the PPA was amended to contemplate that: a) the Company would increase the wind park s capacity by 24 megawatts to reach a total of 126 megawatts, and b) the PPA s term would increase from 20 to 25 years starting on December 21, 2011 and ending on December 2036. Construction of the 24 megawatt expansion (the Project Expansion) began on November 22, 2013. Acceptance of compliance by ENEE with the Project Expansion s technical requirements was granted on November 13, 2014. The Project Expansion started generating power in November 2014.

The Project was registered as a Clean Development Mechanism (CDM) Project under the United Nations Framework Convention on Climate Change on April 24, 2012 and for a 10 years crediting period, from April 24, 2012 through April 23, 2022. The Project is therefore eligible to issue Certified Emission Reductions (CERs) starting on April 24, 2012.

The Company does not have traded debt or equity in the public markets. The accompanying financial statements have been prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 13.

2. Basis of preparation of the financial statements and accounting policies

The Company s interim condensed financial statements as of March 31, 2015 were first approved for issuance by the Company s Chief Executive Officer and Chief Financial Officer on April 8, 2015, and were subsequently approved by the Company s shareholders. The accompanying restated interim condensed financial statements have been prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 13. They have also been restated for the correction of certain errors as explained in Note 2.2. The Company s Chief Executive Officer and Chief Financial Officer approved these financial restated statements for issuance on June 13, 2015 and subsequent events have been considered through that later date.

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2.1 Basis of preparation

The interim condensed financial statements for the three-month period ended March 31, 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting, an accounting standard of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

These financial statements are condensed and accordingly do not include all disclosures required by the IFRS for a full set of financial statements. They should be read in conjunction with the Company s financial statements as of and for the year ended December 31, 2014. The results for the quarter ended March 31, 2015 are not necessarily indicative of results that should be expected for the full year ending December 31, 2015.

2.2 Restatement of interim condensed financial statements

During its preparation of the accompanying restated financial statements for the purpose aforementioned described, the Company identified certain accounting errors that are being retrospectively corrected herein. They are explained as follows:

The Company previously accounted for restricted cash as a component of cash in its statement of cash flows. It has corrected that classification to now exclude those amounts. The Company also modified the current versus non-current classification of restricted cash its statement of financial position to correspond with contractual terms.

The Company has identified the need for a decommissioning provision in the accompanying financial statements given obligations that it believes exist under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The Company has determined residual values for its wind turbines which resulted in a change in the depreciation expense.

The aforementioned matters have an impact on deferred income tax.

Certain accounting disclosures have been expanded from those previously presented.

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These corrections have impacted the accompanying interim condensed financial statements as follows (amounts in US dollars):

	Balance as of or for the three-month period ended March 31, 2015 as previously reported	**Retrospective adjustments**	**Balance as of or for the three-month period ended March 31, 2015 as restated**	**Balance for the three-month period ended March 31, 2014 as previously reported**	**Retrospective adjustments**	**Balance for the three-month period ended March 31, 2014 as restated**	**Balance as of the year ended December 31, 2014 as previously reported**	**Retrospective adjustments**	**Balance as of the year ended December 31, 2014 as restated**
Statement of financial position:									
Current assets	56,051,778	(25,703,953)	30,347,825				53,499,007	(18,171,075)	35,327,932
Non-current assets	239,485,233	27,514,348	266,999,581				243,673,148	19,853,938	263,527,086
Total assets	295,537,011	1,810,395	297,347,406				297,172,155	1,682,863	298,855,018
Current liabilities	17,967,353	29,483	17,996,836				25,521,153	25,111	25,546,264
Non-current liabilities	215,324,876	721,791	216,046,667				211,338,658	677,002	212,015,660
Total liabilities	233,292,229	751,274	234,043,503				236,859,811	702,113	237,561,924
Equity	62,244,782	1,059,121	63,303,903				60,312,344	980,750	61,293,094
Statement of comprehensive income:									
Revenues	20,207,349	(179,563)	20,027,786	14,104,611	57,075	14,161,686			
Operating expenses	10,997,189	(216,132)	10,781,057	8,585,357	5,101	8,590,458			
Income before income taxes	9,210,160	36,569	9,246,729	5,519,254	51,974	5,571,228			
Income taxes	8,222	41,802	50,024	47,490	30,990	78,480			
Comprehensive income	9,218,382	78,371	9,296,753	5,566,744	82,964	5,649,708			
Statement of cash flows:									
Cash flows from operating activities	13,965,389	55,302	14,020,691	14,970,065	(950,455)	14,019,610			
Cash flows from investing activities	5,437	(55,301)	(49,864)	(3,893,478)	1,006,744	(2,886,734)			
Cash flows from financing activities	(11,819,668)	(4,430,850)	(16,250,518)	(11,561,616)	3,047,625	(8,513,991)			
	37,836,682	(33,368,337)	4,468,345	36,267,546	(33,132,496)	3,135,050			

Cash at beginning of year						
Cash at end of year	39,987,840	(37,799,186)	2,188,654	35,782,517	(30,028,582)	5,753,935

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2.3 New standards, interpretations and amendments thereof, adopted by the Company

The accounting policies applied by the Company in the preparation of these interim condensed financial statements are consistent with those applied in the preparation of its annual financial statements for the year ended December 31, 2014.

3. Seasonality of operations

The Company s revenue depends on the wind power, which is normally stronger during the dry season, which in Honduras occurs from November through March. Due to the seasonal nature of this business, higher revenues and operating profits are usually expected in the first quarter and in the first half of the year in comparison with the remaining period of the year. This information is provided to allow for a proper appreciation of the results, however Management have concluded that it does not meet the definition of highly seasonal as considered by IAS 34 *Interim Financial Reporting*.

4. Cash

	March 31 2015	**December 31 2014**
Unrestricted cash:		
Banks	**$ 2,185,952**	$ 4,463,157
Petty cash	**2,702**	5,188
	$ 2,188,654	$ 4,468,345
Restricted cash in bank:		
Current	$ 12,095,233	$ 15,197,262
Non-current	25,703,953	18,171,075
	$ 37,799,186	$ 33,368,337

Cash deposited in bank accounts earns interest based on daily rates determined by the corresponding banks.

As of March 31, 2015, cash in the amount of US$37,799,186 (December 31, 2014: US$33,368,337) is restricted under the loan agreement between Energía Eólica, Export Import bank of the United States (Ex-Im) and the Central American Bank for Economic Integration (CABEI) (Note 9). Under the terms of its debt agreements, the Company has a series of restricted bank accounts both on-shore in Honduras, and also off-shore. Cash receipts from operations are initially deposited directly into these restricted accounts and then based on contractually agreed provisions are allocated into a series of sub-accounts, restricted for specific operational and other purposes including, but not limited to, construction, debt service, major maintenance, insurance, and shareholders distributions. Except as expressly provided in those debt agreements, the restricted bank accounts are under the control of a trustee and the Company has the right to withdraw or transfer funds only as expressly provided in those debt agreements.

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5. Accounts receivable

	March 31 2015	December 31 2014
Empresa Nacional de Energía Eléctrica (ENEE)	**$ 11,778,468**	$ 12,293,184
Value added taxes (VAT) related to the Project s construction	**1,719,343**	2,430,661
Banco Financiera Comercial Hondureña S.A.(FICOHSA)	**676,042**	
Crane rental services receivable	**55,511**	25,947
Intercompany accounts receivable (Note 6)	**10,024**	
Others	**19,284**	77,046
	$ 14,258,672	$ 14,826,838
Less non-current portion (VAT)	**(1,719,343)**	(2,430,661)
	$ 12,539,329	$ 12,396,177

The outstanding balances due from ENEE correspond to trade receivables for the sale of electric power. Terms of these accounts receivable extend to 18 days for ENEE from the corresponding invoice issue date; are not subject to early-payment discounts, and do not generate interest except for late charges.

The outstanding balance of VAT relates to funds reimbursed to the main Project s subcontractors, Gamesa and Iberdrola, who were obligated to pay VAT on the acquisition of certain equipment and materials during the construction phase of the Project. Nonetheless, the Company was exempted from such VAT. The VAT receivable is denominated in Lempiras. The Honduran Tax Authority has been recognizing the Company s right to such VAT, however its reimbursement depends on the timing of the review of the documentation by the Tax Authority. Reimbursement of such amounts occurs through credit notes issued by the Tax Authority. Those credit notes can be traded in the local market, although normally with a discount ranging from 15% to 20%. The Company believes that such VAT is fully recoverable in credit notes from the Tax Authority. VAT balances as presented above reflect the anticipated discount that will be realized upon collection.

The balance with FICOHSA corresponds to VAT credits sold and full collection of this balance took place in May 2015.

6. Balances and transactions with related parties

The related parties with whom the Company maintains balances and performs transactions are entities under the common control of the parent company, Globeleq Mesoamerica Energy (Wind), Limited. A breakdown of these balances and the respective terms and conditions is as follows:

	March 31, 2015	December 31, 2014
Accounts receivable:		
Administración Energías Renovables, S.A. (note 5)	**$ 10,024**	$

Maturity terms for accounts receivable and payable extend up to 30 days from the corresponding invoices issue dates, and are not subject to any discounts for early-payment.

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A breakdown of transactions performed with related parties is summarized below:

	March 31, 2015	March 31, 2014
Professional services expenses:		
Administración de Energías Renovables, S.A.	**$ 198,502**	$ 208,206
TCR Holdings, S.A.	**56**	
	$ 198,558	$ 208,206

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7. Property, plant and equipment

	Land	Buildings and improvements	Machinery and equipment	Major spare parts	Furniture and equipment	Vehicles	Construction in progress	Total
Cost:								
As of January 1, 2014	$ 1,412,665	$ 21,653,975	$ 178,422,044	$ 3,383,159	$ 448,848	$ 3,882,735	$ 7,749,649	$ 216,953,075
Additions and reclassifications	170,979	5,437,002	45,216,253	1,016,036	219,062	67,707	(7,711,228)	44,415,811
Retirements			(163)		(4,569)	(19,000)		(23,732)
As of December 31, 2014	1,583,644	27,090,977	223,638,134	4,399,195	663,341	3,931,442	38,421	261,345,154
Additions			**20,301**		**4,470**		**33,199**	**57,970**
Retirements					**(10,199)**			**(10,199)**
As of March 31, 2015	**$ 1,583,644**	**$ 27,090,977**	**$ 223,658,435**	**$ 4,399,195**	**$ 657,612**	**$ 3,931,442**	**$ 71,620**	**$ 261,392,925**
Accumulated depreciation:								
As of January 1, 2014	$	$ 2,328,318	$ 19,460,153		$ 82,016	$ 521,178		$ 22,391,665
Depreciation		1,105,145	9,003,892		58,472	292,679		10,460,188
Retirements			(164)		(2,141)	(17,405)		(19,710)
As of December 31, 2014		3,433,463	28,463,881		138,347	796,452		32,832,143
Depreciation		**339,453**	**2,772,747**		**14,567**	**72,904**		**3,199,671**
Retirements					**(8,504)**			**(8,504)**
As of March 31, 2015	**$**	**$ 3,772,916**	**$ 31,236,628**	**$**	**$ 144,410**	**$ 869,356**	**$**	**$ 36,023,310**
Carrying amounts:								
As of January 1, 2014	$ 1,412,665	$ 19,325,657	$ 158,961,891	$ 3,383,159	$ 366,832	$ 3,361,557	$ 7,749,649	$ 194,561,410
As of December 31, 2014	$ 1,583,644	$ 23,657,514	$ 195,174,253	$ 4,399,195	$ 524,994	$ 3,134,990	$ 38,421	$ 228,513,011
As of March 31, 2015	**$ 1,583,644**	**$ 23,318,061**	**$ 192,421,807**	**$ 4,399,195**	**$ 513,202**	**$ 3,062,086**	**$ 71,620**	**$ 225,369,615**

The Company s property, plant and equipment is pledged as fiduciary guarantee under the third party borrowing arrangements (note 9). Construction in progress as of January 1, 2014 was mainly comprised by advancements to subcontractors (principally Gamesa and Iberdrola) for the construction of the Project Expansion (note 1).

The Company has recognized decommissioning and restoration provisions related to its wind park.

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8. Intangible assets

	Connectivity rights (a)	Development costs (b)	Software	Total
Cost:				
As of January 1, 2014	$ 11,309,448	$ 549,350	$ 29,509	$ 11,888,307
Additions	3,343,309		18,045	3,361,354
As of December 31, 2014	14,652,757	549,350	47,554	15,249,661
Additions			**655**	**655**
As of March 31, 2015	**$ 14,652,757**	**$ 549,350**	**$ 48,209**	**$ 15,250,316**
Accumulated amortization:				
As of January 1, 2014	$ 1,272,229	$ 61,886	$ 21,373	$ 1,355,488
Additions	436,778	44,000	23,803	504,581
As of December 31, 2014	1,709,007	105,886	45,176	1,860,069
Additions	**135,945**	**14,572**	**2,317**	**152,834**
As of March 31, 2015	**$ 1,844,952**	**$ 120,458**	**$ 47,493**	**$ 2,012,903**
Carrying amounts:				
As of January 1, 2014	$ 10,037,219	$ 487,464	$ 8,136	$ 10,532,819
As of December 31, 2014	$ 12,943,750	$ 443,464	$ 2,378	$ 13,389,592
As of March 31, 2015	**$ 12,807,805**	**$ 428,892**	**$ 716**	**$ 13,237,413**

a) Under the PPA terms with ENEE, the Company had to build, at its own cost, the high voltage section of the electrical substations on behalf of ENEE. Because Energía Eólica has to transfer ownership of such section to ENEE, the corresponding construction costs were considered as a right to operate the wind project and therefore recognized as an intangible asset.

b) Corresponds to certain costs incurred in relation to wind projects in development phase.

9. Notes and loans payable

	Interest rate	Maturity date	March 31, 2015	December 31, 2014
Export-Import Bank of the United States	7% fixed	February 2029	**$ 138,241,125**	$ 141,632,725
Central American Bank for Economic Integration (CABEI)	Libor 6 months + 5.75% (*)	August 2025	**46,260,781**	47,587,689
Export-Import Bank of the United States	3.72 % fixed (**)	August 2031	**25,846,897**	23,091,223
Central American Bank for Economic Integration (CABEI)		August 2028	**19,488,609**	13,682,358

	Libor 6 months + 5.75% (*)	
Principal	**229,837,412**	225,993,995
Less Deferred borrowing costs	**(8,589,574)**	(9,003,951)
	221,247,838	216,990,044
Less Maturity of one year or less	**(10,836,479)**	(10,303,543)
Principal	**$ 210,411,359**	$ 206,686,501

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(*) CABEI s rate will change to Libor 6 months + 6.10% after November 2023.

(**) Ex-Im s rate will increase to 6.72% after the Project Commercial Operation Date as defined in the loan documents.
As of March 31, 2015 accrued interest and fees on notes and loans payable amount to US$1,610,268 (December 31, 2014: US$5,987,891).

10. Fair value of derivative instruments

The Company uses interest rate swaps and interest rate caps to hedge its variable interest rate exposure on a portion of the Company s loans with CABEI (Note 9). Under the interest rate swaps/caps agreements the Company receives a fixed rate of interest and pays interest at a variable rate on the notional amounts. These derivative financial instruments have been designated as hedging instruments and have been assessed to be highly effective as of the financial statements dates. The effects of the above derivative instruments in the Company s financial statements are summarized as follows:

	March 31, 2015	December 31, 2014
Statements of Financial Position:		
Assets:		
Cap agreement of November 2010	**$ 406,229**	$ 484,884
Cap agreement of December 2013	**316,470**	341,150
	$ 722,699	$ 826,034
Liabilities:		
Swap agreement of November 2010	**$ 3,757,091**	$ 3,148,111
Swap agreement of December 2013	**1,049,062**	1,388,460
	$ 4,806,153	$ 4,536,571

	March 31, 2015	March 31, 2014
Statements of Comprehensive Income gain / (loss):		
Change in fair value of derivative instruments Profit and loss:		
Cap agreement of November 2010	**$ (78,655)**	$ (304,065)
Cap agreement of December 2013	**(24,680)**	57,239
	$ (103,335)	$ (246,826)
Statements of Comprehensive Income gain / (loss):		
Ineffectiveness of derivative instruments Profit and loss:		
Swap agreement of November 2010	**$ (4,266)**	$ 1,204
Swap agreement of December 2013	**(10,034)**	17,550
	$ (14,300)	$ 18,754

Change in intrinsic value of derivative instruments	Other comprehensive income:		
Cap agreement of November 2010		**$**	$ (91,160)
Cap agreement of December 2013			(209,976)
Swap agreement of November 2010		**(87,905)**	201,143
Swap agreement of December 2013		**(205,339)**	(282,437)
Ineffectiveness recycled to profit or loss		**14,300**	(18,754)
		$ (278,944)	$ (401,184)

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The main characteristics of the derivative instruments are as follows:

		Swap Transactions		Cap Transactions
	November 2010	**December 2013**	**November 2010**	**December 2013**
Effective date	29-Nov-2010	25-Feb-2014	25-Feb-2018	25-Feb-2021
Termination date	25-Feb-2018	25-Feb-2021	25-Aug-2025	25-Aug-2028
Current notional amount	US$ 49,133,387	US$ 19,410,815		
Maximum notional amount	US$ 56,732,737	US$ 19,410,815	US$ 39,289,122	US$ 11,652,389
Fixed interest rate	3.63%	3.36%	4.75%	3.36%
Variable interest rate	US Libor-6 months	US Libor-6 months	US Libor-6 months	US Libor-6 months

11. Income tax and deferred income tax

The Company was granted a corporate income tax holiday of 10 years starting on the date of commercial operations, which was 21 December 2011.

The Company calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed statement of comprehensive income are:

	For the three months ended	
	March 31, 2015	**March 31, 2014**
Current income tax expense	**$**	$
Deferred income tax expense relating to origination and reversal of temporary differences	**50,024**	78,480
Income tax expense recognized in statement of comprehensive income	**$ 50,024**	$ 78,480

12. Fair value of financial instruments

The Company s main financial instruments are comprised of cash, notes and accounts receivable, notes and loans payable, accounts payable and accrued expenses. Management believes that the carrying amounts of cash, accounts receivable, and accounts payable approach their fair market value due to their short-term nature. The carrying amount of notes receivable from related parties approximates fair value as the notes were initially recorded at the estimated discounted cash flows.

In evaluating the fair value of loans payable at fixed rates the Company has considered the country risks, market conditions existing both at the date of the loans and those at the statement of financial position dates, and that there are not a significant number of comparable financings in its market. As of March 31, 2015 and December 31, 2014 the fair value of the loans, taking into account current market interest rates, are the following:

		Carrying amount		(Level 3) Fair value
	March 31, 2015	**December 31, 2014**	**March 31, 2015**	**December 31, 2014**

Ex-Im 1	**$ 138,241,125**	$ 141,632,725	**$ 139,862,371**	$ 143,339,434
CABEI 1	**46,260,781**	47,587,689	**46,847,155**	48,216,146
Ex-Im 2	**25,846,897**	23,091,223	**26,632,261**	23,891,784
CABEI 2	**19,488,609**	13,682,358	**19,790,308**	13,920,137
	$ 229,837,412	$ 225,993,995	**$ 233,132,095**	$ 229,367,501

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13. Subsequent events

On June 12, 2015, a Stock Purchase Agreement (SPA) was signed between Globeleq Holdings (Americas Renewables) Limited and Mesoamerica Power Limited as sellers and an affiliate of SunEdison as purchaser, for the sale of a 100% interest in the Company s upstream shareholder, Globeleq Mesoamerica Energy (Wind) Limited. The SPA is subject to various conditions, not all of which have been met as of the date of these financial statements. There is no guarantee that such transaction will be consummated.

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Eolo de Nicaragua, S.A.

(A Nicaraguan Entity)

Interim condensed statements of financial position

As of March 31, 2015 and December 31, 2014 and 2013

(expressed in US dollars)

	Notes	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)	December 31, 2013 (Audited) Restated (Note 2.2)
ASSETS				
Current assets:				
Cash	4	**$ 1,225,473**	$ 961,156	$ 4,088,961
Restricted cash	4	**3,690,099**	5,202,845	6,988,114
Accounts receivable	5	**6,335,356**	5,133,648	3,946,370
Accounts receivable from related parties				997
Spare parts inventory		**385,139**	375,912	406,909
Prepaid expenses and other current assets		**103,938**	552,628	1,568,770
Total current assets		11,740,005	12,226,189	17,000,071
Non-current assets:				
Restricted cash	4	**7,564,726**	5,373,044	4,879,867
Held-to-maturity investments				40,226
Prepaid expenses				334,373
Notes and accounts receivable with related parties	5	**3,300,000**	3,395,540	3,216,257
Guarantee deposits		**532,711**	538,591	497,547
Property, plant and equipment	7	**70,589,006**	71,520,238	75,193,168
Intangible assets	8	**3,132,629**	3,177,481	3,358,681
Other financial assets		**1,560**	1,560	1,560
Total assets		**$ 96,860,637**	$ 96,232,643	$ 104,521,750
LIABILITIES AND EQUITY				
Current liabilities:				
Notes and loans payable	9	**$ 4,749,390**	$ 4,395,670	$ 2,740,993
Accounts payable		**726,584**	684,174	265,987
Accrued expenses and other accounts payable		**449,914**	404,109	1,333,138
Accrued interest payable	9	**292,375**	318,268	342,403
Total current liabilities		6,218,263	5,802,221	4,682,521
Non-current liabilities:				
Long-term notes and loans payable	9	**77,469,427**	79,440,447	83,388,144
Deferred income tax, net		**2,874,020**	2,568,436	1,352,757

Decommissioning provision	**334,569**	319,728	238,184
Total liabilities	**86,896,279**	88,130,832	89,661,606
Equity:			
Share capital	**3,000**	3,000	3,000
Contributed capital	**7,942,084**	9,942,084	22,758,446
Retained earnings (deficit)	**2,019,274**	(1,843,273)	(7,901,302)
Total equity	**9,964,358**	8,101,811	14,860,144
Total liabilities and equity	**$ 96,860,637**	$ 96,232,643	$ 104,521,750

The accompanying notes are part of the interim condensed financial statements.

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Eolo de Nicaragua, S.A.

(A Nicaraguan Entity)

Interim condensed statements of comprehensive income

For the three-month periods ended March 31, 2015 and 2014

(expressed in US dollars)

	Notes	March 31, 2015 (Unaudited)	March 31, 2014 (Unaudited) Restated (Note 2.2)
Income:			
Sale of electric power and capacity		**$ 8,451,479**	$ 8,086,793
Operating costs and expense:			
Costs of operations		**1,194,336**	1,020,733
General and administrative		**79,498**	77,601
Depreciation and amortization of non-financial assets		**1,007,177**	1,013,147
Total operating costs and expense		**2,281,011**	2,111,481
Operating income		**6,170,468**	5,975,312
Other income (expenses):			
Interest income		**52,403**	51,729
Finance costs from loans and notes payable		**(1,962,552)**	(2,021,735)
Finance costs from decommissioning provision		**(6,371)**	(5,490)
Exchange rate differences		**(48,508)**	(68,420)
Other expenses, net		**(37,309)**	(35,255)
Total other income (expenses)		**(2,002,337)**	(2,079,171)
Income before income tax		**4,168,131**	3,896,141
Income tax	10	**(305,584)**	(303,128)
Total comprehensive income		**$ 3,862,547**	$ 3,593,013

The accompanying notes are part of the interim condensed financial statements.

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Eolo de Nicaragua S.A.

(A Nicaraguan Entity)

Interim condensed statements of changes in equity

For the three-month periods ended March 31, 2015 and 2014

(expressed in US dollars)

	Share capital	Contributed capital	Retained earnings (deficit)	Total equity Restated (Note 2.2)
For the three-month period ended March 31, 2014:				
As of January 1, 2014 (audited)	$ 3,000	$ 22,758,446	$ (7,901,302)	$ 14,860,144
Comprehensive income			3,593,013	3,593,013
As of March 31, 2014 (unaudited)	$ 3,000	$ 22,758,446	$ (4,308,289)	$ 18,453,157
For the three-month period ended March 31, 2015:				
As of January 1, 2015 (audited)	**$ 3,000**	**$ 9,942,084**	**$ (1,843,273)**	**$ 8,101,811**
Comprehensive income			**3,862,547**	**3,862,547**
Capital withdrawn		**(2,000,000)**		**(2,000,000)**
As of March 31, 2015 (unaudited)	**$ 3,000**	**$ 7,942,084**	**$ 2,019,274**	**$ 9,964,358**

The accompanying notes are part of the interim condensed financial statements.

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Eolo de Nicaragua, S.A.

(A Nicaraguan Entity)

Interim condensed statements of cash flows

For the three-month periods ended March 31, 2015 and 2014

(expressed in US dollars)

	March 31, 2015 (Unaudited)	March 31, 2014 (Unaudited) Restated (Note 2.2)
Operating activities:		
Income before income tax	**$ 4,168,131**	$ 3,896,141
Adjustments to reconcile income before income tax to cash flows from operating activities:		
Financing costs from loans and notes payable	**1,962,552**	2,021,735
Depreciation expense	**962,328**	966,175
Amortization expense	**44,852**	46,972
Interest income	**(52,403)**	(51,729)
Finance costs from provision	**48,508**	5,490
Decommissioning provision	**(33,667)**	178,742
	7,100,301	7,063,526
Changes in operating assets and liabilities:		
Notes and accounts receivable	**(1,201,708)**	(1,821,565)
Accounts receivable from related parties	**95,540**	(44,842)
Spare parts inventory	**(9,227)**	(7,468)
Prepaid expenses	**448,690**	532,600
Guarantee deposits	**5,880**	33
Accounts payable	**42,410**	30,754
Accrued expenses	**45,805**	(1,083,118)
Net cash provided by operating activities	**6,527,691**	4,669,920
Investing activities:		
Additions to property, plant and equipment	**(31,096)**	(57,121)
Interest received	**52,403**	51,729
Proceeds from held-to-maturity investments		40,226
Net cash provided by investing activities	**21,307**	34,834
Financing activities:		
Increase in restricted cash accounts designated for financing activities	**(678,936)**	(2,284,948)
Loan settlements	**(1,758,269)**	(1,096,393)

Capital withdrawn	**(2,000,000)**	
Borrowing cost paid	**(1,847,476)**	(1,943,772)
Net cash used in financing activities	**(6,284,681)**	(5,325,113)
Net increase (decrease) in cash	**264,317**	(620,359)
Cash at beginning of period	**961,156**	1,588,468
Cash at end of period	**$ 1,225,473**	$ 968,109

The accompanying notes are part of the interim condensed financial statements.

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Eolo de Nicaragua, S.A.

(A Nicaraguan Entity)

Notes to interim condensed financial statements

March 31, 2015

(amounts expressed in US dollars)

1. Corporate information

Eolo de Nicaragua, S.A. (Eolo or the Company) was organized as a corporation on July 1, 2008 under the laws of the Republic of Nicaragua. Eolo is domiciled in Rivas, Nicaragua. The Company is a wholly-owned subsidiary of Globeleq Mesoamerica Energy (Wind) Limited (GME Wind), a company incorporated in Bermuda, and Eolo s ultimate parent company is Actis Infrastructure Fund 2LP.

The Company s main activity is the generation of electricity from its 44 megawatt wind electric power-generating park located in Rivas, Nicaragua (the Project). This activity is regulated by Nicaraguan Law No. 272 of June 23, 1998. Eolo was granted the commercial operation status on December 1, 2012 by the Instituto Nicaragüense de Energía. Energy sales began in December 2012.

The Company has entered into two power purchase agreements (PPAs) with Distribuidora de Electricidad del Sur, S.A. (Dissur) and Distribuidora de Electricidad del Norte, S.A. (Disnorte) to sell the Project s energy.

The Project was registered as a Clean Development Mechanism (CDM) project under the United Nations Framework Convention on Climate Change on June 18, 2012 and for a crediting period from January 1, 2013 through December 31, 2019. The Project is therefore eligible for Certified Emission Reductions (CERs) starting on January 1, 2013.

The Company does not have traded debt or equity in the public markets. The accompanying financial statements have been prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 13.

2. Basis of preparation of the interim condensed financial statements and accounting policies

The Company s interim condensed financial statements as of March 31, 2015 were approved for issuance by the Company s Chief Executive Officer and Chief Financial Officer on June 13, 2015. The accompanying interim condensed financial statements have been prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 13. They have also been restated as of December 31, 2014 and 2013 and for the three-month period ended March 31, 2014.

2.1 Basis of preparation

The interim condensed financial statements for the three-month period ended March 31, 2015 have been prepared in accordance with *IAS 34 Interim Financial Reporting*, an accounting standard of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

These financial statements are condensed and accordingly do not include all disclosures required by the IFRS for a full set of financial statements. They should be read in conjunction with the Company s financial statements as of and for the year ended December 31, 2014. The results for the quarter ended March 31, 2015 are not necessarily indicative of results that should be expected for the full year ending December 31, 2015.

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2.2 Restatement of interim condensed financial statements

During its preparation of the accompanying restated interim condensed financial statements for the purpose aforementioned described, the Company identified certain accounting errors that are being retrospectively corrected herein. They are explained as follows:

The Company previously accounted for restricted cash as a component of cash in its statement of cash flows. It has corrected that classification to now exclude those amounts. The Company also modified the current versus non-current classification of restricted cash to correspond with contractual terms.

The Company has identified the need for a decommissioning provision in the accompanying financial statements given obligations that it believes exist under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The Company has determined residual values for its wind turbines which resulted in a change in the depreciation expense.

The aforementioned matters have an impact on deferred income tax.

Certain accounting disclosures have been expanded from those previously presented.

These corrections have impacted the accompanying financial statements as follows (amounts in US dollars):

	Balance as of the year ended December 31, 2014 as previously reported	**Retrospective adjustments**	**Balance as of the year ended December 31, 2014 as restated**
Statement of financial position:			
Current assets	18,137,824	(5,911,635)	12,226,189
Non-current assets	77,568,202	6,438,252	84,006,454
Total assets	95,706,026	526,617	96,232,643
Current liabilities	5,802,221		5,802,221
Non-current liabilities	81,949,449	379,162	82,328,611
Total liabilities	87,751,670	379,162	88,130,832
Equity	7,954,356	147,455	8,101,811

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	Balance for the three-month period ended March 31, 2014 as previously reported	Retrospective adjustments	Balance for the three-month period ended March 31, 2014 as restated
Statement of comprehensive income:			
Revenues	8,086,793		8,086,793
Operating expenses	4,215,015	(24,363)	4,190,652
Income before income taxes	3,871,778	24,363	3,896,141
Income taxes	(301,078)	(2,050)	(303,128)
Comprehensive income	3,570,700	22,313	3,593,013
Statement of cash flows:			
Cash flows from operating activities	4,669,103	817	4,669,920
Cash flows from investing activities	(4,575)	39,409	34,834
Cash flows from financing activities	(3,040,165)	(2,284,948)	(5,325,113)
Cash at beginning of year	15,997,118	(14,408,650)	1,588,468
Cash at end of year	17,621,481	(16,653,372)	968,109

2.3 New standards, interpretations and amendments thereof, adopted by the Company

The accounting policies applied by the Company in the preparation of these interim condensed financial statements are consistent with those applied in the preparation of its annual financial statements for the year ended December 31, 2014.

3. Seasonality of operations

The Company s revenue depends on the wind power, which is normally stronger during the dry season, which in Nicaragua occurs from November through March. Due to the seasonal nature of this business, higher revenues and operating profits are usually expected in the first quarter and in the first half of the year in comparison with the remaining period of the year. This information is provided to allow for a proper appreciation of the results, however Management has concluded that it does not meet the definition of highly seasonal as considered by IAS 34 *Interim Financial Reporting*.

4. Cash

	March 31, 2015	December 31, 2014
Unrestricted cash:		
Banks	**$ 1,223,109**	$ 961,156
Petty cash	**2,364**	
	$ 1,225,473	$ 961,156

Restricted cash in banks:		
Current	**$ 3,690,099**	$ 5,202,845
Non-current	**7,564,726**	5,373,044
	$ 11,254,825	$ 10,575,889

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Cash deposited in bank accounts earns interest based on daily rates determined by the corresponding banks.

As of March 31, 2015, US$11,254,825 in cash (December 31, 2014: US$ US$10,575,889) is restricted under the financing documents between Eolo and the Lenders (Note 9). Under the terms of its debt agreements, the Company has a series of restricted bank accounts both on-shore in Nicaragua, and also off-shore. Cash receipts from operations are initially deposited directly into these restricted accounts and then based on contractually agreed provisions are allocated into a series of sub-accounts, restricted for specific operational and other purposes including, but not limited to, construction, debt service, major maintenance, insurance, and shareholders distributions. Except as expressly provided in those debt agreements, the restricted bank accounts are under the control of a trustee and the Company has the right to withdraw or transfer funds only as expressly provided in those debt agreements.

5. Accounts and notes receivable

	March 31, 2015	December 31, 2014
Accounts and notes receivable with related parties (Note 6)	**$ 3,441,228**	$ 3,395,541
Distribuidora de Electricidad del Sur, S.A. (Dissur)	**3,021,904**	2,488,061
Distribuidora de Electricidad del Norte, S.A. (Disnorte)	**3,021,904**	2,488,061
Advance payments to vendors	**128,081**	148,618
Other receivables	**22,239**	8,907
	9,635,356	8,529,188
Less non-current balances with related parties	**(3,300,000)**	(3,395,540)
	$ 6,335,356	$ 5,133,648

The outstanding balances due from Dissur and Disnorte correspond to trade receivables for the sale of electric power. Terms of these accounts receivable extend to 30 days from the corresponding invoice s issue dates; are not subject to early-payment discounts, and do not generate interest except for late charges. As of March 31, 2015 and December 31, 2014 receivable balances were not past due. Based on the collection analysis performed by Management, it has been determined that no impairment existed as of those dates.

6. Balances and transactions with related parties

The related parties with whom the Company maintains balances and performs transactions are entities under the common control of the parent Company, Globeleq Mesoamerica Energy (Wind) Limited. A breakdown of these balances and the respective terms and conditions is as follows:

	March 31, 2015	December 31, 2014
Notes receivable	**$ 3,300,000**	$ 3,271,157
Accounts receivable	**124,384**	124,384
Accrued interest on notes receivable	**16,844**	
	$ 3,441,228	$ 3,395,541

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The note receivable from Globeleq Mesoamerica Energy (Wind) Limited originated on May 23, 2012. The note bears interest at a 6.21% fixed annual interest rate which is due for payment on a semi-annual basis on March 1, and September 1. The note is unsecured and full collection of principal shall occur no later than December 1, 2032.

A breakdown of transactions performed with related parties is summarized below:

	Three-month period ended March 31, 2015	March 31, 2014
Globeleq Mesoamerica Energy (Wind) Limite-:		
Finance income from note receivable	**$ 45,688**	$ 45,839
Administración de Energías Renovables, S.A. (AER):		
Professional services related to the construction of the Project (capitalized under property, plant and equipment in 2013) (*)	**$ 152,487**	$ 150,000

(*) The Company and AER, a related party under common control, entered into a Management Services Agreement on March 1, 2012 whereby Eolo engaged AER to perform certain management activities such as preparing and maintaining the accounting records, treasury, tax and legal matters, among others. The Agreement is for an indefinite period unless terminated by a party upon written notice to the other party.

7. Property, plant and equipment

	Buildings	Machinery and equipment	Major spare parts	Furniture and equipment	Vehicles	Work in progress	Total
Cost:							
As of January 1, 2014	$ 10,254,429	$ 68,011,076	$ 895,712	$ 124,693	$ 95,674	$	$ 79,381,584
Additions		114,508		10,988		60,000	185,496
Retirements		(10,751)					(10,751)
As of December 31, 2014	10,254,429	68,114,833	895,712	135,681	95,674	60,000	79,556,329
Additions		**9,020**		**772**	**21,304**		**31,096**
As of March 31, 2015	**$ 10,254,429**	**$ 68,123,853**	**$ 895,712**	**$ 136,453**	**$ 116,978**	**$ 60,000**	**$ 79,587,425**
Accumulated depreciation:							
As of January 1, 2014	$ 552,030	$ 3,561,210	$	$ 55,273	$ 19,903	$	$ 4,188,416
Depreciation	512,721	3,299,017		27,318	12,222		3,851,278
Retirements		(3,603)					(3,603)
As of December 31, 2014	1,064,751	6,856,624		82,591	32,125		8,036,091
Depreciation	**128,180**	**826,250**		**4,604**	**3,294**		**962,328**

As of March 31, 2015	**$ 1,192,931**	**$ 7,682,874**	**$**	**$ 87,195**	**$ 35,419**	**$**	**$ 8,998,419**
Carrying amounts:							
As of January 1, 2014	$ 9,702,399	$ 64,449,866	$ 895,712	$ 69,420	$ 75,771	$	$ 75,193,168
As of December 31, 2014	$ 9,189,678	$ 61,258,209	$ 895,712	$ 53,090	$ 63,549	$ 60,000	$ 71,520,238
As of March 31, 2015	**$ 9,061,498**	**$ 60,440,979**	**$ 895,712**	**$ 49,258**	**$ 81,559**	**$ 60,000**	**$ 70,589,006**

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The agreement with Empresa Nacional de Transmisión Eléctrica of Nicaragua (Enatrel), the Nicaraguan public transmission company, contemplates the transfer of certain components of the substation to Enatrel, who will reimburse Eolo for the cost of such components. As of March 31, 2015, Eolo had communicated to Enatrel that the costs associated with the elements to be transferred are US$3,215,684. Enatrel, however, has not notified Eolo of the acceptance of this amount. Eolo will continue to classify the substation as property, plant and equipment until an agreement between the two parties is reached because the substation is being used in its own operations.

The Company has recognized a decommissioning provision related to its wind farm.

8. Intangible assets

	Development costs a/	Land usufruct rights b/	Software c/	Total
Cost:				
As of January 1, 2014	$ 2,668,578	$ 900,000	$ 13,942	$ 3,582,520
Additions			3,220	3,220
As of December 31, 2014 and March 31, 2015	**$ 2,668,578**	**$ 900,000**	**$ 17,162**	**$ 3,585,740**
Accumulated amortization:				
As of January 1, 2014	$ 144,548	$ 71,250	$ 8,042	$ 223,840
Amortization	133,429	45,000	5,990	184,419
As of December 31, 2014	277,977	116,250	14,032	408,259
Amortization	**33,357**	**11,250**	**245**	**44,852**
As of March 31, 2015	**$ 311,334**	**$ 127,500**	**$ 14,277**	**$ 453,111**
Carrying amounts:				
As of January 1, 2014	$ 2,524,030	$ 828,750	$ 5,900	$ 3,358,680
As of December 31, 2014	$ 2,390,601	$ 783,750	$ 3,130	$ 3,177,481
As of March 31, 2015	**$ 2,357,244**	**$ 772,500**	**$ 2,885**	**$ 3,132,629**

a/ Project development costs mainly include a fee of US$2,500,000 paid in 2012 to Globeleq Mesoamerica Energy (Wind) Limited, EOLO s parent company, for certain services such as the negotiation of the letter of agreement with Gamesa Eólica, S.L. (the wind park s constructor), negotiation of the non-recourse project finance with lenders, and the negotiation of the political risk insurance policy for the Project. Amortization of development costs began in December 2012 when the Project started selling energy and the amortization period is 20 years based on the PPA term.

b/ Land usufruct rights relate to the land where the Project is located and are amortized over a 20-year period.

c/ Software is amortized over a two-year period.

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9. Notes and loans payable

To finance the development, construction and completion of the Project, the Company entered into four loan arrangements on April 20, 2012 for a total aggregate principal amount of up to US$91,500,000. Notes and loans payable are denominated in US dollars and were as follows:

	Interest rates prevailing at March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO Senior)	**7.28%**	7.28%	**$ 26,220,799**	$ 26,758,615
Société de Promotion et de Participation pour la Coopération Économique (PROPARCO)	**7.21%**	7.21%	**24,816,111**	25,325,117
Deutsche Investitions-und Entwicklungsgesellschaft MBH (DEG)	**8.17%**	8.17%	**23,411,428**	23,891,620
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO Subordinated)	**12.50%**	12.50%	**11,240,540**	11,471,796
Principal			**85,688,878**	87,447,148
Less Deferred borrowing costs			**(3,470,061)**	(3,611,031)
			82,218,817	83,836,117
Less Maturity of one year or less			**(4,749,390)**	(4,395,670)
Principal			**$ 77,469,427**	$ 79,440,447

FMO acted as the Lead Arranger in the Project financing. The provisions of the loans are included in the Common Terms Agreement , the Master Account Agreement , the Equity Contribution and Share Retention Agreement , and the four Loan Agreements . The loan documents establish affirmative, negative and financial covenants for the Company.

The loans are secured by the Project and all its assets, with Citibank, N.A. acting as offshore security trustee and Banco de America Central, S.A. (BAC) acting as onshore security trustee.

As of March 31, 2015 accrued interest and fees payable on the loan agreements amount to US$292,375 (December 31, 2014: US$ 318,268).

Refer to a discussion of restricted cash conditions under the credit agreement as explained in Note 3 above.

10. Income tax and deferred income tax

Eolo was granted a seven-year exemption on corporate income taxes starting on November 12, 2012.

The Company calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed statement of comprehensive income are:

	For the three months ended March 31, 2015	March 31, 2014
Current income tax expense	**$**	$
Deferred income tax expense relating to origination and reversal of temporary differences	**305,584**	303,128

Income tax expense recognized in statement of comprehensive income	**$ 305,584**	$ 303,128

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11. Fair value of financial instruments

The Company s main financial instruments are comprised of cash, notes and accounts receivable, notes and loans payable, accounts payable and accrued expenses. Management believes that the carrying amounts of cash, accounts receivable, and accounts payable approach their fair market value due to their short-term nature. The carrying amount of notes receivable from related parties approximates fair value as the notes were initially recorded at the estimated discounted cash flows.

In evaluating the fair value of loans payable at fixed rates the Company has considered the country risks, market conditions existing both at the date of the loans and those at the statement of financial position dates, and that there are not a significant number of comparable financings in its market. As of March 31, 2015 and December 31, 2014 the fair value of the loans, taking into account current market interest rates, are the following:

	Carrying amount		(Level 3) Fair value	
	March 31, 2015	**December 31, 2014**	**March 31, 2015**	**December 31, 2014**
FMO	**$ 26,220,799**	$ 26,758,615	**$ 25,772,249**	$ 26,296,130
DEG	**23,411,428**	23,891,620	**24,059,281**	24,559,599
Proparco	**24,816,111**	25,325,117	**24,304,190**	24,797,292
FMO subordinated	**11,240,540**	11,471,796	**11,966,454**	12,218,673
	$ 85,688,878	$ 87,447,148	**$ 86,102,174**	$ 87,871,694

	Carrying amount		(Level 3) Fair value	
	March 31, 2015	**December 31, 2014**	**March 31, 2015**	**December 31, 2014**
Loan to GME	**$ 3,300,000**	$ 3,395,540	**$ 3,424,098**	$ 3,399,090

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of its financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

- Level 2: Techniques that use inputs different from quoted prices that are observable for the asset or liability, whether directly or indirectly.

- Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The inputs used in the fair value disclosure of loans payable are categorized within Level 3 of the fair value hierarchy.

12. Contingencies

In January 2014 Eolo was notified by the Municipality of Rivas, Nicaragua, of a tax assessment of property taxes on land and equipment corresponding to the 2013 fiscal period. The property taxes claimed by the Municipality amount to a total of US$137,321. Eolo has responded that it must not bear those taxes because

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it does not own the lands (the lands on which the wind farm operates is leased) and its equipment does not fall under the fixtures definition of the tax law on which the property taxes are levied. On May 28, 2014, Eolo filed a lawsuit against the Municipality of Rivas at the Contentious Administrative Court. This process is expected to take between one or two years. In the meantime, the Municipality is precluded from enforcing the tax assessment because Eolo rendered a guarantee of US$14,739 as part of the contentious process. The Company, after consultation with its legal advisors, considers that there are strong arguments to revert the tax assessment claimed and avoid payment. Therefore, the financial statements as of March 31, 2015 do not contain a provision for this matter.

13. Subsequent events

On June 12, 2015, a Stock Purchase Agreement (SPA) was signed between Globeleq Holdings (Americas Renewables) Limited and Mesoamerica Power Limited as sellers and an affiliate of SunEdison as purchaser, for the sale of a 100% interest in the Company s upstream shareholder, Globeleq Mesoamerica Energy (Wind) Limited. The SPA is subject to various conditions, not all of which have been met as of the date of these financial statements. There is no guarantee that such transaction will be consummated.

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Inversiones Eólicas de Orosí Dos, S.A.

(A Costa Rican Entity)

Interim Condensed Statements of Financial Position

As of March 31, 2015 and December 31, 2014 and 2013

(expressed in US dollars)

	Notes	March 31 2015 (Unaudited)	December 31 2014 (Audited) Restated (Note 2.2)	December 31 2013 (Audited) Restated (Note 2.2)
ASSETS				
Current assets:				
Cash	3	**$ 3,465,415**	$ 6,314,132	$ 5,696,826
Restricted cash	3	**39,886**	228,323	
Accounts receivable	4	**8,612,025**	17,364	20,457
Prepaid expenses		**13,579**	3,950	
Prepaid sales tax	5	**1,469,651**	409,626	
Total current assets		**13,600,556**	6,973,395	5,717,283
Non-current assets:				
Prepaid sales tax	5	**5,820,435**	6,743,445	
Intangible assets	6	**111,458,753**	99,506,733	18,945,663
Project equipment		**427,398**	437,595	94,659
Derivative financial instruments	7	**321,288**	426,296	
Deferred income tax, net	10	**1,667,756**	1,529,119	1,597,423
Deferred finance costs				2,354,062
Other assets		**3,336**	25,660	7,369
Total assets		**$ 133,299,522**	$ 115,642,243	$ 28,716,459
LIABILITIES AND EQUITY				
Current liabilities:				
Notes and loans payable	9	**$ 2,385,239**	$ 2,385,238	$ 130,000
Accounts payable		**123,231**	123,044	305,939
Deferred revenue	4	**2,910,769**		
Restoration provision		**2,603,417**	46,959	
Accrued expenses and other accounts payable		**18,327,442**	10,991,136	229,976
Accrued interest payable	9	**1,680,651**	693,229	
Income tax payable		**1,664,387**		
Total current liabilities		**29,695,136**	14,239,606	665,915

Non-current liabilities:				
Restoration provision		**623,841**	187,834	
Notes and loans payable	9	**89,027,595**	88,634,232	3,414,600
Total liabilities		**119,346,572**	103,061,672	4,080,515
Equity:				
Share capital		**20**	20	20
Contributed capital		**17,687,469**	17,687,469	29,425,953
Deficit		**(3,734,539)**	(5,106,918)	(4,790,029)
Total equity		**13,952,950**	12,580,571	24,635,944
Total liabilities and equity		**$ 133,299,522**	$ 115,642,243	$ 28,716,459

The accompanying notes are part of the interim condensed financial statements.

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Inversiones Eólicas de OrosÍ Dos, S.A.

(A Costa Rican Entity)

Interim Condensed Statements of Comprehensive Income

For the three-month periods ended March 31, 2015 and 2014

(expressed in US dollars)

	Notes	March 31 2015 (Unaudited) Restated (Note 2.2)	March 31 2014 (Unaudited)
Revenues:			
Construction revenue	6	**$ 11,952,020**	$ 1,266,760
Net revenue from availability liquidated damage	4	**5,689,232**	
Total revenues		**17,641,252**	1,266,760
Construction costs		**(11,859,515)**	(1,256,955)
Gross margin		**5,781,737**	9,805
Operating costs and expenses:			
General and administrative		**250,804**	324,602
Penalty from ICE	4	**2,552,938**	
Depreciation and amortization of non-financial assets		**14,573**	7,540
Total operating costs and expenses		**2,818,315**	332,142
Income loss		**2,963,422**	(322,337)
Other income (expenses):			
Interest income		**218**	231
Finance cost		**(874)**	(1,336)
Finance cost from provisions		**(4,985)**	
Change in fair value of derivative financial instruments	7	**(105,008)**	
Exchange rate differences, net		**75,231**	90
Other income (expenses), net		**(29,875)**	
Income (loss) before income tax		**2,898,129**	(323,352)
Deferred income tax		**(1,525,750)**	(68,292)
Total comprehensive income (loss)		**$ 1,372,379**	$ (391,644)

The accompanying notes are part of the interim condensed financial statements.

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Inversiones Eólicas de OrosÍ Dos, S.A.

(A Costa Rican Entity)

Interim Condensed Statements of Changes in Equity

For the three-month periods ended March 31, 2015 and 2014

(expressed in US dollars)

	Share capital	Contributed capital	Deficit	Total equity Restated (Note 2.2)
For the three-month period ended March 31, 2014:				
As of January 1, 2014 (audited)	$ 20	$ 29,425,953	$ (4,790,029)	$ 24,635,944
Comprenhensive loss			(391,644)	(391,644)
Contribuited capital		200,000		200,000
As of March 31, 2014 (unaudited)	$ 20	$ 29,625,953	$ (5,181,673)	$ 24,444,300
For the three-month period ended March 31, 2015:				
As of January 1, 2015 (audited)	**$ 20**	**$ 17,687,469**	**$ (5,106,918)**	**$ 12,580,571**
Comprenhensive Income			**1,372,379**	**1,372,379**
As of March 31, 2015 (unaudited)	**$ 20**	**$ 17,687,469**	**$ (3,734,539)**	**$ 13,952,950**

The accompanying notes are part of the interim condensed financial statements.

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Inversiones Eólicas de OrosÍ Dos, S.A.

(A Costa Rican Entity)

Interim Condensed Statements of Cash Flows

For the three-month periods ended March 31, 2015 and 2014

(expressed in US dollars)

	Notes	March 31 2015 (Unaudited) Restated (Note 2.2)	March 31 2014 (Unaudited) Restated (Note 2.2)
Operating activities:			
Income (loss) before income tax		**$ 2,898,129**	$ (323,352)
Adjustments to reconcile income (loss) before income tax to cash flows from operating activities:			
Depreciation and amortization expense		**14,573**	7,540
Finance costs		**874**	(1,336)
Finance cost from provisions		**4,985**	
Change in fair value of derivative financial instruments	6	**105,008**	
Loss on disposal of project equipment		**188**	
Interest income		**(218)**	(231)
		3,023,539	(317,379)
Changes in operating assets and liabilities:			
Accounts receivable		**(5,683,892)**	(35,904)
Accounts receivable with related parties			(13,900)
Prepaid expenses		**(9,629)**	(6,861)
Prepaid sales tax		**(137,015)**	
Other assets		**22,324**	(1,318)
Accounts payable		**187**	(89,736)
Accrued interest payable		**987,422**	
Accrued expenses and other accounts payable		**7,336,306**	(78,407)
Increase provisions		**2,987,480**	
Net cash provided by (used in) operating activities		**8,526,722**	(543,505)
Investing activities:			
Additions to intangible assets		(11,952,020)	(1,266,760)
Purchase of financial instrument			(1,249,116)
Additions to project equipment		(4,563)	(360,012)
Interest income received		218	231

Net cash used in investing activities	**(11,956,365)**	(2,875,657)
Financing activities:		
Decrease (increase) in restricted cash accounts designated for financing activities	**188,437**	(2,051,271)
New Loans	**407,780**	
Contributed capital		200,000
Financing costs paid		(378,211)
Interest paid	**(15,291)**	1,336
Net cash provided by (used in) financing activities	**580,926**	(2,228,146)
Net decrease in cash	**(2,848,717)**	(5,647,308)
Cash at beginning of year	**6,314,132**	5,696,826
Cash at end of year	**$ 3,465,415**	$ 49,518

The accompanying notes are part of the interim condensed financial statements.

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Inversiones Eólicas de OrosÍ Dos, S.A.

(A Costa Rican Entity)

Notes to Interim Condensed Financial Statements

March 31, 2015

(expressed in US dollars)

1. Corporate information

Inversiones Eólicas de Orosí Dos, S.A. (Orosí or the Company) was organized as a corporation on August 13 2008 under the laws of the Republic of Costa Rica. Orosí is domiciled in Quebrada Grande de Liberia, Guanacaste, Costa Rica. The Company is a 100% owned subsidiary of Inversiones Eólicas de Costa Rica, S.A., which in turn is controlled by Globeleq Mesoamerica (Wind) Limited (GME Wind) an entity domiciled in Bermuda and Orosí s ultimate parent is Actis Infrastructure Fund 2LP.

The Company s main activity relates to the construction and future operation of a 50 megawatt wind farm (the Project) in the province of Guanacaste, Costa Rica. On August 1 2013 Orosí entered into a Power Purchase Agreement (PPA) with Instituto Costarricense de Electricidad (ICE) to build, operate and transfer the wind farm, which is comprised of 25 wind turbine generators of 2 megawatts each. Orosí began the Project s construction in December 2013 and it is expected that energy generation will start during the third quarter of 2015. The approximate total investment in the construction of the Project is US$119 million, and it is being financed with the Company s own capital and through third-party borrowings.

As previously indicated, the PPA with ICE was agreed under the build-operate-transfer (BOT) modality with the following significant terms:

The purpose of the PPA is for Orosí to undertake the financing, construction, operation, and maintenance of the wind park. The wind park has to be transferred to ICE free of any and all encumbrances at the end of the PPA period.

The PPA period is 20 years, which enter into effect upon notice from ICE of the Order to Proceed (a term defined in the PPA), which happened on October 24, 2013.

Orosí will generate power under the operational and quality standards established by ICE in the PPA, and has to deliver all power generated to ICE, with the exception of that which is required to supply the power plant s own needs.

The initial tariff is established in the PPA and a portion is adjusted for inflation on a semi-annual basis.

On November 22, 2013 the Company signed a turnkey Engineering, Procurement and Construction agreement (EPC) with Gamesa Wind US LLC (Gamesa) by which Gamesa, as the main subcontractor, committed to design, engineer, manufacture, procure, install, start-up, construct and test the wind farm. The total EPC price is US$97,220,640, including subsequent change orders for a net amount of USD$1,500,000. The EPC contract includes design-defect and performance warranties in favor of Orosí which are supported by a stand-by letter of credit for

US$14,358,096.

The Company does not have traded debt or equity in the public markets. The accompanying financial statements have been prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 12.

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2. Basis of preparation of the financial statements and accounting policies

The Company s interim condensed financial statements as of March 31, 2015 were first approved for issuance by the Company Chief Executive Officer and Chief Financial Officer on April 8, 2015, and were subsequently approved by the Company s shareholders. The accompanying restated interim condensed financial statements have been prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 12. They have also been restated for the correction of certain errors as explained in Note 2.2. The Company s Chief Executive Officer and Chief Financial Officer approved these financial restated statements for issuance on June 13, 2015 and subsequent events have been considered through that later date.

2.1 Basis of preparation

The interim condensed financial statements for the three-month period ended March 31, 2015 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, an accounting standard of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

These financial statements are condensed and accordingly do not include all disclosures required by the IFRS for a full set of financial statements. They should be read in conjunction with the Company s financial statements as of and for the year ended December 31, 2014. The results for the quarter ended March 31, 2015 are not necessarily indicative of results that should be expected for the full year ending December 31, 2015.

2.2 Restatement of interim condensed financial statements

During its preparation of the accompanying interim condensed financial statements for the purpose aforementioned described, the Company identified certain accounting errors that are being retrospectively corrected herein. They are explained as follows:

The Company previously accounted for restricted cash as a component of cash in its statement of cash flow. It has corrected that classification to now exclude those amounts. The Company also modified the current versus non-current classification of restricted cash to comfort with contractual terms.

The Company has identified the need for a decommissioning and restoration provision in the accompanying financial statements given legal obligations that it believes exist under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The Company has determined residual values for its wind turbines which resulted in a change in the depreciation expense.

The aforementioned matters have an impact on deferred income taxes.

Certain accounting disclosures have been expanded from those previously presented

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These corrections have impacted the accompanying interim condensed financial statements as follows (amounts in US dollars):

	Balance as of or for the three-month period ended March 31, 2015 as previously reported	Retrospective adjustments	Balance as of or for the three-month period ended March 31, 2015 as restated	Balance as of the year ended December 31, 2014 as previously reported	Retrospective adjustments	Balance as of the year ended December 31, 2014 as restated
Statement of financial position:						
Current assets	4,895,358	8,705,198	13,600,556	8,186,361	(1,212,966)	6,973,395
Non-current assets	117,448,817	2,250,149	119,698,966	107,150,651	1,518,197	108,668,848
Total assets	122,344,175	10,955,347	133,299,522	115,337,012	305,231	115,642,243
Current liabilities	20,836,563	9,731,804	29,695,136	14,192,647	46,959	14,239,606
Non-current liabilities	89,462,137	189,299	89,651,436	88,634,232	187,834	88,822,066
Total liabilities	110,298,700	9,921,103	119,346,572	102,826,879	234,793	103,061,672
Equity	12,045,475	1,034,244	13,952,950	12,510,133	70,438	12,580,571
Statement of comprehensive income:						
Revenues	10,258,916	7,395,439	11,952,020			
Operating expenses	(10,505,199)	4,251,027	(9,053,891)			
Income before income taxes	(246,283)	3,144,412	2,628,129			
Income taxes	(218,375)	(2,180,606)	(1,525,750)			
Comprehensive income	(464,658)	963,806	1,372,379			
Statement of cash flows:						
Cash flows from operating activities	6,833,618	1,693,104	8,526,722			
Cash flows from investing activities	(10,263,261)	(1,693,104)	(11,956,365)			
Cash flows from financing activities	392,489	188,437	580,926			
Cash at beginning of year	6,542,455	(228,323)	6,314,132			
Cash at end of year	3,505,301	(39,886)	3,465,415			

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2.3 New standards, interpretations and amendments thereof, adopted by the Company

The accounting policies applied by the Company in the preparation of these interim condensed financial statements are consistent with those applied in the preparation of its annual financial statements for the year ended December 31, 2014.

3. Cash

	March 31 2015	December 31 2014
Banks	**$ 3,463,368**	$ 6,312,107
Petty cash	**2,047**	2,025
	$ 3,465,415	$ 6,314,132
Restricted cash in banks	**$ 39,886**	$ 228,323

Cash deposited in bank accounts earns interest based on daily rates determined by the corresponding banks.

Cash balance for US$39,886 as of March 31, 2015 (2014: US$228,323) is restricted under the financing documents between Orosi and the Lenders (Note 9). Under the terms of its debt agreements, the Company has a series of restricted bank accounts both on-shore in Costa Rica, and also off-shore. Cash receipts from operations are initially deposited directly into these restricted accounts and then based on contractually agreed provisions are allocated into a series of sub-accounts, restricted for specific operational and other purposes including, but not limited to, construction, debt service, major maintenance, insurance, and shareholders distributions. Except as expressly provided in those debt agreements, the restricted bank accounts are under the control of a trustee and the Company has the right to withdraw or transfer funds only as expressly provided in those debt agreements.

4. Account receivable

	2015	2014
Gamesa Wind US LLC	**$ 8,600,000**	$
Others	**12,026**	17,364
	$ 8,612,026	$ 17,364

The outstanding balances due from Gamesa Wind US LLC correspond to trade receivables for delays in the construction schedule. During 2014, Orosí negotiated a Letter Agreement with Gamesa which allowed Orosí to invoice US$8,600,000 for delay liquidated damages per article 8 of the EPC, while at the same time agreeing to pay Gamesa $2,000,000 associated with various change orders. Orosí received the full amount of the liquidated damages during April and May 2015. Given the agreement that the Company had in place with Gamesa prior to March 31, 2015, the Company has recorded a receivable from Gamesa for $8,600,000 as of March 31, 2015, revenue related to availability liquidated damages of $5,689,232 representing amounts attributable to delays though March 31, 2015, and deferred income of $2,910,769 related to subsequent periods to March 31, 2015.

The final liquidated damages could reach up to approximately US$9,700,000, equivalent to 10% of the EPC value, which is subject to change due to potential change orders. It is now estimated that the park will start commercial operations during the third quarter of 2015. The dates agreed with Instituto Costarricense de Electricidad (ICE) for the partial and total start of operations are May 12 and June 2, 2015.

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Orosí could therefore be exposed to fines per article 4.9.1 of the PPA contract with ICE for approximately US$2,550,000. Based on information available as of the date of these financial statements, management believes that such fines are probable in nature and they have thus accrued in the accompanying March 31, 2015 statement of financial position.

5. Prepaid sales tax

As of March 31, 2015, the Company reflects an asset for an amount of US$7,290,086 (2014: US$7,153,071) in its financial statements which is related to sales taxes paid. Out of this balance, US$7,022,301 relates to taxes for the import of the generation equipment for the Project. The Company filed a request with the Ministry of Treasury to obtain exempt purchase orders for the import of the equipment necessary for the Project s construction. This request, however, was denied. This application, however, was denied. Orosi was therefore forced to pay all of the sales taxes for the imports.

On February 12, 2015 the Company filed a claim against the State of Costa Rica through an ordinary process that would allow for the recovery of these taxes plus interest. In the meantime, the Company will use the taxes paid as tax credits to be offset against taxes collected from the sale of energy. Because the Company believes that it is probable that it will ultimate recover such prepaid sales tax amounts, it has reflected these amounts as a prepaid amount in its financial statements and not as an incremental component of the project construction.

6. Intangible assets

The Company accounts for the construction of the wind park under the intangible asset model contemplated in IFRIC 12 Service Concession Arrangements, an interpretation from International Financial Reporting Standards. Construction of the wind park began in December 2013. The intangible asset balance as of March 31, 2015 and December 31, 2014 is as follows:

	March 31	
		December 31
	2015	**2014**
Construction revenue during 2015	**$ 11,952,020**	$
Construction revenue during 2014	**94,519,373**	94,754,166
Construction revenue during 2013	**4,752,567**	4,752,567
Restoration Obligation during 2014	**234,793**	
	$ 111,458,753	$ 99,506,733

Construction costs in the three-month period ended March 31, 2015 associated to revenue amount to a total of US$10,179,515 (March 31, 2014: US$ 1,256,955).

As of March 31, 2015 the Company accrues a liability for construction costs of US$17,027,880 (December 31, 2014: US$10,846,303) over completed construction work for which the sub-contractor Gamesa has not yet billed the Company as of that date.

Management has estimated the overall percentage of completion of the Project to be 98% as of March 31, 2015 (December 31, 2014: 90%). It is also expected that the Project will begin operations in early July 2015.

Finance costs of US$3,809,800 were capitalized in the three months period ended March 31, 2015 (December 2014: US$2,259,121) with respect to the Project construction based on an average effective interest rate of 6.50% (December 2014: 6.18%) of the corresponding loans obtained to finance construction.

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7. Fair value of derivative instrument

The Company uses interest rate cap to hedge its variable interest rate exposure on a portion of the Company s loan with BICSA (note 9). Under the interest rate cap agreement contracted by the Company on February 11, 2014, it receives a fixed interest rate and pays interest at a variable rate on the notional amounts. This derivative financial instrument has been designated as a hedging instrument and has been assessed to be highly effective as of the date of the financial statements. As of March 31, 2015 the fair value of the interest rate cap amounts to US$321,288 (December 31, 2014 US$426,296) and the change in fair value was a loss for US$105,008.

The main characteristics of the cap agreement are as follows:

Effective date	25-Apr-2014
Termination date	25-Oct-2028
Maximum notional amount	US$19,526,000
Fixed cap interest rate	Between 2.50% and 4.75%
Variable interest rate	US Libor - BBA - 6 months

8. Balances and transactions with related parties

The related parties with whom the Company maintains balances and performs transactions are entities under the common control of the parent company, Globeleq Mesoamerica Energy (Wind) Limited. A breakdown of these account payable balances and the respective terms and conditions is as follows:

	2015	**2014**
Notes and loans payable:		
Administración de Energías Renovables, S.A.	**$ 18,630,539**	$ 18,222,757
Accounts payable:		
Plantas Eólicas, Limited	**$**	$ 252

Maturity terms for accounts payable to related parties extend up to 30 days from the corresponding invoices issue dates, and are not subject to any discounts for early-payment.

A breakdown of transactions performed with related parties is summarized below:

	2015	**2014**
Various construction costs capitalized to the Project:		
TCR Holdings, S.A. **a/**	**$ 240,000**	**$ 1,169,785**
CR Operaciones y Mantenimientos, S.A. **b/**	**$ 26,961**	**$ 72,387**
Administración de Energías Renovables, S.A. **c/**	**$**	**$ 71,429**
Energía Eólica de Honduras, S.A.	**4,469**	
Finance costs:		
Administración de Energías Renovables, S.A. (Note 11)	**$**	**$ 720,368**

Professional services expense:		
TCR Holdings, S.A. **a/**	**$**	$ 600,000

a/ The Company and TCR Holdings, S.A. entered into a Management Services Agreement whereby Orosí engaged TCR to perform the following services: engineering, technical support, construction

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supervision, project management, bookkeeping, treasury, and tax and legal matters, among others. As consideration for the services, the agreement contemplated a monthly fee (plus expenses) of US$50,000 which will increase to US$80,000 after the Financial Closing, and will be reduced after the Project s Commercial Operation to US$50,000. The Agreement is for an indefinite period unless it is terminated by either party upon written notice to the other party.

b/ The Company and CR Operaciones y Mantenimientos, S.A. entered into an Inspection Contract on May 22, 2014 for the installation of wind turbines.

c/ The Company paid to the subsidiary Administración de Energías Renovables, S.A. certain reimbursable expenses related with the construction of the Project.

Compensation to key management personnel

The Company does not directly incur compensation for key personnel because TCR Holdings, S.A. provides the required management services.

9. Notes and loans payable

Notes and loans payable correspond to financing obtained for the purchase of land and easements where the Project is located and for construction costs. A summary of the notes and loans payable is presented below:

	Interest rate	Maturity date	March 2015	December 2014
Construction (*):				
Export-Import Bank of the United States (Ex-Im)	3.94%(**)	October 2031	**$ 52,016,373**	$ 52,016,373
Banco Internacional de Costa Rica, S.A. (BICSA)	Libor+4% (**)	October 2028	**12,090,000**	12,090,000
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	Libor+4% (**)	October 2028	**14,249,869**	14,249,869
Subordinated loan with related party:				
Administración de Energías Renovables, S.A.	11% fixed	April 2033	**18,630,539**	18,222,758
Purchase of land and easements:				
Hermanos Ocampo Fernández, S.A.		July 2015	**130,000**	130,000
Principal			**97,116,781**	96,709,000
Less Deferred borrowing costs			**(5,703,947)**	(5,689,530)
			91,412,834	91,019,470
Less Maturity of one year or less			**(2,385,239)**	(2,385,238)
Long-term notes and payables			**$ 89,027,595**	$ 88,634,232

(*) The total available principal for the financing of the construction is US$109,147,375, comprised as follows: US$61,147,375 from Ex-Im, US$20,000,000 from BICSA, and US$28,000,000 from FMO. As of December 31, 2013, the Company had not made any withdrawals from these credit facilities.

(**) Interest rate during the construction phase of the Project.

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The provisions of the construction loans are included in the Common Terms Agreement , the Master Security and Account Agreement , the Equity Contribution and Share Retention Agreement , the Intercreditor Agreement , the Security Trust Agreement , and the three Loan Agreements . The loan documents establish affirmative, negative and certain financial covenants for the Company.

The loans for the financing of construction are secured by the Project and all its assets, with Banco BCT, S.A. acting as security trustee and onshore Account Bank. Loans for the purchase of land are secured by a mortgage on said land. These liens were specifically permitted by the grantor of the BOT (ICE), who retains residual interest through its ability to step into the loans or pay them off to maintain control of the Project in the event that the Company defaults on such obligations.

On September 2, 2014 the Company entered into an unsecured subordinated loan agreement with a related party, Administración de Energías Renovables, S.A. Debt payments, including principal and interest, will be made in April and October of each year, from 2015 up to April 2033.

As of March 31, 2015 accrued interest on notes and loans payable amounts to US$1,680,651 (December 31, 2014: US$693,229).

10. Income tax and deferred income tax

The Company calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed statement of comprehensive income are:

	For the three months ended	
	March 31, 2015	**March 31, 2014**
Current income tax expense	**$**	$
Deferred income tax expense relating to origination and reversal of temporary differences	**(1,525,750)**	(68,292)
Income tax expense recognized in statement of comprehensive income	**$ (1,525,750)**	$ (68,292)

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11. Fair value of financial instruments

The Company s main financial instruments are comprised of cash, notes and accounts receivable, notes and loans payable, accounts payable and accrued expenses. Management believes that the carrying amounts of cash, accounts receivable, and accounts payable approach their fair market value due to their short-term nature. The carrying amount of notes receivable from related parties approximates fair value as the notes were initially recorded at the estimated discounted cash flows.

In evaluating the fair value of loans payable at fixed rates the Company has considered the country risks, market conditions existing both at the date of the loans and those at the statement of financial position dates, and that there are not a significant number of comparable financings in its market. As of March 31, 2015 and December 31, 2014 the fair value of the loans, taking into account current market interest rates, are the following:

	Carrying amount		(Level 3) Fair value	
	March 31, 2015	**December 31, 2014**	**March 31, 2015**	**December 31, 2014**
Ex Im	**$ 52,016,373**	**$ 52,016,373**	$ 53,886,895	$ 53,886,895
FMO	**14,249,869**	**14,249,869**	14,552,632	14,552,632
BICSA	**12,090,000**	**12,090,000**	12,041,195	12,041,195
Administración Energías Renovables, S.A.	**18,630,539**	**18,630,539**	**18,630,539**	**18,630,539**
Hermanos Ocampo Fernández, S.A.	**130,000**	**130,000**	**130,000**	**130,000**
Total	**$ 97,116,751**	$ 97,116,781	**$ 99,241,261**	$ 99,241,261

	Carrying amount		(Level 3) Fair value	
	March 31, 2015	**December 31, 2014**	**March 31, 2015**	**December 31, 2014**
Loan to GME	**$**	$	**$**	$

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of its financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Techniques that use inputs different from quoted prices that are observable for the asset or liability, whether directly or indirectly.

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data. The inputs used in the fair value disclosure of loans payable are categorized within Level 3 of the fair value hierarchy.

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12. Subsequent events

On June 12, 2015, a Stock Purchase Agreement (SPA) was signed between Globeleq Holdings (Americas Renewables) Limited and Mesoamerica Power Limited as sellers and an affiliate of SunEdison as purchaser, for the sale of a 100% interest in the Company s upstream shareholder, Globeleq Mesoamerica Energy (Wind) Limited. The SPA is subject to various conditions, not all of which have been met as of the date of these financial statements. There is no guarantee that such transaction will be consummated.

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Report of independent registered public accounting firm

To SunEdison Emerging Markets Co. (Predecessor):

We have audited the accompanying combined balance sheets of SunEdison Emerging Markets Co. (Predecessor) (a solar energy generation asset business of SunEdison, Inc.) (the Company) as of December 31, 2014 and 2013, and the related combined statements of operations, comprehensive loss, equity, and cash flows for each of the years in the two-year period ended December 31, 2014. These combined financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of SunEdison Emerging Markets Co. (Predecessor) as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

San Francisco, California

June 17, 2015

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SunEdison Emerging Markets Co. (Predecessor)

Combined statements of operations

In thousands	For the year ended December 31, 2014	2013
Revenue	$ 39,449	$ 22,196
Operating costs and expenses:		
Cost of operations	1,999	355
Cost of operations affiliate	2,257	1,311
General and administrative	1,349	1,047
General and administrative affiliate	10,850	4,790
Depreciation and accretion	7,167	4,785
Total operating costs and expenses	23,622	12,288
Operating income	15,827	9,908
Other expense (income):		
Interest expense	24,294	11,812
Other (income) expense, net	(5,128)	2,024
Total other expenses, net	19,166	13,836
Loss before income tax expense (benefit)	(3,339)	(3,928)
Income tax expense (benefit)	1,700	(1,651)
Net loss	$ (5,039)	$ (2,277)

See accompanying notes to combined financial statements.

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SunEdison Emerging Markets Co. (Predecessor)

Combined statements of comprehensive loss

In thousands	For the year ended December 31, 2014	2013
Net loss	$ (5,039)	$ (2,277)
Other comprehensive loss:		
Net foreign currency translation adjustments	(8,167)	(5,161)
(Loss) gain on hedging instruments	(12,903)	2,762
Total comprehensive loss	$ (26,109)	$ (4,676)

See accompanying notes to combined financial statements.

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SunEdison Emerging Markets Co. (Predecessor)

Combined balance sheets

In thousands	As of December 31, 2014	2013
Assets		
Current assets:		
Cash and cash equivalents	$ 150,146	$ 3,148
Cash commited for construction projects	42,416	2,120
Restricted cash	22,083	37,014
Accounts receivable, net	11,728	4,578
Due from parent and affiliates	864	696
Deferred financing costs	4,457	1,259
Deferred tax assets	197	971
Other current assets	2,775	2,676
Total current assets	234,666	52,462
Property and equipment, net	386,079	210,017
Due from parent and affiliates	138	152
Deferred financing costs	11,487	5,447
Restricted cash	21,312	8,145
Deferred tax assets	1,384	
Other assets	18,390	14,888
Total assets	$ 673,456	$ 291,111
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	$ 31,542	$ 29,495
Accounts payable	9,894	886
Accrued expenses and other current liabilities	2,326	1,938
Deferred tax liabilities	1,384	89
Due to parent and affiliates	47,266	24,633
Total current liabilities	92,412	57,041
Other liabilities:		
Long-term debt, less current portion	492,569	115,925
Asset retirement obligations and other liabilities	36,830	40,051
Deferred tax liabilities	2,881	8,393
Total liabilities	624,692	221,410
Equity:		
Net parent investment	75,285	75,152
Accumulated other comprehensive loss	(26,521)	(5,451)
Total equity	48,764	69,701

Total liabilities and equity	$ 673,456	$ 291,111

See accompanying notes to combined financial statements.

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SunEdison Emerging Markets Co. (Predecessor)

Combined statements of equity

In thousands	Net parent investment	Accumulated other comprehensive loss	Total equity
Balance at December 31, 2012	$ 35,749	$ (3,052)	$ 32,697
Net loss	(2,277)		(2,277)
Contributions from parent and affiliates, net	41,680		41,680
Other comprehensive loss		(2,399)	(2,399)
Balance at December 31, 2013	$ 75,152	$ (5,451)	$ 69,701
Net loss	(5,039)		(5,039)
Contributions from parent and affiliates, net	5,172		5,172
Other comprehensive loss		(21,070)	(21,070)
Balance at December 31, 2014	$ 75,285	$ (26,521)	$ 48,764

See accompanying notes to combined financial statements.

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SunEdison Emerging Markets Co. (Predecessor)

Combined statements of cash flows

In thousands	For the year ended December 31, 2014	2013
Cash flows from operating activities:		
Net loss	$ (5,039)	$ (2,277)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of deferred financing costs	1,140	772
Depreciation and accretion	7,167	4,785
Change in fair value of interest rate swaps	705	(158)
Deferred taxes	1,461	(1,956)
Changes in assets and liabilities:		
Accounts receivable, net	(7,533)	(2,766)
Other current assets	(656)	(3,518)
Accounts payable and other current liabilities	65	(336)
Due to parent and affiliates	23,327	(15,746)
Other assets and liabilities, net	(5,577)	4,228
Net cash provided by (used in) operating activities	15,060	(16,972)
Cash flows from investing activities:		
Capital expenditures	(190,267)	(60,312)
Change in cash committed for construction	(40,305)	(2,120)
Change in restricted cash	(1,509)	(38,776)
Change in loans due from parent and affiliates	228	(745)
Net cash used in investing activities	(231,853)	(101,953)
Cash flows from financing activities:		
Proceeds from system debt financing	224,023	89,025
Repayments on system debt financing	(8,693)	(4,922)
Proceeds from Bridge Facility	150,000	
Proceeds from loans with parent and affiliates	3,951	2,580
Net parent investment	5,930	48,066
Payment of deferred financing costs	(9,692)	(16,110)
Net cash provided by financing activities	365,519	118,639
Effect of exchange rate changes on cash and cash equivalents	(1,728)	(576)
Net increase (decrease) in cash and cash equivalents	146,998	(862)
Cash and cash equivalents at beginning of period	3,148	4,010
Cash and cash equivalents at end of period	$ 150,146	$ 3,148
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 22,754	$ 8,784
Schedule of non-cash investing activities:		

Additions to asset retirement obligations	$ 2,930	$ 1,733
Additions to property and equipment included in due to parent and affiliates	2,100	14,801
Additions to property and equipment as a result of contributions from shareholders		586
Amortization of deferred financing cost capitalized during construction	161	43

See accompanying notes to combined financial statements.

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SunEdison Emerging Markets Co. (Predecessor)

Notes to combined financial statements

(Amounts in thousands)

1. Nature of operations

The accompanying combined financial statements of SunEdison Emerging Markets Co. (the Company or we) have been prepared in connection with the proposed initial public offering of Class A common stock of TerraForm Global, Inc., (TerraForm Global) formerly known as SunEdison Emerging Markets Yield, Inc. TerraForm Global was formed as a Delaware corporation on September 12, 2014 and is a wholly owned subsidiary of SunEdison, Inc. The Company represents the assets that TerraForm Global intends to acquire from SunEdison, Inc. (the Parent) concurrently with the closing of the Offering, and therefore, the combined financial statements of the Company are viewed as the Predecessor of TerraForm Global, Inc. Currently, the assets to be acquired include solar energy generation systems owned by project entities located in China, India, Malaysia, South Africa, Uruguay and Thailand and the related long-term contractual arrangements to sell the solar energy generated to third parties. The project entities in China, India, South Africa, Uruguay and Thailand are majority-owned subsidiaries of the Parent. The project entities in Malaysia are 48% owned by a subsidiary of the Parent and 52% owned by an investor unrelated to the Parent. Each of the project entities is controlled either through voting or variable interests and therefore is consolidated by the Parent.

The Company has the following projects in operation and under construction as of December 31, 2014:

Country	Net Capacity (MW)(1)	% of Total MW	# of Sites
China Projects:			
Solar	18.0	7%	1
India Projects:			
Solar	93.9	39%	9
Uruguay Projects:			
Solar	74.8	31%	2
South Africa Projects:			
Solar	33.6	14%	1
Malaysia Projects:			
Solar	19.0	8%	3
Thailand Projects:			
Solar	3.6	1%	3
Total	242.9	**100.0%**	**19**

(1) Net capacity represents the maximum, or rated, generating capacity at standard test conditions of a facility multiplied by our percentage of economic ownership of that facility as of the date of this prospectus. Generating capacity may vary based on a variety of factors discussed elsewhere in this prospectus. For projects referenced herein that have not yet achieved their commercial operations date, or COD, the figures reflect expected final capacity.

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Basis of presentation

The Company has presented combined financial statements as of and for the years ended December 31, 2014 and 2013. The Company s combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) is the source of authoritative U.S. GAAP to be applied by nongovernmental entities. In addition, the rules and interpretative releases of the United States Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants.

The Company currently operates as part of the Parent. The combined financial statements were prepared using the Parent s historical basis in certain assets and liabilities, and include all revenues, expenses, assets, and liabilities attributed to the assets to be acquired. The historical combined financial statements also include allocations of certain corporate expenses of the Parent. Management believes the assumptions and methodology underlying the allocation of the Parent s corporate expenses reasonably reflect all of the costs of doing business of the Company. However, such expenses may not be indicative of the actual level of expense that would have been incurred by the Company if it had operated as an independent, publicly traded company during the periods prior to the Offering or of the costs expected to be incurred in the future.

The combined balance sheets do not separately present certain of the Parent s assets or liabilities where management deemed it inappropriate due to the underlying nature of those assets and liabilities. The Parent performs financing, cash management, treasury and other services for the Company on a centralized basis. Changes in the net parent investment account in the combined balance sheets related to these activities have been considered cash receipts and payments for purposes of the combined statements of cash flows and are reflected in financing activities. Changes in the net parent investment account resulting from Parent contributions of assets and liabilities have been considered non-cash financing activities for purposes of the combined statements of cash flows.

These combined financial statements and related notes to the combined financial statements are presented on a consistent basis for all periods presented. All significant intercompany transactions and balances have been eliminated in the combined financial statements.

2. Summary of significant accounting policies

Use of estimates

In preparing our combined financial statements, we use estimates and assumptions that may affect reported amounts and disclosures. Estimates are used when accounting for depreciation, leases, derivatives, asset retirement obligations, contingencies, impairments, accrued liabilities and income taxes, among others. These estimates and assumptions are based on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue, costs and expenses that are not readily apparent from other sources. To the extent there are material differences between the estimates and actual results, our future results of operations would be affected.

Cash and cash equivalents

Cash and cash equivalents include all cash balances and money market funds with original maturity periods of three months or less when purchased.

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Cash committed for construction projects

Cash committed for construction projects includes loan proceeds deposited into project company bank accounts in the normal course of business for general use only in the operations of the project company to build the solar energy systems. The loan proceeds cannot be used by other project companies or for general corporate purposes. In certain instances, withdrawal of such funds may only occur after certain milestones or expenditures during construction have been incurred and approved by the lender in accordance with the normal terms of the debt agreement. Approvals for the disbursement of such funds are typically received based on support for the qualified expenditures related to the project and no default of the loan.

Restricted cash

Restricted cash consists of cash in financial institutions that is restricted from use in operations pursuant to requirements of certain debt agreements. These funds are used to pay for capital expenditures, current operating expenses and current debt service payments in accordance with the restrictions in the debt agreements. Restricted cash with maturity periods greater than one year is reported in non-current assets in the combined balance sheets.

Accounts receivable

Accounts receivable are reported in the combined balance sheets at the invoiced amounts adjusted for any write-offs and an allowance for doubtful accounts. We establish an allowance for doubtful accounts to adjust our receivables to amounts considered to be ultimately collectible. Our allowance is based on a variety of factors, including the length of time receivables are past due, significant one-time events, the financial health of our customers and historical experience. The allowance for doubtful accounts was $27 and $0 as of December 31, 2014 and December 31, 2013, respectively. Unbilled receivables included in accounts receivable were $2,037 and $2,562 as of December 31, 2014 and 2013, respectively.

Property and equipment

Property and equipment consists of land, solar energy systems and construction in progress and is stated at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense as incurred. When property and equipment is retired, or otherwise disposed of, the cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation of property and equipment is recognized using the straight-line method over the estimated useful lives of the solar energy systems, which is the lesser of thirty years or the term of the underlying non-renewable real property lease to which the assets are affixed.

We operate under solar power services agreements with some customers that include a requirement for the removal of the solar energy systems at the end of the term of the agreement. In addition, we could have certain legal obligations for asset retirements related to disposing of materials in the event of closure, abandonment or sale of certain of our manufacturing facilities. Asset retirement obligations are recognized at fair value in the period in which they are incurred and the carrying amount of the related long-lived asset is correspondingly increased. Over time, the liability is accreted to its expected future value. The corresponding asset capitalized at inception is depreciated over the useful life of the solar energy project to which the asset relates.

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Capitalized interest

Interest expense consisting of amortization of deferred financing costs and amounts incurred on funds borrowed to finance construction of solar energy systems is capitalized until the system is ready for its intended use. The amount of interest capitalized was $1,629 and $634 during the years ended December 31, 2014 and 2013, respectively.

Deferred financing costs

Financing costs incurred in connection with obtaining construction and term financing are deferred and amortized over the maturities of the respective financing arrangements. Deferred financing costs related to the Company s Bridge Facility have been capitalized and amortized using the straight-line method over the period in which the Bridge Facility is expected to be outstanding. Amortization is recorded as interest expense in the combined statements of operations.

Deferred financing costs related to construction loans is amortized using the straight-line method due to the revolving nature of these financing agreements. Upon completion of construction, construction loans are converted into term loans and deferred financing costs related to term loans are amortized using the effective interest rate method. Amortization of deferred financing costs is capitalized during construction and recorded as interest expense in the combined statements of operations following commencement of commercial operation.

Amortization of deferred financing costs was recorded as interest expense and totalled $1,140 and $772 during the years ended December 31, 2014 and 2013, respectively.

Impairment of long-lived assets

Long-lived assets that are held and used are reviewed for impairment whenever events or changes in circumstances indicate carrying values may not be recoverable. An impairment loss is recognized if the total future estimated undiscounted cash flows expected from an asset are less than its carrying value. An impairment charge is measured as the difference between an asset s carrying amount and fair value with the difference recorded in operating costs and expenses in the statement of operations. Fair values are determined by a variety of valuation methods, including appraisals, sales prices of similar assets and present value techniques. There were no impairments recognized during the years ended December 31, 2014 and 2013.

Revenue recognition

The Company s revenues are obtained through the sale of energy pursuant to terms of power purchase agreements (PPAs) or other contractual arrangements which have remaining lives of 15-25 years as of December 31, 2014. All PPAs are accounted for as operating leases, have no minimum lease payments and all of the rental income under these leases is recorded as income when the electricity is delivered. The contingent rental income recognized in the years ended December 31, 2014 and 2013 was $39,449 and $22,196, respectively.

Income taxes

Our income tax balances are determined and reported using a separate return method. Income taxes as presented herein allocate current and deferred income taxes of the Parent to us in a manner that is systematic, rational and consistent with the asset and liability method. The sum of the amounts allocated to the Company s carve-out tax provisions may not equal the historical consolidated provision. Under the separate return method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in operations in the period that includes the enactment date. Valuation allowances are established when management determines that it is more likely than not that some portion, or all of the deferred tax asset, will not be realized. The financial effect of changes in tax laws or rates is accounted for in the period of enactment.

Deferred income taxes arise primarily because of differences in the bases of assets or liabilities between financial statement accounting and tax accounting which are known as temporary differences. We record the tax effect of these temporary differences as deferred tax assets (generally items that can be used as a tax deduction or credit in future periods) and deferred tax liabilities (generally items for which we receive a tax deduction, but have not yet been recorded in the combined statement of operations).

We regularly review our deferred tax assets for realizability, taking into consideration all available evidence, both positive and negative, including historical pre-tax and taxable income, projected future pre-tax and taxable income and the expected timing of the reversals of existing temporary differences. In arriving at these judgments, the weight given to the potential effect of all positive and negative evidence is commensurate with the extent to which it can be objectively verified.

We believe our tax positions are in compliance with applicable tax laws and regulations. Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon ultimate settlement. We believe that our liabilities for unrecognized tax benefits, including related interest, are adequate in relation to the potential for additional tax assessments. There is a risk, however, that the amounts ultimately paid upon resolution of audits could be materially different from the amounts previously included in our income tax expense and, therefore, could have a material impact on our tax provision, net income and cash flows.

Contingencies

We are involved in conditions, situations or circumstances in the ordinary course of business with possible gain or loss contingencies that will ultimately be resolved when one or more future events occur or fail to occur. If some amount within a range of loss appears at the time to be a better estimate than any other amount within the range, that amount will be accrued. When no amount within the range is a better estimate than any other amount, however, the minimum amount in the range will be accrued. We continually evaluate uncertainties associated with loss contingencies and record a charge equal to at least the minimum estimated liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements; and (ii) the loss or range of loss can be reasonably estimated. Legal costs are expensed when incurred. Gain contingencies are not recorded until realized or realizable.

Fair value measurements

Fair value accounting guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in

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pricing the asset or liability, and are based on market data obtained from sources independent of us. Unobservable inputs reflect assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Because valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Valuations for Level 2 are prepared on an individual instrument basis using data obtained from recent transactions for identical securities in inactive markets or pricing data from similar instruments in active and inactive markets.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

For cash and cash equivalents, cash committed for construction projects, restricted cash, accounts receivable, accounts payable, and accrued liabilities, the carrying amount approximates fair value because of the short-term maturity of the instruments. For due to parent and affiliates, the carrying amount approximates fair value based on comparable market interest rates for similar instruments. See Note 5 for disclosures related to the fair value of our long-term debt and Note 7 for disclosures related to the fair value of derivative instruments.

Foreign currency

We determine the functional currency of each entity based on a number of factors, including the predominant currency for the entity s sales and expenditures and the entity s borrowings. When an entity s local currency is considered its functional currency, we translate its financial statements to U.S. Dollars as follows:

Assets and liabilities using exchange rates in effect at the balance sheet date; and

Statement of operations accounts at weighted average exchange rates for the period.

Adjustments from the translation process are presented in accumulated other comprehensive income (loss) in total equity.

Transaction gains and losses that arise from exchange rate fluctuations on transactions and balances denominated in a currency other than the functional currency are generally included in the results of operations as incurred. Foreign currency transaction (gains) or losses are included in other (income) expense, net in the combined statements of operations and totaled $(4,039) and $2,247 during the years ended December 31, 2014 and 2013, respectively.

Comprehensive income and loss

Comprehensive income and loss represents a measure of all changes in equity that result from recognized transactions and other economic events other than transactions with owners in their capacity as owners.

Derivative financial instruments and hedging activities

All derivative instruments are recognized in the combined balance sheet at fair value. Derivatives not designated for hedge accounting and used to hedge foreign-currency-denominated balance sheet items are reported directly in earnings along with offsetting transaction gains and losses on the items being hedged.

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Derivatives used to hedge foreign-currency denominated cash flows and floating rate debt may be accounted for as cash flow hedges, as deemed appropriate. Gains and losses on derivatives designated as cash flow hedges are recorded in other comprehensive income (loss) and reclassified to earnings in a manner that matches the timing of the earnings impact of the hedged transactions. The ineffective portion of all hedges, if any, is recognized currently in earnings. The effective portion of the hedge will be recorded in the same manner as foreign currency translation adjustment in other comprehensive (loss) income. When the hedge position is dissolved and we recognize a gain or loss in other income (expense), the associated hedge gain or loss in other comprehensive income (loss) will be reclassified to other income (expense).

New accounting standards

In July 2013, the FASB issued ASU 2013-11, Income Taxes (Topic 740) *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*, or ASU No. 2013-11. The amendments of ASU 2013-11, which were adopted on January 1, 2014, require an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction of a deferred tax asset for a net operating loss, or NOL, a similar tax loss or tax credit carryforward rather than a liability when the uncertain tax position would reduce the NOL or other carryforward under the tax law of the applicable jurisdiction and the entity intends to use the deferred tax asset for that purpose. The adoption of this guidance did not result in any material impact to our combined financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. ASU 2014-09 is effective for us on January 1, 2017. Early application is not permitted. A delay in the effective date is currently being considered by the FASB, which we expect will result in at least a one year deferral. ASU 2014-09 permits the use of either a retrospective or cumulative effect transition method. We have not determined which transition method we will adopt, and we are currently evaluating the impact that ASU 2014-09 will have on our combined financial statements and related disclosures upon adoption.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity s Ability to Continue as a Going Concern*, which describes how an entity should assess its ability to meet obligations and sets rules for how this information should be disclosed in the financial statements. ASU 2014-15 provides accounting guidance that will be used along with existing auditing standards. ASU 2014-15 applies to all entities for the first annual period ending after December 15, 2016, and interim periods thereafter. Management has evaluated the guidance and concluded that the adoption of this guidance will not result in any material impact to our combined financial statements.

In January 2015, the FASB issued ASU 2015-01, *Income Statement-Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items*. ASU 2015-01 eliminates from GAAP the concept of extraordinary items. An entity will no longer be required to (1) segregate an extraordinary item from the results of ordinary operations; (2) separately present an extraordinary item on its income statement, net of tax, after income from continuing operations; and (3) disclose income taxes and earnings-per-share data applicable to an extraordinary item. ASU 2015-01 will be effective for fiscal years beginning after December 15, 2015. An entity may apply the amendments prospectively or retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. Management does not believe that the adoption of ASU No. 2015-01 will have a material effect on our combined financial statements.

In February 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*. ASU No. 2015-02 amended the process that a reporting entity must perform to determine whether it

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should consolidate certain types of legal entities. ASU No. 2015-02 is effective for annual periods ending after December 15, 2015, and for annual periods and interim periods thereafter with early adoption permitted. Management does not believe that the adoption of ASU No. 2015-02 will have a material effect on our financial Statements.

In April 2015, the FASB issued ASU 2015-03, *Interest-Imputation of Interest*, which requires debt issuance costs to be presented as a direct deduction from the carrying amount of the related liability. The new standard is effective for annual periods beginning after December 31, 2015. Early adoption is permitted. Management does not believe that the adoption of this guidance will have a material impact on our financial statements.

3. Property and equipment

Property and equipment consists of the following (in thousands):

	As of December 31,	
	2014	**2013**
Land	$ 2,739	$ 713
Solar energy systems	306,203	184,387
Total property and equipment, at cost	$ 308,942	$ 185,100
Less accumulated depreciation	(15,804)	(8,530)
Total property and equipment in service, net	$ 293,138	$ 176,570
Construction in progress - solar energy systems	92,941	33,447
Total property and equipment, net	$ 386,079	$ 210,017

Depreciation expense was $6,924 and $4,672 for the years ended December 31, 2014 and 2013, respectively.

4. Asset retirement obligations and other liabilities

Activity in asset retirement obligations for the years ended December 31, 2014 and 2013 is as follows (in thousands):

	As of December 31,	
	2014	**2013**
Balance at the beginning of the year	$ 2,553	$ 992
Additional obligation	2,930	1,733
Accretion expense	243	113
Effect of exchange rate changes on asset retirement obligations	(677)	(285)
Balance at the end of the year	$ 5,049	$ 2,553

Other liabilities of $31,781 and $37,498 as of December 31, 2014 and 2013, respectively, consist of the non-current portion of a payable to a contractor due December 2016 and bearing interest at 13%.

5. Debt

Debt consists of the following (in thousands):

	As of December 31, 2014			As of December 31, 2013		
	Total Principal	Current	Long-Term	Total Principal	Current	Long-Term
Term debt	$ 374,111	$ 30,042	$ 344,069	$ 145,420	$ 29,495	$ 115,925
Bridge Facility	150,000	1,500	148,500			
Total	$ 524,111	$ 31,542	$ 492,569	$ 145,420	$ 29,495	$ 115,925

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The fair value of our outstanding debt obligations as of December 31, 2014 and 2013 approximates carrying value due to the variable rate nature of these obligations.

Term debt

Our solar energy systems for which we have long-term debt obligations are included in separate legal entities. We typically finance our solar energy projects through project entity specific debt secured by the project entity s assets (primarily the solar energy systems) with no recourse to the Parent. Typically, these financing arrangements provide for a credit facility used for a construction, which upon completion is converted into term debt. As of December 31, 2014, we had $374,111 of project entity specific debt that is secured by the total assets of the Company. The Company had undrawn commitments under the credit facilities of $26,378 as of December 31, 2014.

Term debt for India consists of variable rate loans with interest rates that are variously tied to the two-year Infrastructure Development Finance Company (IDFC) benchmark rate, the L&T Infrastructure benchmark rate, the Overseas Private Investment Corporation note interest rate, L&T prime lending rate, ICICI base rate and the Rabo India Finance rate. The interest rates on the term debt as of December 31, 2014 range from 12.00% to 13.00% and mature between 2016 and 2030. Principal and interest is due and payable in arrears monthly or quarterly and on the maturity dates of the credit facilities.

In 2014, the Company refinanced $34.6 million of India term debt with a new variable rate term loan in the amount of $42.6 million. The refinancing resulted in net proceeds of $8.0 million which was used to repay other existing indebtedness to the parent company. Deferred financing costs relating to the original debt of $0.6 million was included in interest expense in 2014.

Term debt for Malaysia consists of variable rate loans with interest rates that are tied to the Kuala Lumpur Interbank Offered Rate (KLIBOR). The interest rates on the term debt as of December 31, 2014 range from 4.39% to 5.83% and mature in 2028. Principal and interest is due and payable in arrears at the end of each fiscal quarter or on the maturity date of the credit facilities.

Term debt for South Africa consists of a variable loan with interest tied to the three-month London Interbank Offered Rate (LIBOR). The interest rate on the term debt as of December 31, 2014 is 13.03% and matures in 2031. Principal and interest is due and payable in arrears at the end of each fiscal quarter and on the maturity date of the credit facility.

Term debt for Thailand consists of a variable loan with interest tied to the Minimum Lending Rate (MLR). The interest rate on the term debt as of December 31, 2014 is 6.47% and matures in 2023. Principal and interest is due and payable in arrears at the end of each fiscal quarter and on the maturity date of the credit facility.

The term debt agreements contain certain representations, covenants and warranties of the borrower including limitations on business activities, guarantees, environmental issues, project maintenance standards, and a minimum debt service coverage ratio requirement.

Bridge Facility

On December 22, 2014, SunEdison Emerging Markets Yield, LLC entered into a credit and guaranty agreement with JPMorgan Chase Bank, N.A., as administrative agent (the Bridge Facility). The Bridge Facility did not amend, restate, or otherwise modify any existing credit arrangements.

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The Bridge Facility has a term ending in December 2016. The total amount of the Bridge Facility is $150,000 which was drawn in full as of December 31, 2014. The Company incurred $7,028 in deferred financing costs which are being amortized over the expected term of the loan. The purpose of the Bridge Facility is to fund the acquisition of projects from third party developers and to repay certain of the project-level indebtedness incurred by projects included in our initial portfolio. Our obligations under the Bridge Facility and the guaranty obligations of our subsidiaries were secured by first priority liens on and security interests in substantially all present and future assets of the Company and the subsidiary guarantors.

Interest under the Bridge Facility has variable interest rate options based on either base rate loans or eurodollar loans at the Company s election. The interest rate payable under base rate is based upon an adjusted base rate (equal to the greater of (a) the base rate (prime rate) in effect on such day, (b) the federal funds effective rate in effect on such day plus 0.50% and (c) the eurodollar rate for a eurodollar loan with a one month interest period plus the difference between the applicable margin for eurodollar rate loans and the applicable margin for base rate loans). The interest rate increases by 0.50% on May 22, 2015 and will increase by 0.25% every ninety days thereafter through the date of maturity. The interest rate was 8.5% as of December 31, 2014. The interest rate payable under eurodollar loans will be based upon the published LIBOR rate, plus the applicable margin (totaling 7.50% as of December 31, 2014).

The Bridge Facility agreement contains certain representations, covenants and warranties including limitations on business activities, guarantees, and quarterly debt coverage reporting including a minimum debt service coverage ratio requirement.

Maturities

The aggregate amounts of payments on long-term debt due after December 31, 2014 are as follows (in thousands):

In thousands	**2015**	**2016**	**2017**	**2018**	**2019**	**Thereafter**	**Total**
Maturities of long-term debt	$ 31,542	$ 167,112	$ 18,308	$ 17,205	$ 20,343	$ 269,601	$ 524,111

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6. Income taxes

Income tax balances are determined and reported using a separate return method. Use of the separate return method may result in differences when comparing amounts allocated to the Company s carve-out tax provision to historical consolidated provision of the Parent. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss carryforward.

Income tax expense (benefit) consists of the following (in thousands):

	Current	Deferred	Total
Year ended December 31, 2014:			
India	$ 239	$ 823	1,062
Malaysia		282	282
South Africa		235	235
China		121	121
Total	$ 239	$ 1,461	$ 1,700
Year ended December 31, 2013:			
United States	$	$ (1,866)	$ (1,866)
India	305	(40)	265
Malaysia		97	97
South Africa		(268)	(268)
China		121	121
Total	$ 305	$ (1,956)	$ (1,651)

Effective tax rate

Income tax (benefit) expense differed from the amounts computed by applying the statutory United States federal income tax rate of 35% to loss before income taxes. Effects from the rate differential are shown as a component of the rate reconciliation.

	For the year ended December 31, 2014	2013
Income tax at US federal rate	(35.0)%	(35.0)%
Branch income	(26.1)	(37.7)
Foreign rate differential	9.8	13.3
Impact of tax holiday	(6.3)	(12.9)
Non-deductible expenses	37.2	6.1
Change in valuation allowance	62.6	54.8
Foreign taxes	11.4	(33.6)
Other	(2.7)	3.0
Effective tax expense (benefit) rate	50.9%	(42.0)%

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The branch income line item represents pre-tax income or loss generated in foreign pass-through entities, inclusive of permanent differences, multiplied by the U.S. statutory rate. This line item reflects the double taxation of foreign income or loss which will occur as a result of such income or loss being subject to tax both in the foreign jurisdiction to which the entity relates as well as the U.S. The U.S. statutory rate, rather than the local foreign rate, is applied to this income or loss so that the impact of the rate differential between the U.S. statutory rate and the various foreign rates can be separately shown in the line item Foreign rate differential .

The foreign taxes line item represents the future U.S. tax implications associated with foreign tax expense or benefit generated in each foreign jurisdiction. To the extent a foreign jurisdiction generates tax expense, that expense is generally expected to result in U.S. tax deductions in the future. To the extent a foreign jurisdiction recognizes a tax benefit, that benefit is generally expected to result in an increase to U.S. taxable income in the future.

Deferred taxes

The tax effects of the major items recorded as deferred tax assets and liabilities are (in thousands):

	As of December 31, 2014	2013
Deferred tax assets:		
Net operating loss carryforwards	$ 38,901	$ 9,359
Asset retirement obligations	644	332
Deferred foreign taxes	940	1,320
Mark to market hedging	3,452	
Unrealized currency gain/loss	164	1,627
Total deferred tax assets	44,101	12,638
Deferred tax liabilities:		
Property and equipment	(36,136)	(12,578)
Mark to market hedging		(5,110)
Unrealized currency gain/loss	(1,384)	
Total deferred tax liabilities	(37,520)	(17,688)
Valuation allowance	(9,265)	(2,461)
Net deferred tax liabilities	$ (2,684)	$ (7,511)

Net operating loss carryforwards represent tax benefits measured assuming that the Company had been a stand alone operating company since January 1, 2012. We believe that it is more likely than not that we will not generate sufficient taxable income to realize the deferred tax assets associated with net operating losses and have recorded a valuation allowance against net deferred tax assets not supported by the reversal of existing taxable temporary differences. Additionally, the 2014 and 2013 tax years remain open to examination by the relevant tax authorities.

At December 31, 2014, we have net operating loss carryforwards for U.S. income tax purposes of $39,745 which are available to offset future taxable income, if any, over a twenty year period. We have net operating loss carryforwards for Malaysian income tax purposes of $21,276 which are available to offset future taxable income, if any, over an indefinite period. We have net operating loss carryforwards for South African income tax purposes of $62,619 which are available to offset future taxable income, if any, over an indefinite period. We have net operating loss carryforwards for Indian income tax purposes of $2,974 which are available to offset future taxable income, if any, over an indefinite period to the extent of unabsorbed tax depreciation. Any other

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carryforwards in India are available for an 8 year period from the period in which they were generated. China has net operating loss carryforwards for income tax purposes of $5,541 which are available to offset future taxable income over a five-year period.

In India, where we had pretax income of $711 in 2014 and $2,045 in 2013, we have a 100% rate reduction tax holiday which expires 15 years from the date of commissioning of the solar energy system and is available for a 10 year period starting from the date on which the project entity starts claiming the holiday. The tax holiday is effective through March 31, 2026.

In Malaysia, where we had pretax income of $154 in 2014 and a pretax loss of $1,570 in 2013, we have a tax holiday for all three project entities allowing for accelerated tax depreciation on qualified solar assets placed in service.

In Thailand, where we had pretax losses of $407 in 2014 and $468 in 2013, we have a 100% rate reduction tax holiday for the first eight years, and a 50% rate reduction for the next five years. The tax holiday is effective through 2026.

In South Africa, where we had pretax income of $106 in 2014 and a pretax loss of $1,562 in 2013, we have a tax holiday allowing for accelerated tax depreciation on qualified solar assets placed in service.

In China, where we had a pretax loss of $3,059 and $2,373 in 2014 and 2013, respectively, we have a 100% rate reduction tax holiday for the first three years, and a 50% rate reduction for the next three years. The tax holiday is effective through 2018.

Primarily due to cumulative losses, we determined that it was more likely than not that certain net operating losses and other deferred tax assets would not be realized in the future. As a result, the valuation allowance against deferred tax assets was increased by $6,804 during 2014.

The Company has no uncertain tax positions for 2013 and 2014. It is the Company s policy to include any penalties or interest associated with uncertain tax positions in income tax expense.

7. Derivative instruments

A summary of all interest rate and currency swap instruments outstanding as of December 31, 2014 and 2013 is as follows:

Type of instrument	Notional amount in local currency (in millions)	Notional currency	Interest rate	Variable rate	Termination date
Interest rate swap #1 - Economic Hedge	89.7	Malaysian Ringgit	4.3%	KLIBOR	March 31, 2028
Interest rate swap #2 - Economic Hedge	35.7	Malaysian Ringgit	4.4%	KLIBOR	March 31, 2028
Interest rate swap #3 - Economic Hedge	173.0	Thai Baht	6.5%	MLR -2.0%	December 31, 2023
Interest rate swap #4 - Cash Flow Hedge	1,856.0	South African Rand	13.0%	JIBAR SAFEX + 4.4%	September 30, 2031
Currency swap - Cash Flow Hedge	1,856.0	South African Rand	JIBAR SAFEX + 4.4%	LIBOR + 2.2%	September 30, 2031

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Derivative instruments, which are not designated as hedging instruments, consist of:

In thousands	Balance sheet classification	Assets (liabilities or equity) fair value As of December 31, 2014	2013
Interest rate swaps	Accrued expenses and other current liabilities	$ 486	$ 313

In thousands	Statement of operations classification	As of December 31, 2014	2013
Interest rate swaps	Interest expense (income)	$ 705	$ (158)

As of December 31, 2014 and 2013, we are party to three interest rate swap instruments that are accounted for as economic hedges. These instruments are used to hedge floating rate debt and are not accounted for as cash flow hedges. Under the interest rate swap agreements, we pay the fixed rate and the financial institution counterparties to the agreements pay us a floating interest rate above. The amount recorded in the combined balance sheet, as provided in the table above, represents the estimated fair value of the net amount that we would settle on December 31, 2014 and 2013 if the agreements were transferred to other third parties or canceled by us. Because these interest rate and currency swaps are deemed economic hedges and not accounted for as hedging instruments, the changes in fair value are recognized in interest expense within the combined statements of operations.

As of December 31, 2014, we are party to an interest rate swap and two currency swaps accounted for using hedge accounting. These instruments are used to hedge the interest rate of variable rate debt denominated in U.S. dollars. The amount recorded in the combined balance sheet represents the estimated fair value of the net amount that we would settle on December 31, 2014, if the agreements were transferred to other third parties or canceled by us. We recorded a loss of $12,903 and a gain of $2,762 for the effective portion of these cash flow hedges for the year ended December 31, 2014, and 2013 respectively. These were recorded to accumulated other comprehensive income (loss). There was no material ineffectiveness recorded for the years ended December 31, 2014 and 2013, respectively.

Derivative instruments, which are designated as hedging instruments, consist of:

In thousands	Balance Sheet Classification	Assets (Liabilities or Equity) Fair Value As of December 31, 2014	2013
Interest rate swap	Other long term assets and accumulated other comprehensive income	$ (4,780)	$ 3,669
Cross currency swaps	Other long term assets and accumulated other comprehensive income	$ 18,183	$ 5,589

The Company has netted these hedging instruments and they are included in other assets on the combined balance sheet.

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8. Stock-based compensation

In September 2014, and in connection with the formation of TerraForm Global Inc., the Company granted restricted stock awards and restricted stock units to various Company employees (Participants) under a new TerraForm Global 2014 Equity Incentive Plan. The fair value of each Participant s grant was determined by using the percentage of shares granted multiplied by the overall fair value of SunEdison s equity in the Company. The restricted stock will convert into shares of Class A common stock upon the filing of our amended and restated certification of incorporation in connection the completion of the proposed initial public offering of Class A common stock of TerraForm Global. There were 31,350 shares issued representing a 3.135% interest in the equity of TerraForm Global issued at a total value of $683.

In estimating the fair value of the restricted stock, the primary valuation considerations were an enterprise value determined from an discounted cash flow of income-based approach, using a present value of after-tax probability weighted equity cash flow of those projects we intend to include in the Offering, in a projection period extending through December 2024 and a lack of marketability discount of 10%. The discount model used the following assumptions: a time to liquidity event of 7 months; a discount rate of 13%; and volatility of 40% over the time to a liquidity event. Estimates of the volatility of our common stock were based on available information on the volatility of our Sponsor and the common stock of comparable publicly traded companies.

After the restricted stock converts to Class A common stock, 25% of the Class A common stock will vest on the first through fourth anniversary of the date of the initial public offering, subject to accelerated vesting upon certain events. Upon a termination of employment for any reason, any unvested shares of Class A common stock held by the terminated executive will be forfeited. For the year ending December 31, 2014 no stock compensation expense was recorded.

9. Related parties

Corporate allocations

Amounts were allocated from our Parent for general corporate overhead costs attributable to the operations of the Company. These amounts were $10,850 and $4,790 for the years ended December 31, 2014 and 2013, respectively, and are included in general and administrative-affiliates in the accompanying combined statements of operations. The general corporate overhead expenses incurred by the Parent include costs from certain corporate and shared services functions provided by the Parent. The amounts reflected include (i) charges that were incurred by the Parent that were specifically identified as being attributable to the Company and (ii) an allocation of applicable remaining general corporate overhead costs based on the proportional level of effort attributable to the operation of the Company s solar energy systems. These costs include legal, accounting, tax, treasury, information technology, insurance, employee benefit costs, communications, human resources, and procurement. Corporate costs that were specifically identifiable to a particular operation of the Parent have been allocated to that operation, including the Company. Where specific identification of charges to a particular operation of the Parent was not practicable, an allocation was applied to all remaining general corporate overhead costs. The allocation methodology for all remaining corporate overhead costs is based on management s estimate of the proportional level of effort devoted by corporate resources that is attributable to each of the Company s operations. The cost allocations have been determined on a basis considered to be a reasonable reflection of all costs of doing business by the Company. The amounts that would have been or will be incurred on a stand-alone basis could differ from the amounts allocated due to economies of scale, management judgment, or other factors.

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Operations and maintenance

Operations and maintenance services are provided to the Company by affiliates of the Parent pursuant to contractual agreements. Costs incurred for these services were $2,257 and $1,311 for the years ended December 31, 2014 and 2013, respectively. Related amounts were reported as cost of operations affiliate in the combined statements of operations and were reflected in operating activities in the combined statements of cash flows.

Parent and affiliates

Certain of our expenses are paid by affiliates of the Parent and are reimbursed by the Company to the same, or other affiliates of the Parent. Additionally, directly attributable costs for construction of solar energy systems incurred by the Parent are charged to the Company. As of December 31, 2014 and 2013, the Company owed the Parent and affiliates $47,266 and $24,633 respectively. Depending on the nature of the activity, amounts are either reflected in operating activities or as a non-cash addition to property and equipment included in due to parent and affiliates.

The Company advanced working capital loans to an affiliate company as of 2014 and 2013. The affiliate owed the Company $138 and $152 as of December 31, 2014 and 2013, respectively. Related amounts were reflected in investing activities and in additions to property and equipment included in due to Parent and affiliates in the combined statements of cash flows.

Additionally, the Parent provided contributions to the Company in the form of shareholder loans. Related amounts have been recognized as net parent investment as there is no expectation for the Company to repay the Parent for the contributions. These contributions totaled $4,893 and $44,017 for the years ended December 31, 2014 and 2013, respectively.

Transactions with third party investor

On behalf of the Company, the Parent has entered into various transactions with an investor in certain Company projects whom is unrelated to the Parent (Third Party Investor). In 2013, the Parent provided the Third Party Investor with a 5% interest in certain of the Company s projects in the form of $115 of preference shares and $471 in shareholder loans in exchange for the Third Party Investor s consulting and management services. In the same agreement, the Parent agreed to pay the Third Party Investor fees based on the projects achieving specific milestones such as executing a PPA and achieving commissioning and interconnection. The Parent paid $342 of such fees to the Third Party Investor in the year ended December 31, 2013. Each of these amounts have been capitalized as property and equipment, net, as each represent costs for the Third Party Investor s services to prepare the solar energy systems for their intended use.

Additionally, in 2013, the Third Party Investor purchased a 44% interest in one of the Company s projects from the Parent in the form of preference share capital and a shareholder loan. As of December 31, 2014, the total value of the preference share capital and loans amounted to $724 and $3,298, respectively. During the year ended December 31, 2014, the related project entity repaid the Third Party Investor $188 in shareholder loan principal payments.

Also, during 2014, the Third Party Investor acquired a 38% interest in one of the Company s project entities in the form of shareholder loans. The shareholder loans consisted of $337 of Tranche A shareholder loans and $553 of Tranche B shareholder loans. The interest rate on the Tranche A shareholder loans is 4% while the Tranche B shareholder loans are interest-free. Due to the economic nature of the shareholder loans, the

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Tranche A shareholder loans are included in amounts due to parent and affiliates, and the Tranche B shareholder loans are included in net parent investment in the combined balance sheets. Tranche A of the shareholder loans are also reflected in financing activities in the combined statements of cash flows. Subsequently, during the year ended December 31, 2014, the related project entity repaid the Third Party Investor $253 in Tranche A shareholder loan principal payments.

For a separate project company, the Company issued 8% non-cumulative redeemable preference shares and allotted to an affiliate on June 15, 2013. The shares will be redeemed by the project company after 15 years from the date of allotment. The preference shares carry a preferential right as to dividend over equity shareholders. Subject to the provision of the articles of association of the project company, the preference shareholders shall be entitled to transfer the whole or part of the shares held by them subject to any restrictions or approvals of the board of directors of the project company. These shares carry a dividend of 8% on a non-cumulative basis. In the event of liquidation, preference shareholders have a preferential right over equity shareholders to be repaid to the extent of capital paid-up and dividend in arrears on such shares. The Company has classified the preference shares within non-current liabilities, based on the mandatorily redeemable nature of the shares.

10. Commitments and contingencies

Real property agreements

Certain of the solar energy system assets are located on property that the Company leases under operating leases. Rental expense was $247 and $65 in 2014 and 2013, respectively. The total future commitments under operating leases as of December 31, 2014 were $4,566, none of which is cancellable. Our operating lease obligations as of December 31, 2014 were as follows (in thousands):

	2015	2016	2017	2018	2019	Thereafter	Total
Operating leases	$ 169	$ 183	$ 183	$ 183	$ 199	$ 3,649	$ 4,566

Minimum rent payments under operating leases are recognized as a rental expense on a straight-line basis over the term of the lease.

Additionally, certain of our operating leases contain clauses that provide additional contingent rent based on the related solar energy systems generating energy greater than certain specified target amounts. We recognize contingent rent expense when payment is considered probable. The contingent rent expense recognized during the year ended December 31, 2013 was $9. There was no contingent rent expense for 2014.

Legal proceedings

From time to time, we are notified of possible claims or assessments arising in the normal course of business operations. Management continually evaluates such matters with legal counsel and believes that, although the ultimate outcome is not presently determinable, these matters will not result in a material adverse impact on our financial position or operations.

The Company is subject to litigation with the offtaker, Gujarat Urja Vikas Nigam Ltd (GUNVL), for certain projects in India, who is seeking a reduction of tariff set forth in the PPA. GUVNL also claims that there has been a violation of the PPA terms on account of a change in shareholders since execution of the PPA and as such GUNVL is entitled to terminate the PPA. The Company successfully defended each case at the initial hearing but GUNVL has appealed to the Supreme Court on both matters. The cases are currently pending in front of the Supreme Court of India. The Company plans to vigorously defend each case and believes that an unfavorable outcome is remote; as such a liability has not been recorded in relation to these contingencies.

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11. Segment information

The Company is engaged in one reportable segment that operates a portfolio of solar energy generation assets. The Company operates as a single reportable segment based on a management approach. This approach designates the internal reporting used by management for making decisions and assessing performance as the source of the reportable segments.

Revenues for the years ended December 31, 2014 and 2013 were from customers located in India, Malaysia, South Africa and Thailand. Customers include commercial and industrial entities, which principally include large utility companies and government-controlled entities. Revenue to specific customers exceeding 10% of total revenue for the years ended December 31, 2014 and 2013 were as follows (in thousands, except percentages):

	For the year ended December 31,			
	2014		2013	
	Revenue	Percent	Revenue	Percent
Customer A	$ 9,657	24%	$ 10,187	46%
Customer B	$ 7,152	18%	$	%
Customer C	$ 5,034	13%	$	%
Customer D	$ 4,535	11%	$ 4,419	20%

Accounts Receivable

At December 31, 2014, the Company had four customers which represented 75% of total accounts receivable outstanding at that date. At December 31, 2013, the Company had three customers which represented 66% of total accounts receivable outstanding at that date.

Property and equipment, net

	As of December 31,	
In thousands	**2014**	**2013**
China	$ 25,465	$ 26,953
India	186,782	98,363
Malaysia	45,328	50,148
South Africa	121,285	28,534
Thailand	6,959	6,019
Uruguay	260	
Total	$ 386,079	$ 210,017

Revenues

	For the year ended December 31,	
In thousands	**2014**	**2013**
China	$ 2,423	$ 929
India	19,767	20,382
Malaysia	8,882	885
South Africa	7,152	
Thailand	1,225	
Total	$ 39,449	$ 22,196

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12. Subsequent Events

Subsequent events have been evaluated through June 17, 2015, the date the combined financial statements were available to be issued.

BioTherm Transaction

In April 2015, TerraForm Global signed purchase and sale agreements to acquire equity interests in the Biotherm projects (70% of Aries, 70% of Konkoonsies and 65% of Klipheuwel), all of which are located in South Africa. These projects have a combined capacity of 32.6 MW based on our ownership percentages. The aggregate consideration paid for the ownership in these projects from BioTherm and other minority investors is expected to be $63.4 million, comprised of cash of $55.2 million and shares of Class A common stock of TerraForm Global with a value of $8.2 million. In addition to the foregoing, TerraForm Global has agreed to pay BioTherm approximately $20.5 million in additional cash consideration for certain rights and service contracts.

Chint-NSM Transaction

On June 9, 2015, TerraForm Global acquired a 51% equity interest in NSM 24 from a subsidiary of Chint Solar (Zhejiang) Co., Ltd. pursuant to a share purchase agreement executed on May 6, 2015. NSM 24 is an operating solar energy system located in India with a nameplate capacity of 23.1 MW. The aggregate consideration paid for the acquisition of this interest was $9.1 million. Prior to this acquisition, the parent contributed its equity investment (49% equity interest) in NSM 24 to TerraForm Global.

Chint-Soutpan/Witkop Transaction

In April 2015, our parent agreed to acquire an additional 41.3% equity interest in each of Soutpan and Witkop from a subsidiary of Chint Solar (Zhejiang) Co., Ltd. Soutpan is an operating solar energy system located in South Africa with a capacity of 15.8 MW. Witkop is an operating solar energy system located in South Africa with a net capacity of 16.8 MW. The aggregate consideration expected to be paid for the acquisition of these interests is $38.7 million in cash. Our Parent will transfer its resulting aggregate 51% interest in each of Soutpan and Witkop to TerraForm Global.

Hercules Transaction

In May 2015, TerraForm Global acquired the two wholly owned subsidiaries of Honiton Energy Cayman Limited located in China pursuant to a share purchase agreement. Hercules consists of three wind sites with 148.5 MW of net capacity. The aggregate consideration paid for the 100% equity interests is $105.3 million in cash.

FERSA Transaction

In May 2015, TerraForm Global signed an agreement to acquire from FERSA the wind projects Bhakrani, Ghadag and Hanumanhatti located in India, representing 101.6 MW of net capacity in the aggregate. The aggregate consideration expected to be paid for the 100% equity interests is $33.1 million in cash.

LAP Transaction

In May 2015, our Sponsor agreed to acquire six hydro-electric projects controlled by LAP, which are expected to be transferred to TerraForm Global in connection with this offering. The projects are located in Peru, representing net capacity of 72.5 MW in the aggregate. The aggregate consideration expected to be paid for the 100% equity interest in the six projects is $103.1 million in cash.

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Renova Transaction

In May 2015, TerraForm Global signed a sale and purchase agreement with Renova to acquire three wind and hydro-electric projects. The projects are located in Brazil and have nameplate capacity of 336.2 MW in the aggregate. The aggregate cash consideration paid for this acquisition is expected to be $528.0 million.

GME Transaction

In June 2015, TerraForm Global signed an agreement with GME to acquire four wind projects. The projects are located in Honduras, Costa Rica and Nicaragua, representing net capacity of 326.0 MW in the aggregate. The aggregate consideration paid for this acquisition is expected to be $326.4 million, comprised of cash of $315.9 million and shares of Class A common stock of Global with a value of $10.5 million. The GME Transaction is expected to close concurrently with this offering.

Solarpack Transaction

In April 2015, TerraForm Global signed an agreement for the acquisition from Solarpack Corporación Tecnológica, S.L. of the 26.4 MW capacity Alto Cielo solar project located in Uruguay. We expect the Solarpack Transaction will be completed when the project achieves COD, which is expected to occur in the second half of 2015.

Private Placements.

On May 6, 2015, we raised $175 million from the sale to investment vehicles affiliated with the Blackstone Group, Everstream Opportunities Fund and Altai Capital Master Fund, and of Class D units of TerraForm Global LLC for a cash purchase price of $50 million, $100 million and $25 million, respectively. On June 9, 2015, TerraForm Global raised an additional $335.0 million from the sale to investment vehicles associated with Baron Funds, Capricorn Investment Group, GE, Glenview Capital Management, Kingdom Capital Management, and Zimmer Partners. TerraForm Global LLC expects to use the net proceeds to reduce its borrowings under the Bridge Facility, to complete the acquisitions of projects from third parties and to reduce certain project-level indebtedness. On June 9, 2015, Baron Funds and Zimmer Partners entered into a stock purchase agreement with Global in which they agreed to purchase $42.5 million and $25.0 million, respectively, of its Class A common stock at a price per share equal to the initial public offering price in a separate private placement transaction.

Bridge Facility

On May 6, 2015, the Bridge Facility was amended to increase the aggregate principal amount of bridge commitments to $450 million, of which $87.5 million was subsequently prepaid with a portion of the proceeds from the Private Placement, through the addition of Barclays Bank PLC, Citibank, N.A. and Morgan Stanley Senior Funding, Inc. as lenders in the Bridge Facility. On June 5, 2015, the Bridge Facility was further amended to increase the aggregate commitment to $550.0 million. The purpose of the Bridge Facility is to fund the acquisition of certain clean energy projects and to repay certain of the project level indebtedness incurred by projects included in our initial portfolio. TerraForm Global LLC s obligations under the Bridge Facility are secured by first priority liens on and security interests in substantially all present and future assets of TerraForm Global LLC and certain of its domestic subsidiaries, as guarantors, under the Bridge Facility.

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Independent Auditors Report

The Board of Directors

SEI Solar Power Private limited

Report on the Financial Statements

We have audited the accompanying financial statements of SEI Solar Power Private Limited, which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of income, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors judgment, including the assessment of the risks 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 and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly in all material respects, the financial position of SEI Solar Power Private limited as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

/s/ KPMG

KPMG

Gurgaon

April 3, 2015

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SEI Solar Power Private Limited

Statements of operations

For the year ended	INR 31 December 2014	INR 31 December 2013
Revenue	**360,452,144**	**316,481,557**
Operating expenses:		
Cost of operations	25,014,033	19,681,214
General and administrative	10,917,158	86,063,124
Depreciation (note 3)	74,365,472	66,012,090
Total operating costs and expenses	**110,296,663**	**171,756,428**
Operating income	**250,155,481**	**144,725,129**
Other expenses:		
Interest expense	215,965,873	139,398,035
Total other expenses	**215,965,873**	**139,398,035**
Income before income taxes	**34,189,608**	**5,327,094**
Income tax expense (note 5)	33,603,466	18,410,575
Net income / (loss)	**586,142**	**(13,083,481)**

See accompanying notes to financial statements.

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SEI Solar Power Private Limited

Balance sheets

	INR As of 31 December 2014	INR As of 31 December 2013
Assets		
Current assets:		
Cash and cash equivalents	574,215	4,483,962
Restricted cash	463,203,240	448,401,163
Accounts receivable, net	26,556,557	26,430,656
Deferred financing costs	3,434,922	3,484,240
Other current assets	2,414,720	4,143,804
Total current assets	**496,183,654**	**486,943,825**
Property and equipment, net (note 3)	2,156,293,708	2,230,650,573
Restricted cash	134,700,000	134,700,000
Deferred financing costs	43,600,695	46,005,950
Other assets	57,947	57,947
Total assets	**2,830,836,004**	**2,898,358,295**
Liabilities and equity		
Current liabilities:		
Current portion of long-term debt (note 4)	80,803,640	1,112,105,751
Accounts payable	1,485,355	1,316,464
Due to related parties	286,181,602	638,795,302
Accrued expenses and other current liabilities	38,382,618	18,938,434
Total current liabilities	**406,853,215**	**1,771,155,951**
Long-term debt, less current portion (note 4)	1,552,619,564	290,028,727
Deferred tax liabilities (note 5)	52,014,041	18,410,575
Total non-current liabilities	**1,604,633,605**	**308,439,302**
Equity;		
Common stock, INR 10 par value Authorised shares 15,000,000, issued and outstanding 7,883,900 equity shares in 2014 and 6,313,776 equity shares in 2013 (note 6)	78,839,000	63,137,760
Additional paid in capital	884,449,278	900,150,518
Accumulated deficit	(143,939,094)	(144,525,236)
Total equity	**819,349,184**	**818,763,042**
Total liabilities and equity	**2,830,836,004**	**2,898,358,295**

See accompanying notes to financial statements.

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SEI Solar Power Private Limited

Statements of cash flows

For the year ended	INR 31 December 2014	INR 31 December 2013
Cash flows from operating activities:		
Net income(loss)	586,142	(13,083,481)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	74,365,472	66,012,090
Amortization of deferred financing costs	3,482,303	2,145,285
Deferred taxes	33,603,466	18,410,575
Changes in assets and liabilities:		
Accounts receivable	(125,901)	(26,430,656)
Restricted cash	(9,193,408)	(172,544,201)
Other current assets	1,729,082	19,780,193
Accounts payable	168,891	1,316,464
Accrued expenses and other current liabilities	19,444,184	(2,238,147)
Due to related parties	(22,784,781)	(9,645,879)
Net cash provided by (used in) operating activities	**101,275,450**	**(116,277,757)**
Cash flows from investing activities:		
Capital expenditures	(329,837,524)	(170,572,089)
Change in restricted cash	(5,608,669)	(275,856,962)
Net cash used in investing activities	**(335,446,193)**	**(446,429,051)**
Cash flows from financing activities:		
Principal payments on long-term debt	(1,170,845,751)	(32,000,000)
Proceeds from long-term debt	1,402,134,477	334,134,477
Change in restricted cash		(134,700,000)
Proceeds from issuance of common stock		356,229,726
Payment of deferred financing costs	(1,027,730)	(49,847,028)
Net cash provided by financing activities	**230,260,996**	**473,817,175**
Net (decrease) increase in cash and cash equivalents	(3,909,747)	(88,889,633)
Cash and cash equivalents at beginning of year	4,483,962	93,373,595
Cash and cash equivalents at end of year	574,215	4,483,962
Supplemental disclosures of cash flow information:		
Cash paid for interest	(201,776,117)	(139,398,035)
Cash paid for Income taxes		11,890

See accompanying notes to financial statements.

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SEI Solar Power Private Limited

Statements of changes in equity

	Common stock Shares	Amount	Additional paid in capital	Accumulated deficit	Total equity
Balance at December 31, 2012	5,000,000	50,000,000	557,058,552	(131,441,755)	475,616,797
Issue of common stock	1,313,776	13,137,760	151,084,240		164,222,000
Share application money pending allotment			192,007,726		192,007,726
Net loss				(13,083,481)	(13,083,481)
Balance at December 31, 2013	**6,313,776**	**63,137,760**	**900,150,518**	**(144,525,236)**	**818,763,042**
Issue of common stock	1,570,124	15,701,240	(15,701,240)		
Net income				586,142	586,142
Balance at December 31, 2014	**7,883,900**	**78,839,000**	**884,449,278**	**(143,939,094)**	**819,349,184**

See accompanying notes to financial statements.

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SEI Solar Power Private Limited

Notes to financial statements

(Amounts in INR)

1. Nature of operations

SEI Solar Power Private Limited (the Company) is domiciled in India and was formed for the purpose of developing, constructing, owning and operating a utility-scale photovoltaic solar energy project with a capacity of 23.9 megawatts (MW) located in Rajasthan, India.

As at December 31 2014, Astroenergy Solar Korea Co. Ltd. holds 51% of total shares and SunEdison Energy Holding (Singapore) Pte. Ltd. holds the remaining 49% of total shares in SEI Solar Power Private Limited. Commercial operations commenced on February 11, 2013.

Basis of presentation

The Company has presented financial statements as of and for the years ended December 31, 2014 and 2013. The Company s financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) is the source of authoritative U.S. GAAP to be applied by nongovernmental entities.

The financial statements are presented in Indian rupees (INR), except when otherwise indicated.

2. Summary of significant accounting policies

Use of estimates

In preparing our financial statements, we use estimates and assumptions that may affect reported amounts and disclosures. Estimates are used when accounting for depreciation, impairment, contingencies, accrued liabilities and income taxes, among others. These estimates and assumptions are based on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue, costs and expenses that are not readily apparent from other sources. To the extent there are material differences between the estimates and actual results, our future results of operations would be affected.

Cash and cash equivalents

Cash and cash equivalents include all cash balances and money market funds with original maturity periods of three months or less when purchased.

Restricted cash

Restricted cash consists of balance in banks and financial institutions that are restricted from use in operations pursuant to the requirements of certain debt agreements. These funds are used to pay for capital expenditure, current operating expenses and current debt service payments in accordance with the restrictions in the debt agreements.

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Accounts receivable and allowance for doubtful accounts

Accounts receivable are reported in the balance sheets at the invoiced amounts adjusted for any write-offs and an allowance for doubtful accounts. We establish an allowance for doubtful accounts to adjust our receivables to amounts considered to be ultimately collectible. Our allowance is based on a variety of factors, including the length of time receivables are past due, significant one-time events, the financial health of our customers and historical experience. There was no allowance for doubtful accounts included in accounts receivable as of December 31, 2014 or December 31, 2013. Unbilled receivables was INR 26,556,557 and INR 26,430,656 as of December 31, 2014 and 2013, respectively

Property and equipment

Property and equipment consists of land, solar energy systems and construction in progress and is stated at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense as incurred. When property and equipment is retired, or otherwise disposed of, the cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation of property and equipment is recognized using the straight-line method over the estimated useful lives of the solar energy systems which is thirty years. Land owned by the Company is not depreciated. Land has an unlimited useful life.

An item of property and equipment initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statements of Operations when the asset is derecognized. For the periods presented, the Company did not recognize any gain or loss on de-recognition of assets. All repair and maintenance costs that do not meet capitalization criteria are recognized in the Statements of Operations as incurred. The assets residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate

Capitalized interest

Interest expense consisting of amortization of deferred financing costs and amounts incurred on funds borrowed to finance construction of solar energy systems is capitalized until the system is ready for its intended use. The amount of interest capitalized was INR Nil and INR 13,501,370 for the years ended December 31, 2014 and December 31, 2013 respectively.

Deferred financing costs

Financing costs incurred in connection with obtaining construction and term financing are deferred and amortized over the maturities of the respective financing arrangements. Amortization of deferred financing costs is capitalized during construction and recorded as interest expense in the financial statements of operations following commencement of commercial operation.

There was no deferred financial costs that were capitalised. Amortization of deferred financing costs was recorded as interest expense and totalled INR 3,482,303 and INR 2,145,285 during the years ended December 31, 2014 and 2013, respectively.

Impairment of long-lived assets

Long-lived assets that are held and used are reviewed for impairment whenever events or changes in circumstances indicate carrying values may not be recoverable. An impairment loss is recognized if the total future estimated undiscounted cash flows expected from an asset are less than its carrying value. An impairment charge is measured as the difference between an asset s carrying amount and fair value with the difference recorded in operating costs and expenses in the statement of operations. Fair values are determined by a variety of valuation methods, including appraisals, sales prices of similar assets and present value techniques. There were no impairments recognized during the years ended December 31, 2014 and 2013.

Revenue recognition

The Company s revenues are obtained through the sale of energy pursuant to terms of a power purchase agreement (PPA) or other contractual arrangements which has a remaining life of 22 years as of December 31, 2014. The PPA is accounted for as operating leases, has no minimum lease payments and all of the rental income under these lease is recorded as income when the electricity is delivered. The contingent rental income recognized in the years ended December 31, 2014 and 2013 was INR 360,452,144 and INR 316,481,557 respectively.

Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. We ignore the future originating temporary differences and schedule the existing temporary differences when they originate and reverse on a first-in-first-out basis when determining the tax rate expected to apply for purposes of measuring deferred taxes. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in operations in the period that includes the enactment date. Valuation allowances are established when management determines that it is more likely than not that some portion, or all of the deferred tax asset, will not be realized.

Deferred income taxes arise primarily because of differences in the bases of assets or liabilities between financial statement accounting and tax accounting which are known as temporary differences. We record the tax effect of these temporary differences as deferred tax assets (generally items that can be used as a tax deduction or credit in future periods) and deferred tax liabilities (generally items for which we receive a tax deduction, but have not yet been recorded in the statement of operations).

The Company intends to account for dividend distribution tax in equity in the year in which a dividend is declared.

We regularly review our deferred tax assets for realizability, taking into consideration all available evidence, both positive and negative, including historical pre-tax and taxable income, projected future pre-tax and taxable income and the expected timing of the reversals of existing temporary differences. In arriving at these judgments, the weight given to the potential effect of all positive and negative evidence is commensurate with the extent to which it can be objectively verified.

We believe our tax positions are in compliance with applicable tax laws and regulations. Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. We believe that our liabilities for unrecognized tax benefits, including related interest, are adequate in relation to the potential for additional tax assessments. There is a

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risk, however, that the amounts ultimately paid upon resolution of audits could be materially different from the amounts previously included in our income tax expense and, therefore, could have a material impact on our tax provision, net income and cash flows.

Contingencies

We are involved in conditions, situations or circumstances in the ordinary course of business with possible gain or loss contingencies that will ultimately be resolved when one or more future events occur or fail to occur. If some amount within a range of loss appears at the time to be a better estimate than any other amount within the range, that amount will be accrued. When no amount within the range is a better estimate than any other amount, however, the minimum amount in the range will be accrued. We continually evaluate uncertainties associated with loss contingencies and record a charge equal to at least the minimum estimated liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements; and (ii) the loss or range of loss can be reasonably estimated. Legal costs are expensed when incurred. Gain contingencies are not recorded until realized or realizable.

Fair value measurements

Fair value accounting guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability, and are based on market data obtained from sources independent of us. Unobservable inputs reflect assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Because valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Valuations for Level 2 are prepared on an individual instrument basis using data obtained from recent transactions for identical securities in inactive markets or pricing data from similar instruments in active and inactive markets.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

For cash and cash equivalents, restricted cash, accounts receivable, accounts payable, accrued expenses and other current liabilities, the carrying amount approximates fair value because of the short term maturity of the instruments. See Note 4 for disclosures related to the fair value of our long-term debt.

Accounting pronouncements issued but not yet effective

The following accounting standards have been issued but are not yet effective for nor have been adopted by the Company.

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ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. ASU 2014-09 is effective for us on January 1, 2017. Early application is not permitted. The standard permits the use of either a retrospective or cumulative effect transition method. We have not determined which transition method we will adopt, and we are currently evaluating the impact that ASU 2014-09 will have on our financial statements and related disclosures upon adoption.

ASU No. 2014-15, Subtopic 205-40, Presentation of Financial Statements Going Concern (Topic 718)

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity s Ability to Continue as a Going Concern, which requires management to evaluate, at each annual and interim reporting period, whether there are conditions or events that raise substantial doubt about the entity s ability to continue as a going concern within one year after the date the financial statements are issued and to provide related disclosures. ASU 2014-15 is effective for us for our fiscal year ending December 31, 2016 and for interim periods thereafter. We are currently evaluating the impact of this standard on our financial statements.

3. Property and equipment

Property and equipment consists of the following:

In INR	As of December 31, 2014	2013
Land (Refer note 8)	69,308,894	69,308,894
Solar energy systems	2,227,362,376	2,227,353,769
Total property and equipment, at cost	2,296,671,270	2,296,662,663
Less accumulated depreciation	(140,377,562)	(66,012,090)
Total property and equipment, net	**2,156,293,708**	**2,230,650,573**

Depreciation expense was INR 74,365,472 and INR 66,012,090 for the years ended December 31, 2014 and 2013 respectively.

4. Debt

Debt consists of the following:

	As of December 31, 2014			As of December 31, 2013		
in INR	Total principal	Current	Long-term	Total principal	Current	Long-term
International Finance Corporation	624,163,204	31,408,640	592,754,564	334,134,478	44,105,751	290,028,727
PTC India Financial Services Limited	1,009,260,000	49,395,000	959,865,000			
Industrial and Commercial Bank of China Limited				1,068,000,000	1,068,000,000	
Total	**1,633,423,204**	**80,803,640**	**1,552,619,564**	**1,402,134,478**	**1,112,105,751**	**290,028,727**

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Our solar energy projects for which we have long-term debt obligations are included in these financial statements. We typically finance our solar energy projects through specific debt secured by the entity s assets including movable and immovable properties, both present and future and share capital. Typically, these financing arrangements provide for a credit facility used for a construction, which upon completion is converted into term debt.

As at December 31, 2014 term debt includes the below:

Local currency loan availed from International Finance Corporation, Mumbai branch, India is repayable in 29 half yearly installments commencing from 15 April 2014. The loan carries an interest rate equal to the Rupee Based Fixed rate on the date of each disbursement and the relevant spread (currently at 12.15% and 12.41% per annum). The unutilised balances of the Company s credit facilities are subject to annual commitment fee of 0.5% per annum. There are no undrawn credit facilities as at December 31, 2014 and INR 334,134,477 as at December 31, 2013.

Local currency loan availed from PTC India Financial Services Limited is repayable in 59 quarterly installments commencing from 15 October 2013. The loan carries an interest rate equal to the Rupee Based Fixed rate on the date of each disbursement and the relevant spread (currently at 12.75% per annum).

The Company did not comply with a covenant in connection with the loan availed from International Finance Corporation which was required that the project financial completion date be met on or before 1 April 2015. The Company obtained an extension for a period of 180 days from 1 April 2015. It is probable that the Company will meet the requirements within the grace period and accordingly, the outstanding loan balances have been continued to be classified as non-current to the extent not repayable within one year.

As at December 31, 2013 term debt included the below:

Local currency loan availed from Industrial and Commercial Bank of China, Mumbai branch is repayable in August 2014. The Company repaid the loan on 2 January 2014. The loan carried an interest rate of 11.20% per annum. The loan was secured against a standby letter of credit of $25 million issued by ICBC Zhejiang Provincial Branch to ICBC Mumbai Branch. This standby letter of credit is issued by ICBC Zhejiang Provincial Branch to the Company with no recourse. Prepayment charges amounting to INR 24,000,096 during the year ended December 31, 2013 are included under interest expense.

The term debt agreements contain certain representations, covenants and warranties of the borrower including limitations on business activities, guarantees and environmental issues requirements. The fair value of the outstanding debt obligations approximates carrying value.

The term loans are secured by substantially all of the Company s assets.

Maturities

The aggregate amounts of payments on long-term debt due after December 31, 2014 are as follows:

	2015	2016	2017	2018	2019	Thereafter	Total
in INR							
Maturities of debt	80,803,640	86,012,448	90,566,720	97,792,530	104,844,406	1,173,403,460	1,633,423,204

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5. Income taxes

Income taxes

Income tax expense consists of the following:

	Current	Deferred	Total
Year ended December 31, 2014:		33,603,466	33,603,466
Year ended December 31, 2013:		18,410,575	18,410,575

Tax rate reconciliation

The applicable Indian statutory tax rate for the tax year ended 2014 and 2013 is 34.61% and 33.99%, respectively.

Income tax expense differed from the amounts computed by applying the statutory Indian income tax rate of 34.61% to profit before income taxes.

	As of December 31, 2014	2013
Current tax		
Income tax at Indian statutory rate	34.61%	34.61%
Increase (reduction) in income taxes:		
Impact of tax holidays	63.27%	321.27%
Indexation benefits on land	(4.67%)	(30.65%)
Valuation allowance	4.67%	30.65%
Others	0.43%	(10.27)%
Effective tax rate	98.31%	345.61%

Significant component of deferred taxes

The significant components of deferred tax assets and liabilities attributable to income from operations for the year ended December 31, 2014 and December 31, 2013 are as follows:

	As of December 31, 2014	2013
Deferred tax assets / liabilities		
Deferred tax liabilities:		
Plant and equipment, principally due to differences in depreciation	52,014,041	18,410,575
Deferred tax assets:		
Land, due to indexation benefits in tax	3,227,940	1,632,737
Less: valuation allowance	(3,227,940)	(1,632,737)
Net deferred tax liabilities	**52,014,041**	**18,410,575**

The Company has unabsorbed depreciation for Indian income tax purposes of INR 204,880,652 as at December 31, 2014 and INR 142,405,580 as at December 31, 2013 which are available to offset future taxable income, if any, over an indefinite period. In addition, the Company has a net operating loss carryforward of INR 128,772,265 as at December 31, 2014 and 2013 which is available to offset future taxable income, if any, until the tax year ended March 31, 2021.

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The Company has a tax holiday which expires 15 years from the date of commissioning of the solar energy system and is available for a 10 year period starting from the date on which the project entity starts claiming the holiday. The Company expects the tax holiday to apply from April 1, 2017 through March 31, 2027. The tax holiday provides for a zero percent tax rate during the years it applies. The Company had a net expense as a result of the tax holiday due to the origination of taxable temporary differences expected to reverse after the expiration of the tax holiday, while the related deductions are expected to be utilized during the tax holiday period and provide no tax benefit.

The change in valuation allowance is INR 1,595,203 and INR 1,632,737 during the year ended December 31, 2014 and December 31, 2013, respectively.

The 2014 and 2013 tax years remain open to examination by tax authorities. The Company does not have any unrecognized tax benefits.

6. Equity

Common stock

Holders of common stock are entitled to one vote per share, and to receive dividends and, upon liquidation or dissolution, are entitled to receive all assets available for distribution to stockholders. The holders have no preemptive or other subscription rights and there are no redemption or sinking fund provisions with respect to such shares.

Securities premium received and share application money received are included as part of additional paid in capital.

7. Related parties

The Company s ultimate parent company was SunEdison Inc. for part of the year in 2013 after which Astronergy Solar Korea Co. Ltd took over as the parent company whose ultimate parent company is Chint Group Corp., China.

Operations and maintenance

Operations and maintenance services are provided to the Company by an affiliate pursuant to contractual agreements. Costs incurred for these services were INR 25,014,033 and INR 18,606,816 for the years ended December 31, 2014 and 2013 respectively. Related amounts were reported as cost of operations in the statements of operations and were reflected in operating activities in the statements of cash flows.

Erection and commissioning of solar energy systems

The contract to erect and commission our solar energy systems was fulfilled by an affiliate. Pursuant to such contract the affiliate is responsible to carry out all such work necessary to construct, install and commission our solar energy systems in such manner that they are deemed to be fit for the purposes for which they are intended to be used. The Company incurred a cost of INR 780,738,851 during the year 2013 in relation to such contract which is capitalized as part of solar energy systems.

Support services

Corporate support services were provided by an affiliate company during the year ended December 31, 2013. The Company incurred a cost of INR 15,212,598 during the year ended December 31, 2013. Related amounts were reported as general and administrative expenses in the statements of operations and were reflected in operating activities in the statements of cash flows.

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Bank guarantee commission

In order to facilitate the term debt facility from Industrial and Commercial Bank of China Limited (ICBC) an affiliate company had provided a counter guarantee to ICBC. Against such guarantee the affiliate charged a fee of INR 43,981,334 during the year 2013 and the same has been reported as part of general and administrative expenses in the statement of operations.

Parent and affiliates

As of December 31, 2014 and 2013, the Company owed affiliates INR 286,181,602 and INR 638,795,302 respectively. Depending on the nature of the activity, amounts are either reflected in operating activities or as a non-cash addition to property and equipment included in due to affiliates.

8. Commitments and contingencies

Legal proceedings

There are certain pending litigations relating to the appropriateness of title of certain portions of land held by the Company, on which the solar energy systems are installed, since the date of purchase of the said land. The Company believes that there are no irregularities in its ownership title and based on the opinion of its legal counsel believes that the likelihood of an unfavourable outcome of its ownership of the said land is not probable. In addition, the Company believes that no further settlement or any significant additional liability is expected on account of such disputes pending resolution.

Apart from this case from time to time, we are notified of possible claims or assessments arising in the normal course of business operations. Management continually evaluates such matters with legal counsel and believes that, although the ultimate outcome is not presently determinable, these matters will not result in a material adverse impact on our financial position or operations.

Commitment

The Company has entered into a Power Purchase Agreement (PPA) with NTPC Vidyut Vyapar Nigam Limited, (NVVNL) on 27 January 2012 for implementation of a 23.9 MW Solar Photovoltaic Power Generation Unit (Project) in the State of Rajasthan under which it has a commitment to sell electricity for a period of 25 years. If the minimum prescribed units of electricity is not generated and supplied, the Company is liable to pay compensation in accordance with the power purchase agreement.

9. Segment information

The Company is engaged in one reportable segment that operates a portfolio of solar energy generation assets. The Company operates as a single reportable segment based on a management approach. This approach designates the internal reporting used by management for making decisions and assessing performance as the source of the reportable segments.

Revenue for the years ended December 31, 2014 and 2013 was earned from one customer located in India namely, NTPC Vidyut Vyapar Nigam Limited.

10. Subsequent events

The Company has evaluated subsequent events from the balance sheet date through April 3, 2015, the date the financial statements were available to be issued.

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Independent auditor s report

Board of Directors

BioTherm Energy Projects

Fourways, South Africa

We have audited the accompanying combined financial statements of BioTherm Energy Projects, consisting of Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited, Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) Proprietary Limited, which comprise the combined balance sheets as at 31 December 2014 and 2013, and the related combined statements of income and comprehensive loss, changes in shareholder s net investment, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor s judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity s preparation and fair presentation of the combined financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of BioTherm Energy Projects as of 31 December 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ BDO South Africa, Inc.

Johannesburg, South Africa

April 3, 2015

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BioTherm Energy Projects

As at 31 December 2014 and 2013

Combined balance sheets

In US dollars	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	22,069,224	17,372,573
Accounts receivable	5,283,000	667,134
Prepaids and other current assets	3,642,203	2,617,269
Total current assets	30,994,427	20,656,976
Property, plant and equipment, net	88,939,623	87,871,017
Deferred tax asset	10,196,474	2,579,820
Derivative financial instrument Swap		433,985
Total Assets	130,130,524	111,541,798
Liabilities and Shareholder s Net Investment		
Current Liabilities		
Shareholders escrow account	38,479	127,170
Borrowings, current portion	2,143,403	1,555,781
Accounts payable	3,689,723	10,437,919
Other accrued liabilities	2,717,927	89,050
Total current liabilities	8,589,532	12,209,920
Borrowings, long term	77,861,867	69,678,122
Deferred tax liability	11,179,933	2,375,391
Asset retirement obligations	420,820	
Derivative financial instrument Swap	544,261	
Total Liabilities	98,596,413	84,263,433
Commitments and contingencies (Note 14)		
Shareholder s Net Investment		
Shareholder s net investment	31,534,111	27,278,365
Total Liabilities and Shareholder s Net Investment	130,130,524	111,541,798

The notes form an integral part of these combined financial statements

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BioTherm Energy Projects

For the years ended 31 December 2014 and 2013

Combined statements of income and comprehensive loss

In US dollars	**2014**	**2013**
Revenue	21,031,872	
Operating expenses		
Operations management fee related party	(368,031)	(162,327)
Operations management fee	(1,053,852)	
Plant operating costs related party	(1,478,999)	
Plant operating costs	(89,341)	
General and administrative costs related party	(565,246)	(414,654)
General and administrative costs	(1,500,260)	(267,706)
Depreciation	(5,177,697)	
Income/(loss) before other income and expenses	10,798,446	(844,687)
Other income and expenses		
Interest income	853,805	4,896
Interest expense	(8,558,440)	(1,028)
Income/(loss) before income taxes	3,093,811	(840,819)
Income tax (expense) benefit/(expense)	(1,169,961)	207,784
Net income/(loss) for the year	1,923,850	(633,035)
Other comprehensive income/(loss):		
Foreign currency translation adjustments	(3,148,347)	(2,816,966)
Effects of cash flow hedges	(1,252,155)	4,686,560
Income tax relating to items that may be reclassified	273,909	(1,025,185)
Total other comprehensive loss	(4,126,593)	844,409
Comprehensive loss for the year	(2,202,743)	211,374

The notes form an integral part of these combined financial statements

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BioTherm Energy Projects

For the years ended 31 December 2014 and 2013

Combined statements of changes in shareholder s net investment

In US dollars	Total shareholder s net investment
Balance at 1 January 2013	6,259,617
Net loss for the year	(633,035)
Other comprehensive loss for the year	844,409
Net contributions from Members	20,807,374
Balance at 31 December 2013	27,278,365
Net income for the year	1,923,850
Other comprehensive loss for the year	(4,126,593)
Net contributions from Members	6,458,489
Balance at 31 December 2014	31,534,111

The notes form an integral part of these combined financial statements

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BioTherm Energy Projects

For the years ended 31 December 2014 and 2013

Combined statements of cash flows

In US dollars	**2014**	**2013**
Cash flows used in operating activities		
Net income/(loss) for the year	1,923,850	(633,035)
Adjustments to reconcile net income/(loss) for the year to net cash used in operating activities		
Depreciation	5,177,697	
Accretion of asset retirement obligation	17,886	
Deferred tax	1,169,961	(207,784)
Changes in operating assets and liabilities		
Accounts receivable	(4,615,866)	(667,134)
Prepaids and other assets	2,202,068	(702,516)
Accounts payable	(10,426,978)	(1,338,942)
Deferred tax assets and liabilities		
Other accrued liabilities	906,902	(540,423)
Net cash used in operating activities	(3,644,480)	(4,089,834)
Cash flows used in investing activities		
Capital expenditures	(5,692,628)	(56,813,961)
Delayed liquidate damages received recorded as a reduction to capital expenditure	2,023,007	
Net cash used in investing activities	(3,669,621)	(56,813,961)
Cash flows provided by financing activities		
Net contributions from members	6,458,489	20,807,374
Proceeds from borrowings	9,730,445	46,728,426
Repayment of borrowings	(1,047,769)	
Net cash provided by financing activities	15,141,165	67,535,800
Effect of exchange rate movement on cash balances	(3,130,413)	(2,774,969)
Net (decrease) increase in cash and cash equivalents	7,827,064	6,632,005
Cash and Cash Equivalents, beginning of the year	17,372,573	13,515,537
Cash and Cash Equivalents, end of the year	22,069,224	17,372,573
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	8,540,554	1,028
Cash received for interest	853,805	4,896
Supplemental Disclosures of non-cash investing and financing activities:		
Delay liquidation damages receivable recorded as reduction to PPE	(3,227,002)	
Asset retirement obligation recorded as increase to PPE	402,934	
Liabilities for capital expenditures	5,400,750	

The notes form an integral part of these combined financial statements

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BioTherm Energy Projects

Notes to the combined financial statements

1. Organization and nature of business

BioTherm Energy Projects (the Company) consists of Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited, Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) Proprietary Limited. These Companies are privately owned companies, registered in South Africa, incorporated in 2011 and are all under common control of BTSA Netherlands Cooperatie U.A. (BTSA), a Company incorporated in The Netherlands.

The Companies are engaged in electricity generation at the 27MW Klipheuwel-Dassiefontein Wind Energy Facility near Caledon in the Western Cape, South Africa, a 10MW Solar PV Energy Facility near Kenhardt in the Northern Cape, South Africa and a 10MW Konkoonsies Solar PV Energy Facility near Pofadder in the Northern Cape, South Africa. The Company has a contract with Eskom Holdings SOC Limited a South African state owned entity for the supply of electricity.

2. Summary of significant accounting policies

Basis of preparation

The accompanying financial statements are prepared in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP). Such combined financial statements have been prepared for inclusion in a filing with the United States Securities and Exchange Commission by TerraForm Global, Inc due to the purchase and sale agreement for purposes of the proposed acquisition of the three entities by a subsidiary of TerraForm Global, Inc. See also Subsequent Events (Note 17).

Throughout the periods presented in the combined financial statements, the Company did not exist as a combined, legally constituted entity. The combined financial statements have therefore been derived from the financial statements of Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited, Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) Proprietary Limited to represent the financial position and performance of the Company on a combined basis throughout those periods in accordance with accounting principles generally accepted in the United States of America.

Management of Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited, Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) Proprietary Limited believe the assumptions underlying the combined financial statements are reasonable based on the scope of the purchase and sale agreement and the entities forming the Company being under common control and management throughout the entire periods covered by the combined financial statements.

Outstanding inter-entity balances, transactions, and cash flows between entities comprising the Company have been eliminated.

BTSA Netherlands Cooperatie U.A. provides executive management services to the Companies and charges a management fee to the Companies for these services, the fees are considered to be a reasonable reflection of all costs of doing business by the Company. For the years ended 31 December 2014 and 2013, the Company paid management fees of $0.1M and NIL, respectively. Management of BTSA determined that it was not practicable to determine an estimate of this fee that would have been incurred had the Company operated as an unaffiliated entity. The combined financial statements included herein may not necessarily represent what the Company s results, financial position and cash flows would have been had it been a stand-alone entity during the periods presented, or what the Company s results, financial position and cash flows may be in the future.

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Revenue

The Company earns revenue from the sale of electricity under 20 year Power Purchase Agreements (PPAs) with Eskom Holdings SOC Limited a South African state owned entity. The Company is required to sell all energy and related energy attributes generated by the facilities at specific rates as determined by the PPAs. The Company recognizes revenue from the sale of electricity and related energy attributes when the electricity is generated and delivered.

The Company recognizes revenue when all of the following criteria are met: (i) persuasive evidence of an arrangement exists; (ii) delivery or performance has occurred; (iii) the sales price is fixed or determinable; and (iv) collectability is reasonably assured. The Company generates revenue through power purchase agreements. Revenue associated with power purchase agreements are included within revenue.

The Company s revenue-generating activity consists of long-term power purchase agreements with Eskom Holdings SOC Limited, under which the customer agrees to purchase all of the power generated by the wind and solar energy systems for the term of the contracts, which are 20 years. The agreement includes a fixed price per kilowatt hour with a fixed annual price escalation percentage (to address the impact of inflation and utility rate increases over the period of the contract). The Company has determined that power purchase agreements should be accounted for as operating leases after evaluating the lease classification criteria. As customer payments under a power purchase agreement are dependent on power generation, they are considered contingent rentals and are excluded from future minimum annual lease payments. Revenue from power purchase agreements is recognized based on the actual amount of power generated at rates specified under the contracts, assuming the other revenue recognition criteria discussed above are met.

Concentrations of credit risk

All of the Company s revenue and net income is derived from local sales.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. The Company places its cash, consisting mostly of deposits, with high credit qualified financial institutions. The Company performs periodic evaluations of the relative credit standing of those financial institutions. The credit risk in accounts receivable is substantially mitigated as all sales are made to Eskom Holdings SOC Limited a state owned entity. The Company does not obtain rights to collateral to reduce its credit risk.

Foreign currency translation

The reporting currency of the Company is the U.S. Dollar. The functional currency of the Company is the South African Rand. The functional currency of the Company is the South African Rand as it is the currency of the primary economic environment in which its operations are conducted. Transactions in currencies other than the functional currency of the Company are recorded at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities in currencies other than the operations functional currency are translated at rates of exchange prevailing at the balance sheet date to the operation s functional currency. The Company translates its assets and liabilities into U.S. Dollars at the exchange rates in effect at the balance sheet dates, revenue and expense items are translated at the average exchange rates for the reporting period. The Company recorded a foreign currency translation net loss of $3.1M and $2.8M in the years ended 31 December 2014 and 2013 respectively presented as a component of accumulated other comprehensive loss in the accompanying combined Statement of Income and Comprehensive loss.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid cash investments with original maturities of three months or less. The Company has cash deposits in a financial institution of reputable standing. The Company has not experienced any losses on such amounts and believes it is not subject to significant credit risk related to cash balances. The Company has no cash equivalents at 31 December 2014 and 2013.

Accounts receivable

The Company records accounts receivable based on amounts billed to Eskom Holdings SOC Limited. Most billings are determined based on contractual terms. The Company does not accrue interest on any of its accounts receivable. There was no allowance for doubtful accounts included in accounts receivable as of 31 December 2014 or 2013.

Derivative instruments

The Company entered into interest rate swap agreements to hedge the variable interest on borrowings utilized for the construction of the energy facilities for a fixed interest rate. As at 31 December 2014 and 2013 the hedges were effective.

The Company s interest rate swaps meet the requirements for hedge accounting and were designated as qualifying cash flow hedging instruments in all of the periods presented. Movements in the fair value of derivatives are therefore recognized in the Statements of changes in Shareholders Net Investment.

Gains and losses on derivatives designated as cash flow hedges are recorded in other comprehensive (loss) income and reclassified to earnings in a manner that matches the timing of the earnings impact of the hedged transactions. The ineffective portion of all hedges, if any, is recognized currently in earnings. The effective portion of the hedge will be recorded in the same manner as foreign currency translation adjustment in other comprehensive (loss) income. When the hedge position is dissolved and we recognize a gain or loss in interest income (expense), the associated hedge gain or loss in other comprehensive (loss) income will be reclassified to the Statement of Income.

Property, plant and equipment, net

Property, plant and equipment are carried at cost, additions and improvements are capitalized and maintenance and repairs are charged to expenses as incurred. Depreciation is provided by the use of the straight line method over the estimated useful lives of the assets. When an asset is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resulting gain or loss is recognized.

The assets estimated lives used in computing depreciation are as follows:

Item	**Useful lives**
Wind Energy Facility	5 - 20 years
Solar Energy Facility	5 - 20 years
Substation	20 years

Impairment of long-lived assets

US GAAP requires an impairment review to be performed whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If an indicator of impairment exists, estimates of

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the future cash flows expected to result from the use of the asset and its eventual disposition is performed. Measurement of an impairment loss for long-lived assets that management expects to hold and use is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. For the years ended 31 December 2014 and 2013 no impairment was recorded.

Delayed liquidated damages

Delayed liquidated damages represents amounts due from the Engineer, Procure and Construct (EPC) contractor for revenues the Company would have earned under the PPA for the period that the EPC contractor did not meet the guaranteed substantial completion date. The Company records the delayed liquidated damages as a reduction in the purchase price of the wind and solar energy facility. Delayed liquidated damages of $3.2M, $1.0M and $1.0m were recorded in 2014 for Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited, Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) Proprietary Limited respectively. As of 31 December 2014, $3.2M was owed to the Company and is included in prepaids and other current assets.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalization was $0.7M and $4.2M as at 31 December 2014 and 2013 respectively and was determined as follows:

(i) actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings;

(ii) weighted average of the borrowing costs applicable to the Company on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalized do not exceed the total borrowing costs incurred.

The capitalization of borrowing costs commences when:

(i) expenditures for the asset have occurred;

(ii) borrowing costs have been incurred; and

(iii) activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalization is suspended during extended periods in which active development is interrupted. Capitalization ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

Borrowings

Borrowings are classified as financial liabilities and are initially measured at fair value, and are subsequently measured at amortized cost.

Tax

Sales tax

The Company collects Value Added Tax from its customer and remits these amounts to the South African Revenue authority. Revenue is recorded net of Value Added Tax.

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Deferred tax assets and liabilities

The Company is a privately held company formed under South African statutes and taxed in terms of South African Tax Laws.

Deferred income taxes are recognized using the liability method. Under the liability method, deferred income taxes are recognized for the income consequences of temporary differences by applying enacted tax rates applicable to future years to difference between the financial statement carrying amount and the tax bases of existing assets and liabilities. The effect on deferred income taxes of a change in tax laws or rates is recognized in income in the period that includes the enactment date.

Where there is uncertainty in income taxes a benefit is recognized only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax benefit is recorded. Based on the Company s analysis of the more likely than not tax positions there has been no liability recorded for uncertain tax positions at 31 December 2014 and 2013.

The Company recognizes interest and penalties related to unrecognized tax benefits in interest and expenses, respectively. The Company has no amounts accrued for interest or penalties as of 31 December 2014 and 2013. The Company is currently not under audit by the South African Revenue Service for any open tax years.

Operating leases lessee

Leases in which a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recorded in general and administrative costs in the Statement of Income and Comprehensive Loss, incurred $0.3M and NIL in 2014 and 2013 respectively.

Contingencies

Conditions, situations or circumstances in the ordinary course of business may arise with possible gain or loss contingencies that will ultimately be resolved when one or more future events occur or fail to occur. If some amount within a range of loss appears at the time to be a better estimate than any other amount within the range, that amount will be accrued. When no amount within the range is a better estimate than any other amount, however, the minimum amount in the range will be accrued. We continually evaluate uncertainties associated with loss contingencies and record a charge equal to at least the minimum estimated liability for a loss contingency when both of the following conditions are met:

(i) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements; and

(ii) the loss or range of loss can be reasonably estimated. Legal costs are expensed when incurred. Gain contingencies are not recorded until realized or realizable.

Asset retirement obligation

We operate under lease agreements that include a requirement for the removal of the wind energy systems at the end of the term of the agreement. The fair value of the future retirement cost of the Company s assets is recorded as a liability on a discounted basis when incurred. The initial recorded obligation is discounted using the Company s credit-adjusted risk free-rate and is reviewed periodically for changes in the estimated future costs underlying the obligation. Over time, the liability is accreted to its expected future value. The corresponding asset capitalized at inception is depreciated over the useful life of the facility to which the asset relates.

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Shareholder s net investment

In the combined balance sheets, shareholder s net investment represents BTSA Netherlands Cooperatie U.A. and all shareholders historical investment in Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited, Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) Proprietary Limited, their accumulated net earnings, including accumulated other comprehensive loss.

3. Property, plant and equipment, net

Property, plant and equipment consist of the following:

In US dollar	**2014**	**2013**
Construction in Progress		87,871,017
Wind Energy Facility	43,784,220	
Solar Energy Facility	45,689,053	
Substation	4,239,816	
Total property, plant and equipment, at cost	93,713,089	87,871,017
Less accumulated depreciation	(5,177,697)	
Effect of movements in exchange rates	404,231	
Total property, plant and equipment, net	88,939,623	87,871,017

Depreciation expense was $5.2M and $0 for the years ended 31 December 2014 and 2013 respectively.

A special notarial bond and a general notarial bond has been registered over the Company s present and future movable property for an amount of $92.7M plus an additional amount of $18.5M, as security for the $85.1M first ranking debt. Refer to Note 7 for further details.

4. Deferred tax

Deferred tax assets and liabilities are non-current and are attributable to the following:

In US dollar	**2014**	**2013**
Deferred tax assets		
Tax losses	10,078,644	2,579,820
Asset retirement obligation	117,830	
Total deferred tax assets	10,196,474	2,579,820
Deferred tax liabilities		
Property, plant and equipment	(11,073,009)	(2,375,391)
Prepayments	(106,924)	
Total deferred tax liabilities	(11,179,933)	(2,375,391)
Total net deferred tax (liability)/asset	(983,459)	204,429

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the

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deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences and carryforwards and no valuation allowance was considered necessary by management as of 31 December 2014 and 2013.

The estimated tax losses available for set off against future taxable income is $32.3M (2013: $9,2M), these losses will not expire. We believe that it is more likely than not, based on our projections of future taxable income that we will generate sufficient taxable income to realize the benefits of the deferred tax asset.

5. Derivative financial instrument Swap

In US dollar	2014	2013
Held at fair value		
Nedbank of South Africa Limited	(53,069)	365,546
The Standard Bank of South Africa Limited	(491,192)	68,439
	(544,261)	433,985

The Company has entered into an interest rate swap with Nedbank of South Africa Limited to pay fixed interest as follows:

Effective date: 16 November 2012

Notional amount at 31 December 2014: $14,291,458.

The rate was fixed as follows:

(i) For the period from and including 31 December 2013 up to and excluding 31 December 2018, 7.20%

(ii) For the period from and including 31 December 2018 up to and excluding 31 December 2025, 9.00%.

The Company has entered into an interest rate swap with Standard Bank of South Africa Limited to pay fixed interest as follows:

Effective date: 16 November 2012

Notional amount at 31 December 2014: $27,744,390.

The rate was fixed as follows:

(i) For the period from and including 31 January 2014 up to and excluding 31 December 2018, 7.40%

(ii) For the period from and including 31 December 2018 up to and excluding 31 December 2028, 9.50%

The Company has designated the swap as a cash flow hedge and has satisfied itself as to the economic relationship between the swap and the variability in cash flows from borrowings.

In US dollar	2014	2013
Fair value hierarchy		
Level 2	(544,261)	433,985

The hierarchy categorizes the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

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Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

In US dollar	**2014**	**2013**
Reconciliation of hedging reserve		
Opening balance	433,985	(3,227,390)
Effects of cashflow hedges (net of tax)	(978,246)	3,661,375
	(544,261)	**433,985**

6. Accounts receivable

In US dollar	**2014**	**2013**
Trade receivables	5,283,000	667,134

Concentrations

The Company s trade receivables is due solely from Eskom Holdings SOC Limited at 31 December 2014 and 2013.

Credit quality of trade receivables

Trade receivables are generally collected within 30 to 60 days which represents normal terms. Trade receivables are amounts due from Eskom Holdings SOC Limited, for the sale of electricity. The carrying value of trade receivables recorded in the financial statements represents the maximum exposure to credit risk.

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7. Borrowings

In US dollar	2014	2013
The Standard Bank of South Africa Limited		
Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited has a senior loan facility of $29.9 million with The Standard Bank of South Africa Limited which was entered into on 5 November 2012. The final utilization amounted to $29,369,290. The loan bears interest at JIBAR plus a margin of 4.05% and the capital is repayable in bi-annual instalments which commenced on 31 December 2014. Interest is paid quarterly while capital is repaid bi- annually. The loan matures on 31 December 2028.	29,149,021	23,097,411
Nedbank of South Africa Limited		
Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) (Proprietary Limited) have senior loan facilities totaling $21.2 million with The Nedbank of South Africa Limited which was entered into on 5 November 2012. The final utilization amounted to $19,861,157. The loan bears interest at JIBAR plus a margin of 3.9% and the capital is repayable in bi-annual instalments which commenced on 30 September 2014, future instalments to occur at June and December. Interest is paid quarterly while capital is repaid bi-annually. The loan matures on 31 December 2028.	19,154,100	19,118,801
Industrial Development Corporation of South Africa Limited		
Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited has a senior loan facility of $12.8 million with Industrial Development Corporation of South Africa Limited which was entered into on 5 November 2012. The final utilization amounted to $12,586,839. The loan bears interest at a fixed rate of 7.7% plus a margin of 3.9% and the capital is repayable in bi-annual instalments which commenced on 31 December 2014. Interest is paid quarterly while capital is repaid bi-annually. The loan matures on 31 December 2028.	12,492,437	9,898,890
Industrial Development Corporation of South Africa Limited		
Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) (Proprietary Limited) have senior loan facilities of $21.2 million with Industrial Development Corporation of South Africa Limited which was entered into on 5 November 2012. The final utilization amounted to $19,861,157. The loan bears interest at a fixed rate of 7.7% plus a margin of 3.8% and the capital is repayable in bi-annual instalments which commenced on 30 September 2014. Interest is paid quarterly while capital is repaid bi-annually. The loan matures on 31 December 2028.	19,209,712	19,118,801
	80,005,270	**71,233,903**

In US dollar	2014
Payments due by period	
Less than 1 year	2,143,403
1-2 years	2,295,465
2-3 yeas	2,796,409
3-4 years	3,273,319
4-5 years	3,331,714
After 5 years	66,164,960
	80,005,270

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Security in favor of Senior Lenders

Security over the $85.1M (maximum amount) first ranking debt to be funded through the Facility Agreement and entered into between the Company and The Standard Bank of South Limited, Nedbank of South Africa Limited and the Industrial Development Corporation of South Africa Limited is as follows:

A special notarial bond and a general notarial bond registered over the entity s present and future movable property for an amount of $92.7M plus an additional amount of $18.5M.

A mortgage bond registered as a first mortgage over the entity s rights, title and interest in and to the notarial leases over the leased properties and notarial servitude over the servitude property.

The cession of all of the entity s secured property, other than restricted property, to the Debt Guarantor as collateral security for the due, proper and punctual payment and performance of the secured obligations by the Companies.

Our facilities agreement with Nedbank of South Africa, Standard Bank of South Africa Limited and the Industrial Development Corporation of South Africa Limited, requires that following ratios are complied with on any Measurement Date:

The Historic Debt Service Cover Ratio and the Projected Debt Service Cover Ratio exceeds 1.20:1

The Loan Life Cover Ratio exceeds 1.20:1

The Project Life Cover Ratio exceeds 1.35:1

If the Debt Service Cover Ratio is between 1.21:1 and 1.30:1 during the first two years from scheduled commercial operation date (COD), the Company will be permitted to make distributions equal to 50% of the amount available for distribution (excess cash after funding of the debt service reserve account, the maintenance reserve account and in compliance with South African Companies Act) to the shareholders of the Company and the remaining 50% shall either be transferred to the Debt Service Reserve Account or be used to repay the Facility.

If the Debt Service Cover Ratio exceeds 1.30:1 during the first two years from scheduled COD date, the Company will be permitted to make a distribution equal to 100% of the amount available for distribution.

The first Scheduled Measurement Date relating to the above ratios was 31 December 2014, where all ratios were in compliance, if the ratio is not met then a distribution would not be permissible. Thereafter measurements will be performed bi-annually at each debt repayment date.

In US dollar	**2014**	**2013**
Non-current liabilities		
At amortized cost	77,861,867	69,678,122
Current liabilities		
At amortized cost	2,143,403	1,555,781
	80,005,270	**71,233,903**

8. Asset retirement obligation

In US dollar	2014	2013
Opening balance		
Capitalized in property, plant and equipment	402,934	
Accretion	17,886	
	420,820	

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An asset retirement obligation of $0.4M was recorded in 2014 from the construction of property, plant and equipment, due to a contractual obligation to remove all structures and other improvements from the leased property in such a manner that normal farming operations can be conducted on the property. The major parts of the carrying amount of the obligation relate to disposal of tower sections; removal of rebar; grid interface material recovery and MV cable extraction. The Company determined the obligations, based on detailed estimates, adjusted for factors that an outside third-party would consider (i.e. inflation, overhead and profit), escalated to the estimated closure dates and then discounted using a credit-adjusted risk-free interest rate of 13%. The Company has the obligation to remove the wind turbines and related equipment from the property at the end of the lease period. The remaining lease period is 23.25 years at 31 December 2014. The accretion of the liability and the amortization of the property and equipment will be recognized over the estimated lives of the assets.

9. Accounts payable

In US dollar	2014	2013
Trade payables	3,689,723	10,437,919

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables relating to the Engineer, Procure and Construct (EPC) contractor amounting to $3.7M will only be paid upon final completion of the project and are included in trade payables at 31 December 2014. During 2013 the Company was in the construction phase and the majority of payables related to the EPC contractor payments.

10. Revenue

In US dollar	2014	2013
Sale of electricity	21,031,872	

Revenue is generated from the sale of electricity in South Africa to Eskom Holdings SOC Limited. The Company has Power Purchase Agreements with Eskom Holdings SOC Limited, backed by the Government of the Republic of South Africa, each for a period of 20 years after the scheduled Commercial Operation Date.

11. Interest income

In US dollar	2014	2013
Interest on bank balances	853,805	4,896

12. Interest expense

In US dollar	2014	2013
Interest on borrowings	8,539,144	
Interest on bank balances	1,410	1,028
Asset retirement obligation accretion	17,886	
	8,558,440	**1,028**

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13. Taxation

In US dollar	2014	2013
Major components of the tax expense		
Deferred tax		
Reversing temporary differences	1,169,961	(207,784)
Reconciliation of tax benefit/(expense) to statutory tax rate		
Income/(loss) before income taxes	3,093,811	(840,819)
Tax at the applicable tax rate of 28% (2013: 28%)	866,267	(235,429)
Tax effect of adjustments on taxable income		
Non-deductible expenses	303,694	27,645
Tax expense/(benefit)	**1,169,961**	**(207,784)**

14. Commitments and contingencies

Contingent asset

The Company is involved in renewable energy and its business, of generating electricity from wind and solar power, has been certified in terms of the Clean Development Mechanism (CDM). The process allows for the reduction in carbon emissions to be converted to carbon credits after a verification process. The Certified Emission Reductions (CER s) can be sold in the open market, no asset has been recorded during the years 31 December 2014 and 2013.

15. Operating lease

At the reporting date, the Company has commitments for future notarial and servitude lease payments over three land leases for the remaining term of the leases of 23.25 years as of 31 December 2014 amounting to:

the greater of $10,507 per turbine per year or 2% of gross revenue on the Klipheuwel-Dassiefontein Wind Energy Facility

0.5% of gross revenue on the Aries Solar PV Energy Facility

$17,933 per annum on the Konkoonsies Solar PV Energy Facility

The annual minimum payment amount of $10,507 and $17,933 increases annually with South African Inflation. The lease period can be renewed for a further 25 years at the end of the lease.

16. Related parties

In US dollar	2014	2013
Related party transactions		
Reimbursement of development cost to related parties		
BioTherm Energy Proprietary Limited	2,007,061	

Administration fees paid to related parties		
Friedshelf 1293 (RF) Proprietary Limited	396,037	414,654
BioTherm Operations and Maintenance (RF) Proprietary Limited	1,847,030	1,889,323
BTSA Netherlands Cooperatie U.A. (Netherlands)	169,209	

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Biotherm Energy Proprietary Limited a fellow subsidiary Company is a development Company which developed and constructed the energy systems for each project Company to ready for use. Development costs incurred by the developer entity include costs such as environmental studies and impact assessments, technical advisors, milestone payments, EPC, and financial costs. The project companies reimburse the developer entity for costs incurred and services rendered. These costs were capitalized as property, plant and equipment in 2014.

Friedshelf 1293 (RF) Proprietary Limited a fellow subsidiary Company provides administrative services to the Company which includes submission of all compliance documentation as per the facility agreement, ensure that the companies are in compliance with all regulations and orders, and tax and accounting functions including maintenance of records, procurement of audit services and reporting. The term of the agreement extends to the expiration of the initial term of the Power Purchase Agreement being 20 years, however early termination may occur subject to notice. The fee charged is a fixed fee escalated annually at South African Inflation rate. The fee in 2014 was $0.2M, $0.1M and $0.1m for Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited, Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) Proprietary Limited respectively and is recorded in the general and administrative costs in the Statement of Income and Comprehensive Loss.

BioTherm Operations and Maintenance (RF) Proprietary Limited a fellow subsidiary Company provides operations and maintenance services to the energy facilities. These services mainly include the supervision of the operations and maintenance activities at the facilities and supervision of service providers. The term is five years from the commercial operations date being 07 May 2014 for Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited. The fee charged is a fixed fee escalated annually at South African Inflation rate, the fee incurred in 2014 was $0.4M and is recorded in operations management fee in the Statement of Income and Comprehensive Loss.

In addition BioTherm Operations and Maintenance (RF) Proprietary Limited provides construction management services which includes review of engineering and construction related documents and formulate an implementation strategy with overall contract management of the construction process. The agreement will terminate at the Final Completion date of the construction of the facility, this is the date that all work and all other obligations under the EPC Contract are fully and completely performed in accordance with the terms of the EPC Contract. The fee charged is a fixed fee escalated annually at South African Inflation rate. The fee in 2014 was $0.7M, $0.4M and $0.4M for Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited, Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) Proprietary Limited respectively and is recorded in plant operating costs in the Statement of Income and Comprehensive Loss.

BTSA Netherlands Cooperatie U.A. the majority shareholder provides executive management services through policy and decision making and representation on the board in addition to finance and administration support. The agreement may be terminated at any point by mutual consent and will terminate automatically on the day that BTSA ceases to be an equity shareholder in the Company (which will terminate on sale of the Company see Note 17). The fee charged is a fixed fee escalated annually at South African Inflation rate. The fee in 2014 was $0.1M, $0.04M and $0.04m for Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited, Sevenstones 159 (RF) Proprietary Limited and Limarco 77 (RF) Proprietary Limited respectively and is recorded in the general and administrative costs in the Statement of Income and Comprehensive Loss.

17. Subsequent events

The Company has evaluated subsequent events through April 3, 2015, the date the combined financial statements were available to be issued. 0n 5 February 2015 Klipheuwel-Dassiefontein Wind Energy Facility (RF) Proprietary Limited declared a dividend of $5.3M, on 24 March 2015 Sevenstones 159 (RF) Proprietary Limited declared a dividend of $1.7M. and on 31 March 2015 Limarco 77 (RF) Proprietary Limited declared a dividend of $1.7m.

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On 3 April 2015, BTSA entered into securities purchase agreements to sell its interests in the Company to a subsidiary of TerraForm Global, Inc., an indirect subsidiary of SunEdison, Inc., for $56.3 million in aggregate consideration.

No other subsequent events were identified during this period that would have a material impact on the combined financial statements.

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Independent auditors   report

The Boards of Directors

Honiton Energy XIL Holdings Limited and Honiton Energy BAV Holdings Limited:

We have audited the accompanying combined financial statements of Honiton Energy XIL Holdings Limited and subsidiary and Honiton Energy BAV Holdings Limited and subsidiary (collectively referred to as the   Combined Entity), which comprise the combined balance sheets as of December 31, 2013 and 2014, and the related combined statements of comprehensive loss, changes in shareholder s deficit, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors   responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors   judgment, including the assessment of the risks 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 and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 combined financial statements referred to above present fairly in all material respects, the financial position of the Combined Entity as of December 31, 2013 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

/s/ KPMG Huazhen (SGP)

Beijing, China

May **5**, 2015

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Honiton Energy XIL Holdings Limited and Honiton Energy BAV Holdings Limited

Combined balance sheets

(Amounts in thousands)

	December 31,	
	2013	**2014**
ASSETS:	**US$**	**US$**
Current assets		
Cash	5,233	4,366
Restricted cash	3,238	4,584
Accounts receivable, net of allowance for doubtful accounts	13,874	14,008
Notes receivable	3,772	4,300
Amounts due from related parties	4,024	4,032
Prepayments and other current assets	3,775	2,853
Total current assets	**33,916**	**34,143**
Property, plant and equipment, net	224,315	208,838
Other non-current assets	4,890	4,303
Total assets	**263,121**	**247,284**
LIABILITIES AND SHAREHOLDER S DEFICIT:		
Current portion of long-term bank loans	10,809	41,514
Accounts payable	14,492	11,436
Amounts due to related parties	179,625	180,765
Accrued expenses and other current liabilities	1,805	1,606
Total current liabilities	**206,731**	**235,321**
Long-term bank loans, excluding current portion	69,864	28,096
Other non-current liabilities	16,125	15,211
Total liabilities	**292,720**	**278,628**
Shareholder s deficit		
Share capital		
Additional paid-in capital	8,918	8,918
Accumulated deficit	(58,819)	(60,049)
Accumulated other comprehensive income	20,302	19,787
Total shareholder s deficit	**(29,599)**	**(31,344)**
Commitments and contingencies (note 7)		
Total liabilities and shareholder s deficit	**263,121**	**247,284**

The accompanying notes are an integral part of these combined financial statements.

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Honiton Energy XIL Holdings Limited and Honiton Energy BAV Holdings Limited

Combined statements of comprehensive loss

(Amounts in thousands)

	Year ended December 31, 2013 US$	2014 US$
Revenues	25,832	24,672
Cost of revenues	(16,577)	(16,741)
Gross profit	**9,255**	**7,931**
General and administrative expenses	(2,085)	(1,923)
Operating income	**7,170**	**6,008**
Interest income	33	66
Interest expense	(11,339)	(10,674)
Foreign currency exchange gain (loss), net	(641)	3,324
Loss before income tax expense	**(4,777)**	**(1,276)**
Income tax benefit	46	46
Net loss	**(4,731)**	**(1,230)**
Foreign currency translation adjustments, net of nil income taxes	4,367	(515)
Comprehensive loss	**(364)**	**(1,745)**

The accompanying notes are an integral part of these combined financial statements.

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Honiton Energy XIL Holdings Limited and Honiton Energy BAV Holdings Limited

Combined statements of changes in shareholder s deficit

(Amounts in thousands)

	Share capital US$	Additional paid-in capital US$	Accumulated deficit US$	Accumulated other comprehensive income US$	Total shareholder s deficit US$
Balance at January 1, 2013		**8,918**	**(54,088)**	**15,935**	**(29,235)**
Net loss			(4,731)		(4,731)
Foreign currency translation adjustments, net of nil income taxes				4,367	4,367)
Balance at December 31, 2013		**8,918**	**(58,819)**	**20,302**	**(29,599)**
Net loss			(1,230)		(1,230)
Foreign currency translation adjustments, net of nil income taxes				(515)	(515)
Balance at December 31, 2014		**8,918**	**(60,049)**	**19,787**	**(31,344)**

The accompanying notes are an integral part of these combined financial statements.

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Honiton Energy XIL Holdings Limited and Honiton Energy BAV Holdings Limited

Combined statements of cash flows

(Amounts in thousands)

	Year ended December 31,	
	2013	**2014**
	US$	**US$**
Cash flows from operating activities		
Net loss	(4,731)	(1,230)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	14,924	15,079
Deferred income tax benefit	(46)	(46)
Foreign currency exchange loss (gain), net	641	(3,324)
Changes in operating assets and liabilities:		
Restricted cash	(3,211)	(1,346)
Notes receivable related to customer payments	(3,602)	(543)
Accounts receivable	2,949	(184)
Amounts due from related parties	(93)	(8)
Prepayments and other current assets	(1,321)	919
Other non-current assets	1,236	554
Accounts payable	(4,294)	(3,009)
Amounts due to related parties	3,951	4,778
Accrued expenses and other current liabilities	(1,750)	(148)
Other non-current liabilities	(199)	(859)
Net cash provided by operating activities	**4,454**	**10,633**
Cash flows from investing activities		
Purchase of property, plant and equipment	(259)	(369)
Net cash used in investing activities	**(259)**	**(369)**
Cash flows from financing activities:		
Proceeds from shareholder s loans	5,322	
Repayment of bank loans	(7,398)	(10,791)
Net cash used in financing activities	**(2,076)**	**(10,791)**
Effect of foreign currency exchange rate changes on cash	**276**	**(340)**
Net increase (decrease) in cash	**2,395**	**(867)**
Cash at beginning of year	**2,838**	**5,233**
Cash at end of year	**5,233**	**4,366**
Supplemental disclosure of cash flow information:		
Interest paid	(8,321)	(5,897)

The accompanying notes are an integral part of these combined financial statements.

Honiton Energy XIL Holdings Limited and Honiton Energy BAV Holdings Limited

Notes to the combined financial statements

(Amounts in thousands)

1. Nature of operations, significant concentrations and risks

Nature of operations

Honiton Energy XIL Holdings Limited (Honiton XIL) and Honiton Energy BAV Holdings Limited (Honiton BAV), each of which was incorporated in 2008 in Hong Kong Special Administration Region (the Hong Kong or HK SAR), through their respective wholly-owned subsidiaries, Honiton Energy (Xilinguole) Co., Ltd. (Honiton Xilinguole) and Honiton Energy (Baotou) Co., Ltd. (Honiton Baotou) (collectively referred to hereinafter as the Combined Entity), are principally engaged in developing, constructing, owning and operating wind energy projects in the People s Republic of China (PRC).

As of December 31, 2014, the Combined Entity operates a total capacity of 148.5 megawatts (MW) power output in operation located in Inner Mongolia, PRC, including Bailimiao wind farm Phase I, Bailimiao wind farm Phase II and Xiwu wind farm Phase I.

Revenue concentration

The Combined Entity derives all its revenues from its sole customer, Inner Mongolia Power (Group) Co., Ltd., for the wind power dispatched in Inner Mongolia. The Combined Entity expects revenues from the customer to continue to represent a substantial portion of its revenue in the future. Any factors adversely affecting the wind power industry in the PRC or the business operation of the customer will have a material effect on the Combined Entity s business, financial position and results of operations.

2. Summary of significant accounting policies

a. Basis of presentation

The accompanying combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP).

Honiton XIL and Honiton BAV were under the common control of Honiton Energy Caymans Limited (HECL) during the years ended December 31, 2013 and 2014. Accordingly, the combined financial statements include the combined results of operations and the combined financial position of 1) Honiton XIL and its wholly owned PRC subsidiary, Honiton Xilinguole and 2) Honiton BAV and its wholly owned PRC subsidiary, Honiton Baotou. For the purpose of the combined statements of shareholder s deficit, the amounts of reported share capital and additional paid-in capital represent the aggregate of the share capital and additional paid-in capital of Honiton XIL and Honiton BAV.

The accompanying combined financial statements were prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The realization of assets and the satisfaction of liabilities in the normal course of business are dependent on, among other things, the Combined Entity s ability to operate profitably, to generate cash flows from operations, and the Combined Entity s ability to pursue alternative financing arrangements to support its working capital requirements.

During the years ended December 31, 2013 and 2014, the Combined Entity has suffered net loss of US$4,731 and US$1,230, respectively. As of December 31, 2014, the Combined Entity had a shareholder s deficit of US$31,344.

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The Combined Entity mainly relies on the cash provided by operating activities, bank loans and advances from related parties to finance its investing activities and working capital requirements. In particular, the amount due to related parties in the amount of US$180,765 as of December 31, 2014 is due on demand, and US$41,514 of bank loan will mature in July 2015.

Honiton Energy Caymans Limited (HECL), the shareholder of the Combined Entity, has provided a letter of financial support to the Combined Entity including the conversion of the US$180,765 due to HECL as of December 31, 2014 into the share capital of Honiton Energy (Xilinguole) Co. Ltd. and Honiton Energy (Baotou) Co. Ltd, as necessary.

On May 5, 2015, HECL entered into a share purchase agreement to sell all of its equity interests in Honiton XIL and Honiton BAV to a subsidiary of TerraForm Global, Inc. (Acquirer). In connection with the proposed acquisition of the Combined Entity, the Acquirer has provided a letter to HECL stating that the Acquirer will take necessary actions to cause the Combined Entity to make payment when the bank loan matures.

Taking into consideration the commitments of HECL and the Acquirer to provide the Combined Entity the necessary financial support, management believes the Combined Entity will be able to meet its commitments and liabilities when they fall due for a period extending at least one year beyond the date of the financial statements.

b. Basis of consolidation

The accompanying combined financial statements include the financial statements of Honiton XIL and its wholly owned subsidiary Honiton Xilinguole, and Honiton BAV and its wholly owned subsidiary Honiton Baotou. All significant intercompany balances and transactions have been eliminated in preparing the combined financial statements.

c. Use of estimates

The preparation of the combined financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet dates and the reported amounts of revenues and expenses during the reporting periods. Actual results could materially differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property, plant and equipment and land use rights, the collectibility of accounts receivable, the realizability of deferred income tax assets, the recoverability of the carrying amounts of property, plant and equipment and land use rights, the accruals for tax uncertainties and other contingencies. The Combined Entity bases its estimates on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

d. Foreign currency

The accompanying combined financial statements are presented in the U.S. dollar (US$). The functional currency of Honiton XIL and Honiton BAV is US$, whereas the functional currency of Honiton Xilinguole and Honiton Baotou is the Renminbi (RMB).

Transactions denominated in foreign currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the applicable exchange rates at the balance sheet dates. The resulting exchange differences are recorded in foreign currency exchange gain (loss), net in the combined statements of comprehensive loss.

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Assets and liabilities of the entities with functional currencies other than US$ are translated into US$ using the exchange rate on the balance sheet date. Revenues and expenses are translated into US$ at average rates prevailing during the reporting period. The resulting foreign currency translation adjustments are recorded in accumulated other comprehensive income within shareholder s deficit.

Since RMB is not a fully convertible currency, all foreign exchange transactions involving RMB must take place either through the People s Bank of China (the PBOC) or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC.

e. Cash and restricted cash

Cash consists of the following:

	December 31,	
	2013	**2014**
	US$	**US$**
RMB denominated bank deposits with financial institutions in the PRC	4,722	4,300
US dollar denominated bank deposits with financial institutions in HK SAR	505	60
US dollar denominated bank deposits with financial institutions in the PRC	6	6
Total	**5,233**	**4,366**

Cash deposits in bank that are restricted as to withdrawal or usage for up to 12 months are reported as restricted cash in the combined balance sheets and excluded from cash in the combined statements of cash flows. Cash deposits that are restricted for period beyond 12 months from the balance sheet date are included in other non-current assets in the combined balance sheets. Cash deposits that are pledged as collateral for long-term bank loans are reported as restricted cash and amounted to US$3,238 and US$3,251 as of December 31, 2013 and 2014, respectively (note 5). Cash deposits totaling US$1,704 were restricted due to the arbitration and lawsuit as of December 31, 2014 (note 7), of which US$1,333 is included in restricted cash and US$371 is included in other non-current assets.

f. Notes receivable

Notes receivable represent bank acceptance bills endorsed by the customer to the Combined Entity for the payment of wind power generated by the Combined Entity. The Combined Entity receives payments from the financial institutions upon maturity of the bills, which is normally 3-6 months.

g. Accounts receivable

Accounts receivable are recorded at the invoiced amount and do not bear interest. The Combined Entity maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customer s financial condition, the amount of receivables in dispute, accounts receivables aging and current collection patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Combined Entity does not have any off-balance-sheet credit exposure related to its customer. As of December 31, 2013 and 2014, there was no allowance for doubtful accounts.

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h. Property, plant and equipment, net

Property, plant and equipment are recorded at cost. Depreciation is calculated on the straight-line method over the following estimated useful lives of the assets:

Buildings	20 years
Machinery and equipment	10~20 years
Equipment and furniture	3~5 years
Vehicles	5 years

Costs incurred in the construction of property, plant and equipment, including an allocation of interest expense incurred, are capitalized and transferred into their respective asset category when the assets are ready for their intended use, at which time depreciation commences.

Ordinary maintenance and repairs are charged to expenses as incurred, and replacements and betterments are capitalized. When items are retired or otherwise disposed of, income is charged or credited for the difference between the net book value of the item disposed and proceeds realized thereon.

i. Land use rights

Land use rights represent the cost of rights to use land in the PRC. Land use rights are carried at cost and charged to expense on a straight-line basis over the respective periods of the rights of 50 years. As of December 31, 2013 and 2014, the carrying amount of land use rights was US$808 and US$788, respectively, which is included in other non-current assets in the combined balance sheets.

Amortization expense of land use rights for the years ended December 31, 2013 and 2014 were US$17 and US$17, respectively, which is included in cost of revenues in the combined statements of comprehensive loss. The annual amortization expense of land use rights is estimated to be US$17 for each of the following 5 years.

As of December 31, 2013 and 2014, the Combined Entity has pledged its land use rights with a total carrying amount of US$808 and US$788, respectively, to secure bank borrowings (note 5).

j. Impairment of long-lived assets

Long-lived assets, such as property, plant and equipment and land use rights, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Combined Entity first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through discounted cash flow models, quoted market values or third-party independent appraisals, as considered necessary. Assets to be disposed are reported at the lower of carrying amount or fair value less costs to sell, and are no longer depreciated. No impairment of long-lived assets was recognized for the years ended December 31, 2013 and 2014.

k. Revenue recognition

The Combined Entity s revenues are generated through the sales of wind power pursuant to terms of power purchase agreements (PPAs) or other contractual arrangements. The Combined Entity is required to sell all wind power generated by the facilities at specific rates as determined by the PPAs. The Combined Entity recognizes revenue from the sale of wind power when the electricity is generated and delivered.

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The Combined Entity recognizes revenue when all of the following criteria are met: (i) persuasive evidence of an arrangement exists; (ii) delivery or performance has occurred; (iii) the sales price is fixed or determinable; and (iv) collectability is reasonably assured.

The Combined Entity s revenue-generating activity consists of long-term PPAs with the customer, under which the customer agrees to purchase all of the power generated. The Combined Entity has determined that PPAs should be accounted for as operating leases after evaluating the lease classification criteria. As customer payments under a power purchase agreement are dependent on power generation, they are considered contingent rentals and are excluded from future minimum annual lease payments. Revenue from PPAs is recognized based on the actual amount of power generated at rates specified under the contracts, assuming the other revenue recognition criteria discussed above are met.

l. Employee benefits

The Combined Entity s full-time PRC employees participate in government-mandated defined contribution plans pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. The Combined Entity accrues for these benefits based on a certain percentage of the employees salaries as stipulated by PRC labor rules and regulations. The costs of the Combined Entity s obligations to the defined contribution plans are charged to the combined statements of comprehensive loss when the related employee service is provided and amounted to US$174 and US$202 for the years ended December 31, 2013 and 2014, respectively. The Combined Entity has no other obligation for the payment of employee benefits associated with these plans.

m. Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Combined Entity.

A government grant is recognized when there is reasonable assurance that the grant will be received and that the Combined Entity will comply with the conditions attaching to the grant.

A government grant related to an asset is recognized initially as deferred income and amortized to profit or loss on a straight-line basis over the useful life of the asset. A grant that compensates the Combined Entity for expenses to be incurred in the future is recognized initially as deferred income, and released to profit or loss in the periods in which the expenses are recognized. A grant that compensates the Combined Entity for expenses already incurred is recognized in profit or loss immediately.

For the years ended December 31, 2013 and 2014, US$848 and US$859 representing the amortization of government grant of US$16,715 related to the equipment purchased in prior years was credited against depreciation expense which is included in cost of revenues in the combined statements of comprehensive loss. As of December 31, 2013 and 2014, the balance of unamortized government grant was US$14,173 and US$13,263, respectively, of which the current portion of US$910 and US$859 was included in accrued expenses and other current liabilities, and the non-current portion US$13,263 and US$12,404 was included in other non-current liabilities in the combined balance sheets, respectively.

n. Operating leases

The Combined Entity leases premises for offices under non-cancellable operating leases. Leases with escalated rent provisions are recognized on a straight-line basis commencing with the beginning of the lease term. There are no capital improvement funding, other lease concessions or contingent rent in the lease agreements.

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o. Income taxes

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and tax losses and tax credit carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the combined statements of comprehensive loss in the period that includes the enactment date. A valuation allowance is provided to reduce the carrying amount of deferred income tax assets if it is considered more likely than not that some portion or all of the deferred income tax assets will not be realized.

The Combined Entity recognizes in the combined financial statements the impact of a tax position, if that position is more likely than not of being sustained upon examination, based on the technical merits of the position. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Combined Entity has elected to classify interest and penalties related to unrecognized tax benefits, if and when required, as part of income tax expense in the combined statements of comprehensive loss.

p. Commitments and contingencies

In the normal course of business, the Combined Entity is subject to loss contingencies, such as legal proceedings and claims arising out of the ordinary course of its business. An accrual for a loss contingency is recognized when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. If a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, is disclosed.

q. Fair value measurements

The Combined Entity applied the provisions of Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures* (ASC Topic 820), for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring and nonrecurring basis. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Combined Entity considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

ASC Topic 820 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC Topic 820 establishes three levels of inputs that may be used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Combined Entity has the ability to access at the measurement date.

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Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The carry amount of cash, restricted cash, notes receivable, accounts receivable, amounts due from related parties, accounts payable, amounts due to related parties, accrued expenses and other current liabilities as of December 31, 2013 and 2014, approximate their fair values.

Long-term bank loans fair value is based on the amount of future cash flows associated with each debt instrument discounted at the Combined Entity s current borrowing rate for similar debt instruments of comparable terms. The carrying value of the long-term loans approximate their fair values as all the long-term bank loans carry variable interest rates which approximate rates currently offered by the Combined Entity s bankers for similar debt instruments of comparable maturities.

r. Recently issued accounting standards

The Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) No. 2014-09, *Revenue from Contracts with Customers*, in May 2014. ASU 2014-09 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should also disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard is effective for annual reporting periods beginning after December 15, 2017. The Combined Entity has not yet determined the impact of the new standard on its current policies for revenue recognition.

3. Property, plant and equipment, net

Property, plant and equipment consists of the following:

	December 31,	
	2013	**2014**
	US$	**US$**
Machinery and equipment	272,251	271,371
Buildings	3,082	3,282
Equipment and furniture	293	311
Vehicles	354	294
	275,980	275,258
Less: Accumulated depreciation	(51,665)	(66,420)
Property, plant and equipment, net	224,315	208,838

Depreciation expense for property, plant and equipment was US$14,907 and US$15,062 for the years ended December 31, 2013 and 2014, respectively. As of December 31, 2013 and 2014, the Combined Entity has pledged property, plant and equipment with a total carrying amount of US$221,480 and US$205,965, respectively, to secure bank borrowings.

4. Income taxes

No provision for Hong Kong profits tax was made for Honiton XIL and Honiton BAV, as they did not have any assessable profits arising in or derived from Hong Kong in 2013 and 2014.

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Honiton Xilinguole and Honiton Baotou incorporated in the PRC are subject to PRC Enterprise Income Tax (EIT) on taxable income at the statutory income tax rate of 25% in 2013 and 2014.

The components of loss (income) before income tax expense are as follows:

	Year ended December 31,	
	2013	**2014**
	US$	**US$**
Hong Kong	4,608	2,640
PRC	169	(1,364)
Total loss before income tax expense	4,777	1,276

The PRC income tax benefit recognized in the combined statements of comprehensive loss consists of deferred income tax benefit in the amount of US$46 for the years ended December 31, 2013 and 2014. Income tax benefit for other jurisdictions is nil.

The actual income tax benefit reported in the combined statements of comprehensive loss for the years ended December 31, 2013 and 2014 differs from the amount computed by applying the PRC statutory income tax rate to income (loss) before income taxes due to the following:

	Year ended December 31,	
	2013	**2014**
	US$	**US$**
PRC statutory income tax rate	25.0%	25.0%
Increase (decrease) in effective income tax rate resulting from:		
Non-PRC entities not subject to income tax	(24.1%)	(51.7%)
Non-deductible general and administrative expenses	(0.6%)	(0.7%)
Change in valuation allowance	4.6%	33.5%
Others	(3.9%)	(2.5%)
Actual income tax benefit	1.0%	3.6%

The principal components of the Combined Entity s deferred income tax assets and liabilities are as follows:

	December 31,	
	2013	**2014**
	US$	**US$**
Gross deferred income tax assets:		
Accrued expenses and other current liabilities	249	235
Other non-current liabilities	3,316	3,101
Tax loss carryforwards	6,921	6,660
Total gross deferred income tax assets	10,486	9,996
Valuation allowance	(10,257)	(9,767)
Deferred income tax assets, net	229	229

Gross deferred income tax liabilities:		
Property, plant and equipment	(811)	(765)
Total gross deferred income tax liabilities	(811)	(765)
Net deferred income tax liabilities-noncurrent (included in other non-current liabilities)	(582)	(536)

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The movements of the valuation allowance are as follows:

	Year ended December 31,	
	2013	2014
	US$	US$
Balance at the beginning of the year	(10,160)	(10,257)
Decrease of valuation allowance	221	428
Expiration of tax loss		24
Foreign currency translation adjustment	(318)	38
Balance at the end of the year	(10,257)	(9,767)

The valuation allowance as of December 31, 2013 and 2014 was primarily provided for the deferred income tax assets of Honiton Xilinguole and Honiton Baotou, which was at a cumulative loss position. In assessing the realization of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or utilizable. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryforward periods), projected future taxable income and tax planning strategies in making this assessment. In view of the cumulative losses of Honiton Xilinguole and Honiton Baotou, valuation allowance was provided against its deferred income tax assets as of December 31, 2013 and 2014, which in the judgment of the management, are not more likely than not to be realized. As of December 31, 2014, the Combined Entity s PRC entities had tax losses carry forwards of US$26,640. Tax losses of US$1,960, US$7,697, US$9,946, US$3,590, and US$3,447 will expire, if unused, by 2015, 2016, 2017, 2018 and 2019, respectively.

The Company recognizes unrecognized tax benefits in the amount of US$2,279 and US$2,270 relating to foreign currency exchange gains as of December 31, 2013 and 2014, respectively, which were included in other non-current liabilities. The unrecognized tax benefits represent the estimated income tax expenses the Company would be required to pay, should its foreign currency exchange gains be recognized in accordance with tax laws and regulations. Nil interest and penalty expenses were recorded for the years ended December 31, 2013 and 2014.

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer or the withholding agent. The statute of limitations will be extended to five years under special circumstances where the underpayment of taxes is more than RMB 100,000. In the case of transfer pricing issues, the statute of limitations is 10 years. The income tax returns of the Combined Entity are open to examination by the PRC state and local tax authorities for the tax years from 2010 to 2014. There is no statute of limitations in the case of tax evasion.

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5. Bank loans

Long-term bank loans consist of the following:

	December 31,	
	2013	2014
	US$	US$
Long-term bank loans:		
Loans from Standard Chartered Bank	40,682	37,265
Loans from Minsheng Bank	39,991	32,345
	80,673	69,610
Less: current portion	(10,809)	(41,514)
Total long-term bank loans	69,864	28,096

In May 2009, Honiton Baotou entered into a 12-year RMB330 million (US$54 million) loan agreement with China Minsheng Bank at a floating interest rate of the five-year RMB benchmark loan rates as published by PBOC plus an additional surcharge of 10% of the interest rate per annum. The loan is pledged by the bank account used for accounts receivable collection, accounts receivable, property, plant and equipment, and land use right of the Bailimiao wind farm Phase I and the 100% paid-in capital of Honiton Baotou. Pursuit to the loan agreement, no distribution of dividend is allowed if Honiton Baotou fails to pay the interest due. As of December 31, 2013 and 2014, there is no unpaid interest to China Minsheng Bank. The principal of US$4 million, US$5 million, US$5 million, US$5 million, US$5 million, US$6 million, and US$2 million will be repaid in 2015, 2016, 2017, 2018, 2019, 2020 and 2021, respectively.

In March 2011, Honiton Baotou and Honiton Xilinguole entered into an 12-month RMB362 million (US$59 million) loan agreement with Standard Chartered Bank at a floating interest rate of the one-to three-year RMB benchmark loan rates as published by PBOC plus an additional surcharge of 15%-70% of the interest rate per annum. As Honiton Baotou and Honiton Xilinguole failed to repay the loan on the original maturity date, the outstanding loan principal and interest of RMB283 million (US$46 million) was extended to July 2015 and the interest rate was based on the one-to three-year Renminbi benchmark loan rates plus an additional surcharge of 30% of the interest rate per annum. The loan is pledged by bank accounts of HECL, property, plant and equipment, land use rights and beneficial rights of insurance of the Bailimiao wind farm Phase II and Xiwu wind farm Phase I, the 100% paid-in capital of Honiton Xilinguole, the 100% issued shares of Honiton XIL and Honiton BAV. US$37 million was outstanding as of December 31, 2014.

6. Related party transactions

As of and for the years ended December 31, 2013 and 2014, the Combined Entity had related party transactions and balances with 1) Honiton Energy Caymans Limited (HECL , the immediate parent company of the Combined Entity) 2) Honiton Energy Barbados Ltd., which is a wholly owned subsidiary of HECL, and 3) Windco Cayman Holdings Limited, which is the shareholder of HECL. The significant related party transactions are summarized as follows:

		Year ended December 31,	
		2013	2014
		US$	US$
Interest-bearing loans provided by HECL	(a)	5,322	
Interest expenses incurred for the shareholder s loans	(a)	4,448	4,776
Repayment of the expenses paid by HECL on behalf of the Combined Entity	(b)	497	
Expenses paid by the Combined Entity on behalf of HECL	(c)	93	8

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Balances with related parties as of December 31, 2013 and 2014 are as follows:

		December 31,	
		2013 US$	2014 US$
Amounts due from related parties:			
Honiton Energy Caymans Limited	(c)	4,017	4,025
Honiton Energy Barbados Ltd.		7	7
Total amounts due from related parties		4,024	4,032
Amounts due to related parties:			
Honiton Energy Caymans Limited	(a)(b)	179,249	180,389
Windco Cayman Holdings Limited		376	376
Total amounts due to related parties		179,625	180,765

(a) HECL provided interest-free loans of US$8,500 and interest-bearing loans of US$24,323 at the rate of 15% to the Combined Entity before January 1, 2013. During the years ended December 31, 2013 and 2014, HECL provided loans at the rate of 15% to the Combined Entity in the amount of US$5,322 and nil, respectively. All of the loans are unsecured and unguaranteed. The loans are due and payable on demand. The interest expenses incurred by the Combined Entity were US$4,448 and US$4,776 for the years ended December 31, 2013 and 2014, respectively.

(b) HECL paid construction cost, installation cost and miscellaneous expenses in the amount of US$125,319 on behalf of the Combined Entity before January 1, 2013. The Combined Entity repaid US$497 and nil to HECL during the years ended December 31, 2013 and 2014, respectively. The amount is due and payable on demand.

(c) During the years ended December 31, 2013 and 2014, the Combined Entity paid expenses in the amount of US$93 and US$8, respectively on behalf of HECL.

7. Commitments and contingencies

Operating lease commitments

Future minimum lease payments under non-cancellable operating lease agreements for office premises as of December 31, 2014 were as follows:

	US$
Year ending December 31,	
2015	60
2016	51
Thereafter	
Total	**111**

Rental expenses incurred under operating leases for the years ended December 31, 2013 and 2014 were US$215 and US$86, respectively.

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Legal proceedings

The Combined Entity is the party in one arbitration and the defendant in one lawsuit with one vendor who is the wind turbine and maintenance service provider to the Combined Entity. The vendor filed the arbitration and lawsuit against Honiton Baotou and Honiton Xilingguole in the PRC on August 21, 2014 and January 23, 2015, respectively, seeking claims in the amount of US$1,332 and US$10,724 for the provision of maintenance service and sales of wind turbine and relevant interests, respectively. The arbitration and lawsuit are in preliminary stage and US$1,064 and US$8,398 was accrued based on management s best estimate of the probable outcomes as of December 31, 2014. In addition, cash in bank in the amount of US$1,704 was restricted for the arbitration and lawsuit as of December 31, 2014. On January 14, 2015, Honiton Baotou filed a claim against the vendor in the arbitration, seeking a claim in the amount of US$1,096 for the overpaid maintenance service fee and relevant interests.

Each of Honiton Baotou and Honiton Xilingguole filed an arbitration against this vendor on March 9, 2015, seeking claims in the amount of US$2,297 and US$1,066 for the undelivered spare parts and relevant interests, respectively.

8. Subsequent events

On May 5 2015, Honiton Energy Caymans Limited entered into share purchase agreements to sell its interests in the Combined Entity to a subsidiary of TerraForm Global, Inc., an indirect subsidiary of SunEdison, Inc., for US$105 million in cash, subject to changes upon the closing of the share purchase.

Management has considered subsequent events through May 5, 2015, which was the date the combined financial statements were available to be issued.

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Independent auditors report

To the Shareholders, Directors and Management of

Renova Energia S.A. and

Bahia Eólica Participações S.A., Salvador Eólica Participações S.A. and

Energética Serra da Prata S.A.

São Paulo SP

We have audited the accompanying combined balance sheets of Renova Energy Projects I, or the Group , as of December 31, 2014 and 2013 and January 1, 2013, and the related combined statements of income, comprehensive income, statements of changes in parent s net investment and cash flows for the years ended December 31, 2014 and 2013, and the related notes to the combined financial statements.

Management s responsibility for the combined financial statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined financial statements that are free from material misstatements, whether due to fraud or error.

Auditors responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor s judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group s preparation and fair presentation of the combined financial statements 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 Group s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Renova Energy Projects I as of December 31, 2014 and 2013 and January 1, 2013, and the results of its operations and its cash flows for the years ended December 31, 2014 and 2013, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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Emphasis of matters

As discussed in Note 3 to the combined financial statements, property plant and equipment of the Group´s power generation assets are depreciated over their estimated economic useful lives, considering facts and assumptions as described therein. As the regulatory agency or the grantor of the Group´s authorizations issue new information or decisions, the depreciation rates for such assets may change. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the combined financial statements, the Group has not operated as a separate stand-alone entity. The accompanying combined financial statements have been prepared from the accounting records of the Group s individual legal entities and Renova Energia S.A. (Renova). The combined financial statements also include allocations of expenses for certain operating and corporate functions provided to the Group by Renova. Therefore, the combined financial statements do not necessarily reflect what the combined results of operations, financial position and cash flows would have been had the Group operated as a separate, stand-alone entity during the periods presented. Our opinion is not modified with respect to this matter.

/s/ Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu Auditores Independentes

Salvador BA, Brazil

May 6, 2015

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Renova Energy Projects I

Combined balance sheets as of December 31, 2014 and 2013 and January 1, 2013

Amounts in thousands of Brazilian Reais R$	Note	12/31/14	12/31/13	01/01/13
ASSETS				
CURRENT				
Cash and cash equivalents	4	34,109	20,799	13,496
Short-term investments	4	24,477	40,567	30,056
Trade receivables	5	22,475	20,921	21,152
Prepaid and recoverable taxes	12	3,037	1,257	428
Restricted deposits	9		27,192	25,363
Energy balance-CCEE/Eletrobras	6	199		
Prepaid and other current assets		2,299	2,608	3,487
Total current assets		86,596	113,344	93,982
NONCURRENT ASSETS				
Property, plant and equipment	7	1,388,090	1,445,584	1,498,218
Restricted deposits	9	160,488	123,531	82,340
Energy balance-CCEE/Eletrobras	6	1,824		
Prepaid and recoverable taxes	12	2,211	948	906
Other assets		35	35	35
Total noncurrent assets		1,552,648	1,570,098	1,581,499
TOTAL ASSETS		1,639,244	1,683,442	1,675,481

The accompanying notes are an integral part of these combined financial statements.

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Renova Energy Projects I

Combined balance sheets as of December 31, 2014 and 2013 and January 1, 2013 (Continued)

Amounts in thousands of Brazilian Reais R$	Note	12/31/14	12/31/13	01/01/13
LIABILITIES AND PARENT S NET INVESTMENT				
CURRENT LIABILITIES				
Trade payables		18,460	13,441	62,157
Borrowings current portion	8	70,071	68,760	47,931
Taxes payable	11	6,594	4,396	4,300
Energy balance CCEE/Eletrobras	6	22,339	4,290	4,714
Commitments for social and environmental costs	13	3,685	2,017	3,439
Other accounts payable		35	53	6
Total current liabilities		121,184	92,957	122,547
NONCURRENT LIABILITIES				
Borrowings	8	893,046	953,856	1,000,125
Energy balance CCEE/Eletrobras	6	13,397	11,671	10,938
Commitments for social and environmental costs	13	2,222		
Total noncurrent liabilities		908,665	965,527	1,011,063
PARENT S NET INVESTMENT	14	609,395	624,958	541,871
TOTAL LIABILITIES AND PARENT S NET INVESTMENT		1,639,244	1,683,442	1,675,481

The accompanying notes are an integral part of these combined financial statements.

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Renova Energy Projects I

Combined income statements for the years ended December 31, 2014 and 2013

Amounts in thousands of Brazilian Reais R$	**Note**	**2014**	**2013**
NET REVENUE	15	221,474	227,019
COST OF SERVICES PROVIDED			
Depreciation and amortization		(68,068)	(66,912)
Operating costs		(29,314)	(11,051)
Charges for use of distribution system		(12,973)	(11,431)
	16	(110,355)	(89,394)
GROSS PROFIT		111,119	137,625
General and administrative expenses		(18,556)	(17,095)
Other operating income, net		92	1,213
	16	(18,464)	(15,882)
OPERATING INCOME		92,655	121,743
FINANCE INCOME (EXPENSES)			
Finance income	17	19,963	12,144
Finance expenses	17	(75,972)	(80,059)
		(56,009)	(67,915)
PROFIT BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES		36,646	53,828
Income and social contribution taxes	10	(12,417)	(9,968)
NET INCOME		24,229	43,860

The accompanying notes are an integral part of these combined financial statements.

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Renova Energy Projects I

Combined statements of comprehensive income for the years ended

December 31, 2014 and 2013

Amounts in thousands of Brazilian Reais R$	**2014**	**2013**
Net Income	24,229	43,860
Other comprehensive income		
TOTAL COMPREHENSIVE INCOME	24,229	43,860

The accompanying notes are an integral part of these combined financial statements.

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Renova Energy Projects I

Combined statements of changes in parent s net investment for the years ended December 31, 2014 and 2013

Amounts in thousands of Brazilian Reais R$	Parent s net investment
AT JANUARY 1, 2013	541,871
Net Income	43,860
Dividends	(12,000)
Others transfers from parent, net	51,227
AT DECEMBER 31, 2013	624,958
Net Income	24,229
Dividends	(52,050)
Others transfers from parent, net	12,258
AT DECEMBER 31, 2014	609,395

The accompanying notes are an integral part of these combined financial statements.

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Renova Energy Projects I

Combined statements of cash flows for the years ended December 31, 2014 and 2013

Amounts in thousands of Brazilian Reais R$	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income		24,229	43,860
Adjustments to reconcile Net Income to cash provided by operating activities:			
Depreciation and amortization	7	68,073	66,919
Interest on borrowings	17	69,725	73,446
Debt issuance costs	8	617	615
Interest on short-term investments and restricted deposits	17	(19,963)	(12,103)
(Increase) decrease in operating assets:			
Trade receivables		(1,554)	
Prepaid and recoverable taxes		(1,780)	(829)
Other assets		(954)	1,068
Increase (decrease) in operating liabilities:			
Trade payables		6,394	(50,138)
Taxes payable		10,831	8,095
Energy balance-CCEE/Eletrobras, net	6	17,752	309
Other payables		(18)	47
Other cash flows from operating activities:			
Income and social contribution taxes paid		(8,633)	(7,999)
Interest paid on borrowings	8	(69,721)	(54,532)
Net cash provided by operating activities		94,998	68,758
CASH FLOWS FROM INVESTING ACTIVITIES			
Short-term investments		18,764	(7,940)
Restricted deposits		7,524	(33,488)
Purchase of property, plant and equipment		(8,064)	(14,285)
Net cash provided by (used in) investing activities		18,224	(55,713)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	8	7,313	2,752
Payments on borrowings	8	(67,433)	(47,721)
Net contribution from parent		12,258	51,227
Payment of dividends	14	(52,050)	(12,000)
Net cash used in financing activities		(99,912)	(5,742)
INCREASE IN CASH AND CASH EQUIVALENTS		13,310	7,303
Cash and cash equivalents at beginning of year	4	20,799	13,496
Cash and cash equivalents at end of year	4	34,109	20,799

INCREASE IN CASH AND CASH EQUIVALENTS	13,310	7,303

The accompanying notes are an integral part of these combined financial statements.

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Renova Energy Projects I

Notes to the combined financial statements

For the years ended December 31, 2014 and 2013

(Thousands of Brazilian Reais R$, unless otherwise stated)

1. Organization and description of business

Renova Energy Projects I (the Group or the Company) comprises the operating assets, liabilities and operating activities of Energética Serra do Prata S.A. (Espra), Salvador Eólica Participações S.A. (Salvador), Bahia Eólica Participações S.A. (Bahia), all indirect-wholly-owned Brazilian subsidiaries of Renova Energia S.A. (Renova or Parent), a Brazilian listed company engaged in the development, implementation and operation of projects for the generation of energy from renewable sources, including wind, small hydroelectric power plants (SHPPs) and solar, and in the sale of power and related activities.

The Group is engaged in the construction and operation of renewable energy generation projects through SHPPs and wind energy facilities, all located in Brazil, and conducts its operations through various wholly-owned project companies under authorizations granted to them: 30 years from 2003 in the case of small hydroeletric power plants and 35 years from 2010 in the case of wind energy facilities.

Small Hydroelectric Power Plants Through Espra, the Group sells electric energy generated from its Serra da Prata Hydroelectric Complex, consisting of three SHPPs located in the State of Bahia, which began operations in 2008. All energy generated from the complex is sold under long-term power purchase agreements (PPAs) with *Eletrobras Centrais Elétricas Brasileiras S.A.*, under the Brazilian Alternative Electric Power Source Incentive Program (*Programa de Incentivo às Fontes Alternativas de Energia Elétrica PROINFA*). The PPAs have an original term of 20 years through 2028 and include a fixed price per megawatt hour, adjusted annually for inflation based on the change in the Brazilian General Market Price Index IGPM.

Wind Energy Facilities Through Bahia and Salvador, the Group sells electric energy generated from its 14 wind energy facilities located in the State of Bahia, which began operations in 2012. All energy generated from the complexes are sold under long-term PPAs with the *Câmara de Comercialização de Energia Elétrica CCEE* (Electric Power Trade Chamber), under *PROINFA*. The PPAs have an original term of 20 years through 2032 and include a fixed price per megawatt hour, adjusted annually for inflation based on the change in the Brazilian Consumer Price Index IPC-A.

The Group s operating assets, consisting of its SHPPs and wind energy generation facilities, are held through the following wholly-owned project companies:

Centrais Eólicas Candiba S.A.

Centrais Eólicas Igaporã S.A.

Centrais Eólicas Ilhéus S.A.

Centrais Eólicas Licínio de Almeida S.A.

Centrais Eólicas Pindaí S.A.

Centrais Eólicas Alvorada S.A.

Centrais Eólicas Guanambi S.A.

Centrais Eólicas Guirapá S.A.

Centrais Eólicas Nossa Senhora Conceição S.A.

Centrais Eólicas Pajeú do Vento S.A.

Centrais Eólicas Planaltina S.A.

Centrais Eólicas Porto Seguro S.A.

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Centrais Eólicas Rio Verde S.A.

Centrais Eólicas Serra do Salto S.A.

2. Basis of presentation

The Group has prepared these combined financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group has applied IFRS 1, First-Time Adoption of International Financial Reporting Standards (IFRS1) in its adoption of IFRS. The transition date (Transition Date) is January 1, 2013. The Group has applied IFRS standards effective for the period ended as of December 31, 2014 to all years presented in these combined financial statements. The Group has never prepared financial statements or financial information on the carve-out basis of preparation presented herein. Prior to the Group s first-time adoption of IFRS, it reported financial information to Renova in accordance with accounting practices adopted in Brazil (BR GAAP). The Group also follows the guidance in the Accounting Manual for the Brazilian Electricity Industry and standards established by the Brazilian National Agency for Electric Energy (*Agência Nacional de Energia Elétrica* ANEEL). The financial information is presented in thousands of Brazilian Reais (R$), unless otherwise stated.

The Group applied certain mandatory exceptions as applicable for first-time IFRS adopters. The Group elected not to apply the optional exceptions for first-time adopters. Estimates made by the Group in preparing its first IFRS financial statements reflect the facts and circumstances which existed at the time such estimates were made. Accordingly, the estimates made by the Group to prepare these combined financial statements are consistent with those made in the historical reporting of financial information to Renova.

Since the Group has not previously prepared financial statements, the combined financial statements do not include any IFRS 1 first-time adoption reconciliations.

The financial information with respect to the Group is reflected in the individual legal entities that comprise the Group, which were all under the common control and management of Renova for all periods presented. These combined financial statements have been prepared from the accounting records of Renova and reflect the cash flows, revenues, expenses, assets, and liabilities of these individual legal entities. All transactions and balances between the individual legal entities within the Group have been eliminated in combination.

Because the separate legal entities that comprise the Group were not and are not held by a single legal entity, Parent s net investment is shown in lieu of shareholders equity in these combined financial statements. Parent s net investment represents the cumulative net investment by Renova in the Group through that date. The impact of transactions between the Group and Renova that were not historically settled in cash, including certain intercompany loans, are also included in Parent s net investment (see note 14).

During the periods presented, the Group functioned as part of the larger group of companies controlled by Renova, and accordingly, Renova performed certain operating and corporate overhead functions for the Group. These functions include, but are not limited to, executive oversight, legal, finance, human resources, information technology, internal audit, financial reporting, tax planning and investor relations. The costs of such services have been allocated to the Group based on the most relevant allocation method to the service provided, primarily based on relative percentage of revenue, installed capacity or headcount. Management believes such allocations are reasonable; however, they may not be indicative of the actual expense that would have been incurred had the Group been operating as a separate entity apart from Renova. The cost allocated for these functions is included in general and administrative expenses in the combined income statements for the historical periods presented. A complete discussion of the Group s relationship with Renova and its affiliated entities, together with the cost allocations, is included in note 14 to the combined financial statements.

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As the Group did not operate as a stand-alone entity in the past, these combined financial statements may not be indicative of the Group s future performance and do not necessarily reflect what its combined results of operations, financial position and cash flows would have been had the Group operated as a separate entity apart from Renova during the periods presented.

Management of the Group authorized the issuance of these combined financial statements on May 6, 2015.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these combined financial statements are set out below. Policies have been consistently applied to all years presented, unless otherwise stated.

Accounting Convention The combined financial statements are prepared on a historical cost basis except for certain financial instruments that are recorded at fair value or stated otherwise.

Use of Estimates The preparation of the combined financial statements pursuant to IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are reviewed on an ongoing basis, and are based on historical experience as well as changes in scenario and other factors considered relevant by management. Actual results could differ from those estimates.

Revisions in relation to accounting estimates are recognized in the period in which the estimates are reviewed, and in any future periods affected.

The areas where assumptions and estimates are subject to higher uncertainties and exposed to a risk that could result in a material adjustment if such assumptions and estimates change within the next fiscal year include:

Impairment of assets Management concluded that there are no internal or external evidences that would justify the recognition of a provision for impairment of property, plant and equipment, intangible assets.

Useful lives and residual values of property, plant and equipment The Group reviews annually the estimated useful lives and residual values of property, plant and equipment and intangible assets with finite useful lives, and the depreciation and amortization rates currently used are considered representative of the useful lives of these assets.

Commitments for social and environmental costs This estimate is recognized based on estimated costs required for the obtaining the licenses for installation and operation of power plants, that were required by Brazilian regulatory authorities. These costs are associated with the basic environmental project or are in addition to this, where the main items are the reforestation of areas, acquisition and regularization of rural areas, restoration and improvement of road infrastructure and the deployment of units conservation.

Valuation of financial instruments Note 18 contains detailed information on the main assumptions used to measure the fair values of financial instruments and a sensitivity analysis of such assumptions. Management believes that the selected valuation techniques and the assumptions used are appropriate to determine the fair values of financial instruments.

Basis of Combination The combined financial statements include the accounts of all subsidiaries in which entities in the Group have a controlling financial interest. Control is achieved when the Group has power over the investees; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. During the periods presented, the Group did not have any investments in entities other than its wholly-owned project company subsidiaries.

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Common Control Transactions The assets (including goodwill, if any) and liabilities acquired or transferred from entities under common control with the Group are recorded at the carrying value recognized by the transferor. The difference, if any, between the carrying value of the net assets acquired or transferred and the consideration paid by the Group is accounted for as an adjustment to Parent´s net investment.

Functional Currency The functional and reporting currency of the Group and the individual financial statements of the entities included in the combined financial statements is the Brazilian real (R$), the primary economic environment in which they operate. Transactions denominated in currencies other than the functional currency, if any, are measured using exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated to the functional currency using period-end exchange rates. Resulting foreign currency exchange gains and losses from the settlement or translation of foreign currency transactions and balances are recognized in the combined statements of income. During the periods presented, the Group did not enter into any transactions denominated in currencies other than the Brazilian real.

Classification of assets and liabilities as current and noncurrent Assets that are expected to be realized or are intended for sale or consumption within twelve months as of the end of the reporting periods are classified as current assets. Liabilities that are expected to be settled within twelve months as of the end of the reporting periods are classified as current. All other assets and liabilities are classified as noncurrent.

Financial Instruments Financial assets and liabilities are recognized when the Group or its subsidiaries are parties to the underlying contracts and are initially measured at fair value.

Financial assets The Group classifies its financial assets as follows:

Held-to-maturity investments These are assets with fixed or determinable cash flows and maturities in which the Group intends to hold to maturity. The Group has designated its restricted deposits (see note 9) in this category. They are recorded at amortized cost plus interest using the effective interest method, net of any impairment.

Loans and receivables These are assets with fixed or determinable payments that are not traded or quoted in an active market. The Group´s trade receivables (see note 5) are designated in this category, and are initially recognized at fair value (generally the original invoice amount), and are subsequently recorded at amortized cost, net of any impairment.

Fair value through profit or loss These are derivatives or assets that are acquired principally for selling in the short term. The Group´s short-term investments have been designated in this category as part of its overall cash management strategy. These assets are recorded at fair value, with changes recognized in the combined statements of income.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets The Group assesses at the end of each period whether there is objective evidence that financial assets are impaired. A financial asset is considered impaired and impairment losses are incurred when there is objective evidence of an impairment as a result of events occurring after the initial recognition of the asset, and that these events have an impact on the future cash flows of the asset that can be reliably estimated. If impaired, financial assets are written down to their net recoverable amounts with a corresponding loss recognized in the combined income statements. If, in a subsequent period, the amount of the impairment loss decreases as a result of events subsequent to the recording of the impairment, a reversal of the previous impairment loss is recognized in the combined income statements.

Financial liabilities The Group´s financial liabilities consist principally of trade payables and borrowings and are recorded initially at fair value, net of applicable transaction costs, and subsequently measured at amortized cost plus interest, as applicable.

Derivative financial instruments Derivative financial instruments are recorded at fair value with subsequent changes value recorded in the combined income statements, unless they are designated in a qualifying cash flow or net investment hedging relationship. For the periods presented, the Group did not contract or have any outstanding derivative financial instruments.

Offsetting Financial assets and liabilities are offset and recorded net in the combined balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Property, plant and equipment Property, plant and equipment consist of land, the Group´s energy generation assets, and construction in progress, which are measured at the historical purchase or construction cost, less accumulated depreciation and accumulated impairment losses, when necessary.

The cost of self-constructed assets includes the cost of materials and direct labor, and any other costs to bring the assets to a working condition for their intended use. Financing costs, consisting of interest expense on borrowings and amortization of deferred financing costs, net of finance income earned on unused financing proceeds as applicable, are capitalized during the construction phase until the asset is ready for its intended use.

Expenditures for major additions and improvements are capitalized, while minor replacements, maintenance and repairs are expensed as incurred.

Property, plant and equipment are depreciated on a straight-line basis over the estimated economic useful life of each component from the date the asset is placed in service and ready for its intended use. The estimated useful lives used in the determination of the depreciation rates consider the manuals and guides of ANEEL, which approximate the useful lives of these assets.

For the SHPPs, the Group considers these rates appropriate since, based on a legal assessment of the prevailing legislation and management s assessment of ANEEL Permission Resolution granting a license to operate as an independent power generator, the Group will be indemnified for the residual value of the assets upon termination of these licenses, if not renewed. Management considers the renewal of operating licenses probable. As the regulatory agency issues new information or decisions, the current depreciation rates for such assets may be changed.

The following summarizes the estimated useful lives of the Group´s property, plant and equipment.

Category	**Useful lives in years**
Reservoirs, dams and watermains	43
Buildings, civil works and improvements	26 to 37
Machinery and equipment	21 to 32
Other	7 to 19

According to Brazilian electricity regulation, those assets and facilities used in power generation, transmission, distribution and sale of power are linked to these services and cannot be removed, sold, assigned or pledged without the prior and express authorization of the regulatory body.

Impairment of property, plant and equipment The Group reviews the carrying amounts of its fixed and intangible assets to determine if there are any indications that the assets might be impaired. The Group estimates the recoverable amount as the higher of its fair value less costs to sell and value in use. Estimated future cash flows are discounted to present value to determine the value in use at the pretax discount rate that reflects a current market assessment rate of the time value of money and the risks specific to the asset for which the future cash flow estimate was not adjusted. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its estimated recoverable amount, with a corresponding loss immediately recognized in profit or loss. If a previously recognized impairment loss reverses sometime in the future, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable value, provided that it does not exceed the carrying amount that would have been obtained if no impairment loss had been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in income.

During the periods presented, the Group did not recognize any impairment losses.

Cash and Cash Equivalents In the combined balance sheets, cash and cash equivalents include cash on hand and other short-term, highly-liquid investments with original maturities of three months or less, which are subject to an insignificant risk of change in value, and are used to manage the Group´s short-term obligations

Trade Receivables Trade receivables are recorded at amounts billed for energy, adjusted for any write-offs and provisions for impairment, if necessary.

Restricted Deposits Restricted deposits represent cash and highly-liquid investments maintained at financial institutions which are restricted as to their use pursuant to the terms of certain of the Group´s borrowings agreements. Restricted deposit balances with maturity or restriction periods of greater than one year are classified as non-current. Changes in the restricted deposit balances are reflected as investing activities in the combined statements of cash flows.

Borrowings Borrowings are recognized initially at fair value, net of related issuance and transaction costs. Interest is recognized over the period of the borrowings using the effective interest method. Accrued and unpaid interest is recorded as part of the recorded amount of borrowings.

Trade Payables Trade payables represent obligations to pay for goods or services acquired in the normal course of business, principally consisting of amounts spent on maintenance and operating costs of the Group´s power generation plants.

Provisions A provision is recognized for present obligations (legal or constructive) as a result of past events, for which the amount of the obligation can be reliably estimated and it is probable that an outflow of resources will be required to settle the obligation.

The amounts recognized as provisions represent the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured based on the estimated cash flows to settle an obligation, its carrying amount corresponds to the present value of such cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, an asset is recognized if, and only if, reimbursement is virtually certain and the amount can be reliably measured.

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Commitments for social and environmental costs In connection with the development of its energy generation projects, the Group has assumed commitments for social and environmental costs to be incurred as condition for obtaining the related licenses and permits for operations. These obligations are recorded at the net present value of the estimated future costs associated with these commitments, and a corresponding charge is capitalized as part of the project assets, when the obligations are incurred. Over time the liability is accreted to its expected future value. That portion of the liability expected to be paid or settled within 12 months is classified as a current liability. The capitalized asset cost is depreciated over the estimated useful life with the related project assets.

Revenue Recognition The Group´s revenue derives from the sale of electric energy under long-term power purchase agreements and is recorded based on the quantity of the electricity delivered at the contracted rates, net of applicable federal sales taxes (PIS and COFINS). These rates are generally fixed under the terms of the PPAs and are adjusted annually for inflation. The remaining term of the PPAs at December 31, 2014 was between 14 and 18 years.

Energy Balance CCEE/Eletrobras The terms of the PPAs with Eletrobras (SHPPs) and CCEE (wind energy) each establish separate mechanisms for the settlement of amounts due from or payable to the parties, representing the differences between the actual volume of electricity generated by the Group as compared to the contracted volumes.

In the case of the Eletrobras PPAs, differences between the amount of electricity generated and that sold in the CCEE environment are adjusted and offset in the monthly billings with Eletrobras in the subsequent year by CCEE.

In the case of the CCEE PPAs, differences in the volumes of actual electricity generated and the contracted volumes within a defined tolerance of 90-130% are accumulated monthly and are available to offset future differences in volumes during the subsequent four-year period; after which time, the accumulated balance will be liquidated. Differences outside of the defined tolerances are liquidated in the subsequent year.

These resulting differences between the actual amount of electricity generated and that billed, result in deferred payable and unbilled receivable amounts with the respective parties until they are liquidated, which are recorded in Energy balance CCEE/Eletrobras in the combined balance sheets. The related balances are not eligible for offset among the separate PPAs. The outstanding balances are subject to monetary inflation updates in accordance with the applicable inflation index as defined in the respective PPAs, which is recorded as part of finance income / expense in the combined income statements.

Seasonality There are substantial seasonal variations in monthly and annual volumes, which depend fundamentally on the amount of rain that falls in each rainy season and the wind conditions which are variable and difficult to predict. As such, operating results vary significantly from period to period depending on the weather conditions during the periods in question.

Finance income and expenses

Finance Income Finance income is principally represented by interest income on the Group´s cash and cash equivalents balances, short-term investments and restricted deposit accounts. Interest income is recognized using the effective interest method.

Finance Expenses Finance expenses are principally represented by interest on borrowings, contractual monetary inflation adjustments for certain financial assets and liabilities, as well as other financing fees and taxes. Borrowing costs that are not attributable to the acquisition, construction or production of a qualifying asset are recognized in income under the effective interest method.

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Income and Social Contribution Taxes The legal entities comprising the Group file separate tax returns as required by Brazilian tax law. As such, income taxes have been determined for purposes of the combined financial statements on a separate return basis. Use of this method may result in differences when the sum of the amounts allocated to the Group is compared with amounts presented in the Parent´s consolidated statements.

In general, income tax expense in Brazil is computed based on the combined statutory tax rate of 34% applied to adjusted taxable income, comprised of 25% for income tax (15% base rate plus a 10% surtax for income in excess of R$240) and 9% for social contribution tax (a tax levied on income). This method is referred to as the real profit method.

As permitted under Brazilian tax legislation, all of the Group´s operating project companies, where virtually all of the Group´s revenue and substantially all of its operating profit is generated, have elected to be taxed under an alternative deemed profit method. Under this regime, entities with annual gross revenues not in excess of R$ 78.000 may elect to be taxed based on deemed taxable income derived from a defined percentage of revenues. Taxable income is computed based on 8% of annual gross operating revenues and 100% of annual finance revenues. This deemed taxable income is then subject to income tax at the rate of 15%, plus a surtax of 10% for deemed income in excess of R$240 and social contribution tax at the rate of 12%.

The Group´s tax expense for the year is comprised of current and deferred income tax, as applicable, in accordance with the applicable tax regime elected by the Group legal entities.

Current income tax The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in accordance with the applicable elections made by the Group legal entities.

The Group recognizes liabilities for uncertain tax positions when it is more likely than not that an outflow will occur to settle the position, based on management´s estimation of the expected settlement outcome. These liabilities, along with related interest and penalties as applicable, are recorded as part of taxes payable in the combined balance sheets.

Deferred income tax Deferred income tax is recognized, as applicable, using the liability method, for tax loss carryforwards and temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the combined financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transactions, other than a business combination, that at the time of the transaction does not affect either accounting or tax profit or loss. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary difference or tax loss carryforward can be utilized. In Brazil, tax loss carryforwards do not expire, but their utilization is limited to 30% of taxable income in a given year, under the real profit method.

Deferred income tax assets and liabilities, when recognized, are offset when there is a legally enforceable right to offset and relate to income taxes levied by the same taxing authority on the same taxable entity and are classified as long-term in the combined balance sheets.

For those legal entities of the Group who have elected the deemed profit regime, no deferred income tax assets or liabilities have been recognized. Additionally, given the deemed profit election, no related tax impacts, current or deferred, have been recorded for the allocation of expenses from Parent in the combined financial statements.

For more information on income and social contribution taxes see note 10.

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New standards, amendments and interpretations issued, but not effective

The following are descriptions of new standards, amendments and interpretations of IFRS that have been issued but are not yet effective for the Group. The Group is in the process of assessing whether there will be any significant changes to its combined financial statements.

IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

Classification and measurement Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a fair value through other comprehensive income category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity s own credit risk.

Impairment The 2014 version of IFRS 9 introduces an expected credit loss model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

Hedge accounting Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Depending on the chosen approach to applying IFRS 9, the transition can involve one or more than one date of initial application for different requirements.

IFRS 15 Revenue from Contracts with Customers is applicable to all entities and supersedes all existing revenue recognition requirements under IFRS. IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. It applies to all transactions to provide goods and services except those in the scope of other standards. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. Either full or modified retrospective application is required for annual periods beginning on or after January 1, 2017.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets cover clarification of the principle of the basis of depreciation and that revenue based depreciation methods are no longer permitted. The amendments are effective as from January 1, 2016.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

Requires full recognition in the investor s financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)

Requires the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors interests in that associate or joint venture.

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These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The amendments are applicable on a prospective basis to a sale or contribution of assets occurring in annual periods beginning on or after January 1, 2016.

Amendments to IAS 1 Presentation of Financial Statements addresses perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

Clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;

Clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity s share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;

Additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

The amendments are effective for annual periods beginning on or after January 1, 2016.

4. Cash and cash equivalents and short-term investments

	12/31/14	12/31/13	01/01/13
Cash	1	2	1
Banks accounts	34,108	20,797	2,595
Short-term investments	24,477	40,567	40,956
Total	58,586	61,366	43,552
Stated as:			
Cash and cash equivalents	34,109	20,799	13,496
Short-term investments	24,477	40,567	30,056
Total	58,586	61,366	43,552

The Group invests its excess, unrestricted cash in short-term investments, which are generally fixed-income instruments and investments funds that earn interest at rates ranging from 90% to 102% of the CDI rate (Brazilian Interbank Certificate of Deposit rate).

For further discussion regarding the Group s exposure to interest rate risk and a sensitivity analysis of financial assets and liabilities, see note 18.

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5. Trade receivables

As of December 31, 2014 and 2013, balances are comprised of receivables with average collection periods of 24 to 30 days, for which losses on collection are not expected.

	12/31/14	12/31/13	01/01/13
Câmera de Comercialização de Energia Elétrica CCEE	17,731	16,329	15,633
Centrais Elétricas Brasileiras Eletrobras	4,744	4,592	5,519
Total	22,475	20,921	21,152

6. Energy balance CCEE/eletrobras

	Receivable			Accounts Payable
	12/31/14	12/31/14	12/31/13	01/01/13
Câmera de Comercialização de Energia Elétrica CCEE	2,023	14,562	13,901	14,359
Centrais Elétricas Brasileiras Eletrobras		21,174	2,060	1,293
Total	2,023	35,736	15,961	15,652

	Changes in accounts receivable			
	12/31/13	Addition	Receipt	12/31/14
CCEE		2,023		2,023
Total accounts receivable		2,023		2,023

	Changes in accounts payable						
	01/01/13	Provision	Payment	12/31/13	Provision	Payment	12/31/14
CCEE	14,359	1,112	(1,570)	13,901	2,752	(2,091)	14,562
Eletrobras	1,293	2,085	(1,318)	2,060	21,174	(2,060)	21,174
Total accounts payable	15,652	3,197	(2,888)	15,961	23,926	(4,151)	35,736

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7. Property, plant and equipment

	Historical cost	Accumulated depreciation	12/31/14 Net value	Historical Cost	Accumulated depreciation	12/31/13 Net value	Historical Cost	Accumulated depreciation	01/01/13 Net value
Small hydroelectric power plants									
Land	595		595	595		595	595		595
Reservoirs, dams and watermains	95,797	(14,474)	81,323	95,797	(12,231)	83,566	95,797	(9,999)	85,798
Buildings, civil works and improvements	46,336	(8,101)	38,235	46,336	(6,844)	39,492	46,336	(5,587)	40,749
Machinery and equipment	65,005	(13,104)	51,901	65,005	(11,085)	53,920	65,005	(9,066)	55,939
Other	434	(336)	98	434	(278)	156	434	(218)	216
Total	208,167	(36,015)	172,152	208,167	(30,438)	177,729	208,167	(24,870)	183,297
Wind energy facilities									
Buildings, civil works and improvements	82,995	(8,020)	74,975	83,065	(4,329)	78,736	73,367	(1,301)	72,066
Machinery and equipment	1,275,985	(141,443)	1,134,542	1,264,920	(82,987)	1,181,933	1,264,386	(25,016)	1,239,370
Other	7,122	(701)	6,421	7,538	(352)	7,186	3,485		3,485
Total	1,366,102	(150,164)	1,215,938	1,355,523	(87,668)	1,267,855	1,341,238	(26,317)	1,314,921
Total property, plant and equipment	1,574,269	(186,179)	1,388,090	1,563,690	(118,106)	1,445,584	1,549,405	(51,187)	1,498,218

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Changes in the balances of property, plant and equipment are as follows:

	01/01/2013	Additions	12/31/13	Additions	12/31/14
Historical Cost					
Small hydroelectric power plants					
Land	595		595		595
Reservoirs, dams and watermains	95,797		95,797		95,797
Buildings, civil works and improvements	46.336		46,336		46,336
Machinery and equipment	65,005		65,005		65,005
Other	434		434		434
Subtotal	208,167		208,167		208,167
Wind energy facilities					
Buildings, civil works and improvements	73,367	9,698	83,065		82,995
Machinery and equipment	1,264,386	534	1,264,920	10,458	1,275,985
Other	3,485	4,053	7,538	121	7,122
Subtotal	1,341,238	14,285	1,355,523	10,579	1,366,102
Total historical cost	1,549,405	14,285	1,563,690	10,579	1,574,269
Accumulated Depreciation:					
Small hydroelectric power plants					
Reservoirs, dams and watermains	(9,999)	(2,232)	(12,231)	(2,243)	(14,474)
Buildings, civil works and improvements	(5,587)	(1,257)	(6,844)	(1,257)	(8,101)
Machinery and equipment	(9,066)	(2,019)	(11,085)	(2,019)	(13,104)
Other	(218)	(60)	(278)	(58)	(336)
Subtotal	(24,870)	(5,568)	(30,438)	(5,577)	(36,015)
Wind energy facilities					
Buildings, civil works and improvements	(1,301)	(3,028)	(4,329)	(3,691)	(8,020)
Machinery and equipment	(25,016)	(57,971)	(82,987)	(58,456)	(141,443)
Other		(352)	(352)	(349)	(701)
Subtotal	(26,317)	(61,351)	(87,668)	(62,496)	(150,164)
Total accumulated depreciation	(51,187)	(66,919)	(118,106)	(68,073)	(186,179)
Total property, plant and equipment net	1,498,218	(52,634)	1,445,584	(57,494)	1,388,090

The Group has evaluated whether there were indicators of impairment of its assets that would require an impairment test at December 31, 2014 and 2013. The evaluation was based on external and internal information sources, taking into account variations in interest rates, changes in market conditions and other factors. The result of the assessment indicated no triggers of impairment of these assets in any of the reporting years and therefore no impairment losses were recognized.

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8. Borrowings

The Group´s small hydroelectric and wind energy generating facilities are owned and operated in separate legal entities for which the costs of development and construction have been financed by borrowings with Brazilian development banks through project entity specific debt secured by the project entity assets with no recourse to the Parent. The outstanding balances under these financing arrangements at December 31, 2014 and 2013 are summarized as follows:

				12/31/14				**12/31/13**								**01/01/2013**
		Current			**Noncurrent**	**Current**			**Noncurrent**	**Current**						**Noncurrent**
	Interest rate	**Interest**	**Principal**	**Total**	**Principal**	**Interest**	**Principal**	**Total**	**Principal**	**Interest**	**Principal**	**Total**	**Interest**	**Principal**	**Total**
BNDES	TJLP + 1,92% to 2,18% p.a.	2,625	60,625	63,625	805,114	2,604	60,260	62,864	861,581	3,247	37,786	41,033	72,174	832,308	904,432
BNDES Subloans	TJLP	14	1,527	1,541	5,419	11	946	957	4,482	17	446	463	89	3,456	3,545
BNB	8,08% p.a.		5,897	5,897	90,738	20	5,536	5,556	96,635	818	5,617	6,435		102,172	102,172
Borrowing subtotal		2,639	68,049	70,688	901,271	2,635	66,742	69,377	962,698	4,082	43,849	47,931	72,263	937,936	1,010,199
(-) Debt issuance costs			(617)	(617)	(8,225)		(617)	(617)	(8,842)					(10,074)	(10,074)
Total		2,639	67,432	70,071	893,046	2,635	66,125	68,760	953,856	4,082	43,849	47,931	72,263	927,862	1,000,125

BNDES Agreements The Group´s wind energy generation projects have been financed through the Brazilian National Development Bank (*Banco Nacional de Desenvolvimento Econômico e Social* BNDES) in the total amount of R$ 893,457. Borrowings accrue interest at variable rates based on the Long-term Interest Rate (*Taxa de Juros de Longo Prazo* TJLP) as offered by BNDES plus a credit spread ranging from 1.92% for subsidiary entities of Salvador and 2.18% for subsidiary entities of Bahia. For the years ended December 31, 2014 and 2013, TJLP was 5.5%. Principal and interest are payable monthly from May 2013, with final maturity in 2029.

The project are also financed by sub-loans with BNDES, which have an outstanding principal amount of R $6,960. The sub-loans bear variable interest at TJLP rate, and mature in 2019 and 2029 for Bahia and Salvador respectively.

Borrowings under the BNDES financing agreements are secured by a pledge of the shares of all subsidiaries of Bahia and Salvador, substantially all the operating assets of the operating subsidiaries, and rights to receivables and cash collections on the future sales of electricity under the subsidiaries PPAs. Additionally, these agreements require that the subsidiaries maintain funds in restricted deposit accounts as collateral and guarantee for the related borrowings, equivalent to three months of debt service and three months of operation and maintenance expenses (see note 9).

These agreements contain customary representations, covenants and warranties of the borrower including limitations on business activities, guarantees, environmental matters, and project maintenance standards. Additionally, the agreements require the maintenance of a minimum debt service coverage ratio, as defined in the agreements, of 1.3:1. At December 31, 2014 the Group was in compliance with all related covenants under the individual financing agreements.

BNB Agreements The Group´s small hydroelectric energy generation projects have been financed through the Bank of the Northeast of Brazil (*Banco do Nordeste do Brasil BNB*) for a total amount of R$ 120,096. Borrowings under the agreements are subject to fixed rate interest of 9,5% per annum (which can be reduced to 8.08% due to a 15% timely payment bonus), with principal and interest payable monthly with final maturity in 2026.

Borrowings under the BNB financing agreements are secured by a pledge of the shares of all subsidiaries of Espra, substantially all the operating assets of the operating subsidiaries, and rights to receivables and cash collections on the future sales of electricity under the subsidiaries PPAs. Additionally, these agreements require that the subsidiaries maintain funds in a restricted deposit account as collateral and guarantee for the related borrowings (see note 9).

These agreements contain customary representations, covenants and warranties of the borrower including limitations on business activities, guarantees, environmental matters, and project maintenance standards. At December 31, 2014 the Group was in compliance with all related covenants under the individual financing agreements.

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Changes in borrowings The following table presents the changes in borrowing for the years ended December 31, 2014 and 2013:

	Principal	Interest	Total
At January 1, 2013	971,705	76,351	1,048,056
Proceeds from borrowings	2,752		2,752
Accrued interest		73,446	73,446
Interest paid		(54,532)	(54,532)
Interest incorporated to the principal BNDES Agreements	92,630	(92,630)	
Repayment of borrowings	(47,721)		(47,721)
Appropriation of debt issuance costs	615		615
At December 31, 2013	1,019,981	2,635	1,022,616
Proceeds from financing	7,313		7,313
Accrued interest		69,725	69,725
Interest paid		(69,721)	(69,721)
Repayment of financing	(67,433)		(67,433)
Appropriation of debt issuance costs	617		617
At December 31, 2014	960,478	2,639	963,117

Scheduled maturities of borrowings recorded in noncurrent liabilities Scheduled future maturities of obligations under long-term borrowings at December 31, 2014 are as follows:

Maturity year	
2016	68,249
2017	68,650
2018	69,073
2019	69,039
2020	68,532
After 2020	557,728
Total	901,271
Debt issuance costs	(8,225)
Total borrowings non current	893,046

9. Restricted deposits

The composition of restricted deposits is summarized as follows:

Institution	Interest rate	12/31/13	Current 01/01/13	12/31/14	12/31/13	Noncurrent 01/01/13
Citibank	94% to 98% CDI	27,192	25,363	147,556	111,835	71,500
Banco do Nordeste	97% CDI			12,932	11,696	10,840

Total	27,192	25,363	160,488	123,531	82,340

As described further at note 8, certain of the Group´s borrowing agreements require that the Group maintain funds in restricted deposit accounts as collateral and guarantee for the related borrowings.

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Citibank The Group entities maintain restricted deposit accounts for collections made from the sale of generated electricity as collateral for related borrowings with the Brazilian National Development Bank (*Banco Nacional de Desenvolvimento Econômico Social BNDES*). Funds in these accounts are invested in low risk, highly-liquid, shorter-term investments that earn interest rates ranging from 94% to 98% of the CDI rate. Funds from these accounts are restricted for the payment of installments on the related borrowings and for other obligations related to the operation and maintenance of the wind generating facilities.

Banco do Nordeste Espra maintains a restricted deposit account at Banco do Nordeste do Brasil S.A. (BNB), whose purpose is to guarantee the repayment of borrowings obtained for the construction of small hydroelectric generating plants. Funds in this account are invested in low risk, highly-liquid, shorter-term investments that earn interest at 97% of the CDI rate. Funds are restricted until the full repayment of the related borrowings, expected to occur in 2026.

10. Income and social contribution taxes

Reconciliation of Effective Tax Rate The Group´s effective tax rate differs from the amount that would arise using the combined statutory tax rate of 34% applicable for Brazilian entities as follows:

	2014	2013
Income before income tax and social contribution	36,646	53,827
Combined income tax and social contribution rate	34%	34%
Income tax and social contribution at statutory rate	(12,460)	(18,301)
Effect of subsidiaries taxed under the deemed profit regime	3,752	11,884
Allocation of expense from Parent	(3,947)	(3,888)
Utilization of unrecognized tax loss carryforwards	103	277
Other permanent differences	135	60
Income and social contribution tax expense	(12,417)	(9,968)
Current	(12,520)	(10,245)
Deferred	103	277
Income and social contribution tax expense	(12,417)	(9,968)

Given the deemed profit election at the Group´s operating project companies, no related tax impacts, current or deferred, have been recorded for the allocation of expenses from Parent in the combined financial statements.

Changes in tax law: Law nº 12.973 On May 13, 2014, Provisional Measure MP 627 was converted into Law nº 12.973, with alterations to some of the original provisions of MP 627, more specifically to those related to the treatment of dividends, interest on own capital and evaluation of investments at net equity value. The Group elected to early adopt such rules beginning calendar year 2014. The effect of these changes had no effect on the combined financial statements of the Group, as dividends and/or interest on capital were not greater than those recorded in accordance with prior tax accounting methods and criteria effective as at December 31, 2007.

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11. Taxes payable

The composition of taxes payable is as follows:

	12/31/14	12/31/13	01/01/13
Income and social contribution taxes (IRPJ and CSLL)	4,843	2,829	2,829
Federal sales taxes (PIS and COFINS)	1,425	1,220	1,205
Other taxes	326	347	266
Total	6,594	4,396	4,300

12. Prepaid and recoverable taxes

The balances of prepaid and recoverable taxes consist of the following:

	12/31/14	12/31/13	01/01/13
Income and social contribution taxes (IRPJ and CSLL)	3,266	925	469
Federal sales tax (PIS and COFINS)	1,254	573	668
Others	728	707	197
Total	5,248	2,205	1,334
Current	3,037	1,257	428
Noncurrent	2,211	948	906
Total	5,248	2,205	1,334

13. Commitments for social and environmental costs

The Group provides for commitments for social and environmental costs in current and noncurrent liabilities, and capitalizes such costs in fixed assets over the projects construction periods. After plant startup, such costs are reviewed and are added or deducted from the cost of the related fixed asset in the period that it is adjusted.

	12/31/13	Addition	Payment	Interest	12/31/14
Commitment for social and environmental costs	2,017	5,073	(2,020)	837	5,907
Classified as:					
Current	2,017				3,685
Non current					2,222
Total	2,017				5,907

14. Parent s net investment and related party transactions

The separate legal entities that comprise the Group are not held by a single legal entity. As such, Parent s net investment is shown in lieu of shareholders equity in these combined financial statements. Parent s net investment represents the cumulative net investment by Renova in the Group through that date. The impact of transactions between the Group and Renova that were not historically settled in cash, including certain intercompany loans, are also included in Parent s net investment.

The following summarizes the Group´s transactions with its parent Renova.

Allocated expenses from Parent As discussed in note 2, during the periods presented, the Group functioned as part of the larger group of companies controlled by Renova, and accordingly, Renova performed certain

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operating and corporate overhead functions for the Group. These functions include, but are not limited to, executive oversight, legal, finance, human resources, internal audit, financial reporting, tax planning, and investor relations. The costs of such services have been allocated to the Group based on the most relevant allocation method for the service provided, primarily based on relative percentage of revenue, installed capacity or headcount. Management believes such allocations are reasonable; however, they may not be indicative of the actual expense that would have been incurred had the Group been operating as a separate entity apart from Renova. Total corporate expenses that were allocated to the Group and recorded in general and administrative expenses in the combined income statements were R$11,608 and R$11,437 for 2014 and 2013, respectively.

Intercompany loans and balances Periodically the Group and Renova enter into intercompany loans based on the Group´s working capital needs and available cash positions. These intercompany loans generally bear interest at TJLP plus a credit spread. Outstanding intercompany loans payable and receivable, including accrued interest are reflected as part of Parent´s net investment. At December 31, 2014, the outstanding balances of loans payable by the Group to Renova were R$1,683. During the year ended 2014, R$40,402 of outstanding loans made by Renova to the Group in 2013 were capitalized by the Group companies.

Dividends The Group companies are all incorporated as Brazilian corporations (*sociedades anônimas* S.A.) in accordance with Brazilian corporate law. Based on the law and their articles of incorporation, the Group companies are required to pay mandatory dividends based on net income, if any, after allocations to legal reserves on profits and compensation of accumulated losses, if any. Additional distributions may be made, but are restricted under the terms of the project company borrowing agreements. Any such additional dividends must be approved by the applicable financial institution. During the years ended December 31, 2014 and 2013, the Group paid dividends to Renova in the amounts of R$52,050 and R$12,000, respectively.

Guarantees Renova has issued nonconvertible debentures which are collateralized by the pledge of its shares in Enerbras and a collateral assignment of assets and certain rights to dividends distributed by Espra, Bahia and Salvador, which are deposited in a restricted accounts.

Transactions with other related parties included the following:

Director´s and key management remuneration expense Remuneration expense of directors and other key management personnel of Renova of R$1,769 and R$ 783, were allocated to the Group in 2014 and 2013, respectively.

15. Net revenue

	2014	**2013**
Power generation		
Electric power supply Eletrobras	23,442	42,094
Electric power supply CCEE	206,353	193,434
Gross revenue	229,795	235,528
Less: Federal sales taxes		
COFINS	(6,838)	(6,994)
PIS	(1,483)	(1,515)
Total deductions	(8,321)	(8,509)
Net revenue	221,794	227,019

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16. Costs and expenses by nature

	2014		2013	
	Cost of services provided	Expenses	Cost of services provided	Expenses
Distribution system fee	(11,715)		(11,307)	
Inspection fee	(1,258)		(124)	
	(12,973)		(11,431)	
Depreciation and amortization(*)	(68,068)	(797)	(66,912)	(895)
Third-party services	(25,424)	(10,567)	(5,527)	(8,896)
Personnel expenses		(6,652)		(4,545)
Rentals	(1,921)	(413)	(1,742)	(732)
Insurance	(1,721)	(56)	(3,538)	(53)
Other (expenses) income, net	(248)	21	(244)	(761)
	(97,382)	(18,464)	(77,963)	(15,882)
Total	(110,355)	(18,464)	(89,394)	(15,882)

(*) Includes R$792 and R$888 for 2014 and 2013, respectively, as allocated from Parent (note 14).

17. Finance Income (expenses)

	2014	2013
Finance income		
Income from short-term investments and restricted deposits	19,963	12,103
Other		41
	19,963	12,144
Finance expenses		
Interest on borrowings	(69,725)	(73,552)
Financing and guarantee fees, expenses, taxes and others	(6,247)	(6,507)
	(75,972)	(80,059)
Finance expense net	(56,009)	(67,915)

18. Financial instruments and risk management

The Group conducts transactions with financial instruments. These financial instruments are managed through operating strategies that aim at liquidity, profitability and security.

The risks associated with these operations are managed according to the practices defined by management of the Group and Renova, including the monitoring of the levels of exposure of each market risk and estimated future cash flows. These practices also determine that the information is updated in the Group´s operating systems, as well as the information and operation of the transactions with counterparties.

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Categories of financial instruments The following table summarizes the Group´s financial instruments by classification and related carrying amounts as recorded in the combined balance sheets at December 31, 2014 and 2013.

	12/31/14					12/31/13				
	Loans and receivables	**Fair value through profit or loss**	**Held to maturity**	**Other at amortized cost**	**Total**	**Loans and receivables**	**Fair value through profit or loss**	**Held to maturity**	**Other at amortized cost**	**Total**
Financial assets										
Current										
Short-term Investments		24,477			24,477		40,567			40,567
Trade receivables	22,675				22,675	20,921				20,921
Restricted deposits								27,192		27,192
Noncurrent										
Restricted deposits			160,488		160,488			123,531		123,531
Financial liabilities										
Current										
Trade payables				18,460	18,460				13,441	13,441
Borrowings				70,071	70,071				68,760	68,760
Noncurrent										
Borrowings				893,046	893,046				953,856	953,856

Fair value of financial instruments The Group is exposed to the risks of changes in the fair value of its financial assets and liabilities. The following table summarizes the fair values and the carrying amounts of the Group´s financial assets and liabilities at December 31, 2014 and 2013.

	Fair value		Carrying amount	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Financial assets				
Current				
Short-terms investments	24,477	40,567	24,477	40,567
Trade receivables	22,675	20,921	22,675	20,921
Restricted deposits		27,192		27,192
Noncurrent				
Restricted deposits	160,488	123,531	160,488	123,531
Financial liabilities				
Current				
Trade payables	18,460	13,441	18,460	13,441
Borrowings	70,688	69,377	70,071	68,760
Noncurrent				
Borrowings	901,271	962,698	893,046	953,856

Fair value measurement The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used in the estimation of fair value are based on available market information and methodologies applied consistently for all periods presented. Significant judgment is required to understand the market information and estimate the fair value. The use of different market methodologies or assumptions may have a material effect on the estimated fair values.

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The fair values of short-term investments, restricted deposits, and trade receivables and payables approximate their carrying values due to their short-term nature and as they have characteristics similar to those that would be obtained had these financial instruments been traded in the market.

The fair values for the Group´s financial assets and liabilities that are measured at fair value in the combined financial statements, are classified based on the following fair value hierarchy depending on the inputs used in the valuation methods applied:

Level 1 Use of quoted prices (unadjusted) in active markets for identical instruments. A financial instrument is considered as quoted in an active market if the quoted prices are immediately and regularly available from a stock exchange or organized over-the-counter market, by operators, brokers or market association, by entities whose purpose is to disclose the prices by regulatory agencies, and if these prices represent market transactions regularly carried out between market participants in orderly transactions.

Level 2 Use of inputs other than quoted prices included in Level 1 that are observable for the instrument, either directly (that is, as prices) or indirectly (that is, derived from prices). In relation to financial instruments not traded in an active market, the fair value must be determined based on the valuation/pricing methodology.

Level 3 Use of inputs that are not based on observable market data (non-observable inputs).

The classification of financial instruments that are measured at fair value in the combined financial statements by fair value hierarchy level is as follows:

			Fair value as of December 31, 2014	
Description	**Balance at 12/31/14**	**Level 1**	**Level 2**	**Level 3**
Assets				
Short-term investments	24,477		24,477	

Market risk The market risk reflects the possibility of monetary losses due to the changes in variables that impact the prices and rates traded in the market. These fluctuations basically impact all sectors and, therefore, represent financial risk factors.

The Group´s principal market risk exposure is to interest rate risk, specifically variable rate CDI interest received on the Group´s short term investments and restricted deposits and to the TJLP rate on borrowings with BNDES.

Furthermore, the Group´s borrowings are concentrated with BNB and BNDES. The contractual rules applicable to financial liabilities represent risks related to these exposures.

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The following table details the sensitivity of the expected variation of 10% of the exposure to the rates of interest on financial assets and liabilities as of December 31, 2014. This percentage is the average rate sensitivity used to internally present risks to key management personnel and corresponds to management s assessment of the possible changes in these rates.

	Risk	Impact on income and equity
Financial assets		
Short-term investments	CDI decrease	(264)
Restricted deposits	CDI decrease	(1,728)
Financial liabilities		
Borrowings	TJLP increase	(5,297)

Liquidity risk Liquidity risk is the risk associated with the Group s ability to meet its obligations underlying its financial liabilities.

Cash flow from operating activities provides the funds to service financial liabilities on a day-to-day basis. The Group enters into borrowings solely to leverage its operating capacity. This assumption is confirmed based on the characteristics of the Group s borrowings.

The table below sets out details of the obligations assumed by the Group according to the contractual maturities of its financial liabilities as of December 31, 2014, taking into account principal and interest, based on the undiscounted cash flows, considering the earliest date on which the Group may have to settle the respective obligation:

Financial instruments	Note	Weighted average interest rate	Less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Borrowings	8	7,02%	5,867	11,735	52,813	348,532	553,012	971,959
Trade payables			18,460					18,460
Total			24,327	11,735	52,813	348,532	553,012	990,419

Credit risk Credit risk is the risk of financial loss to the Group that a counterparty will not meet its obligations under a financial instrument or customer contract. The Company is exposed to credit risk from its operating activities (principally, trade receivables) and its investing activities, including deposits with banks and financial institutions, and other financial instruments.

	Note	Carrying amount Combined 12/31/14	12/31/13
Financial assets			
Current			
Short-term investments	4	24,477	40,567
Trade receivables	5	22,475	20,921

Short-term investments Credit risk from balances with banks and financial institutions is managed by the Group s treasury department in accordance with the Group s policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

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Trade receivables and Energy balance CCEE/Eletrobras In the power sector, the operations carried out are directed to the regulatory agency that maintains the active information on the positions of produced and consumed power. Based on this structure, planning is made to operate the system without interferences or interruptions. Power is sold through auctions, agreements, among others. This system is reliable and controls the payments by the players in the market.

Derivative transactions No transactions with derivative financial instruments were conducted in the years reported.

Capital management The objectives of the Group in managing its capital are to ensure that the Group is always capable of providing return to its shareholders and benefits to other stakeholders, and maintains an adequate capital structure to reduce this cost.

		Combined
	12/31/14	**12/31/13**
Borrowings	963,117	1,022,616
Less: Cash and cash equivalents and, short-term investments and restricted deposits	(219,074)	(212,089)
Net debt	744,043	810,527
Parent s net investment	609,395	624,958
Financial leverage ratio %	122%	130%

Other operational risks

Risk of shortage of wind This risk results from the shortage of wind due to natural factors, which is reduced because the wind deposits in Brazil are one of the best in the world, as in addition to high speed, wind is considered stable, different from certain regions in Asia and the United States, which are subject to cyclones, typhoons and other natural factors.

Hydrological risks The power supplied through the National Interconnected System (SIN) is mostly generated by hydroelectric power plants. As the SIN operates through an optimized shipment system, centralized at the National Electric System Operator (ONS), each hydroelectric power plant, including those owned by the Group, is exposed to the existing hydrological conditions, both in the region where it operates and other Brazilian regions.

When the hydrological conditions are unfavorable, together with the obligation of delivering the contracted power, the Group could be exposed to the power spot market, which would affect its future financial results. However, the Company s total hydroelectric power generation capacity is part of the Energy Relocation Mechanism (MRE), which partly mitigates the hydrological risk by spreading it across all the plants included in the MRE.

19. Insurance coverage

The following table presents the main values at risk with insurance coverage contracted by the Group:

		Total	**Effective term**		
Company	**Insured item**	**Coverage**	**Start**	**End**	**Insured**
Bahia	Guarantee CCT	R$ 722	06/30/2014	06/30/2015	ANEEL
Salvador	Guarantee CCT	R$ 1,217	06/30/2014	06/30/2015	ANEEL
Espra	Operation risks	R$ 156,109	09/25/2014	09/25/2015	Espra
Espra	Operation risks	R$ 20,000	09/25/2014	09/25/2016	Espra

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20. Subsequent events

On May 6, 2015, the board of directors of Renova approved a planned share contribution agreement to be entered into with TerraForm Global, Inc. (TerraForm Global), an indirect subsidiary of SunEdison, Inc., whereby Renova will contribute all of its interests in the Group s project companies for shares in TerraForm Global and or cash. The transaction will be conditioned on applicable regulatory and third party approvals, as well as the successful completion of TerraForm Global s planned underwritten initial public offering of shares to be registered in the United States of America.

Management has considered subsequent events through May 6, 2015, the date these combined financial statements were authorized to be issued.

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Independent auditor s report

The Board of Directors

SunEdison Energy Southern Africa Proprietary Limited

Report on the financial statements

We have audited the accompanying combined financial statements of Core Energy (RF) Proprietary Limited and Erika Energy (RF) Proprietary Limited, which comprise the combined balance sheets as of December 31, 2014 and 2013, and the related combined statements of operations and comprehensive income, invested equity, and cash flows for each of the years then ended, and the related notes to the combined financial statements.

Management s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity s preparation and fair presentation of the combined financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Core Energy (RF) Proprietary Limited and Erika Energy (RF) Proprietary Limited as of December 31, 2014 and 2013, and the results of their combined operations and their combined cash flows for each of the years then ended in accordance with U.S. generally accepted accounting principles.

/s/ KPMG Inc.

Johannesburg, South Africa

7 May 2015

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Core Energy (RF) Proprietary Limited and Erika Energy (RF) Proprietary Limited

Combined balance sheets

As at December 31, 2014 and 2013

Figures in ZAR 000	Note(s)	December 31, 2014	December 31, 2013
Assets			
Current assets			
Cash and cash equivalents	3	147 764	
Restricted cash	4	128 251	1 160 471
Accounts receivable	5	73 582	63
Deferred financing costs, net	7	150	1 004
Deferred income tax	16	14 685	
Value-added tax (VAT) receivable			112 003
Prepaid expenses		7 699	9 358
Total current assets		372 131	1 282 899
Non-current assets			
Property, plant and equipment, net	6	2 241 486	838 475
Derivatives	8		8 943
Deferred financing costs, net	7	1 472	1 622
Total non-current assets		2 242 958	849 040
Total assets		**2 615 089**	**2 131 939**
Liabilities and invested equity			
Current liabilities			
Current portion of long-term debt	9	72 598	8 193
Value-added tax (VAT) payable		3 680	
Accruals	11	54 496	1 933
Accounts payable	12	7 451	
Accounts payable related parties	12	16 598	242 603
Derivatives	8	18 763	
Income tax payable		2 790	2 790
Total current liabilities		176 376	255 519
Non-current liabilities			
Long-term debt	9	1 927 306	1 403 483
Loans from shareholders related parties	10	361 792	302 277
Deferred income tax	16	25 733	
Asset retirement obligation	13	43 991	14 671
Total non-current liabilities		2 358 822	1 720 431
Total liabilities		2 535 198	1 975 950

Invested equity		
Invested equity	79 891	155 989
Total liabilities and invested equity	**2 615 089**	**2 131 939**

Commitments and contingencies have been discussed in detail in note 18.

See accompanying notes to combined financial statements.

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Core Energy (RF) Proprietary Limited and Erika Energy (RF) Proprietary Limited

Combined statements of operations and comprehensive income

For the years ended December 31, 2014 and 2013

Figures in ZAR 000	Note(s)	December 31, 2014	December 31, 2013
Power energy revenue	14	159 582	
Cost of operations		(13 766)	
Depreciation	6	(29 325)	
Accretion of asset retirement obligation	13	(2 707)	
Operating costs and expenses		(45 798)	
Gross profit		113 784	
General and administrative expenses		(15 995)	(25 686)
General and administrative expenses related Parties		(42 458)	(42 123)
Operating income/(loss)		55 331	(67 809)
Other income	15	46 182	18 996
Other expenses	15	(138 857)	(31 973)
(Loss)/Gain on derivatives	8	(27 706)	9 882
Net other expenses		(120 381)	(3 095)
Loss before income tax		(65 050)	(70 904)
Income tax expense	16	(11 048)	(2 790)
Net loss		**(76 098)**	**(73 694)**
Other comprehensive income			
Total comprehensive loss		**(76 098)**	**(73 694)**

See accompanying notes to combined financial statements.

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Core Energy (RF) Proprietary Limited and Erika Energy (RF) Proprietary Limited

Combined statements of invested equity

For the years ended December 31, 2014 and 2013

Figures in ZAR 000	**Invested Equity**
Balance at January 1, 2013	194 166
Contributions from investors	35 517
Total comprehensive loss	(73 694)
Balance at December 31, 2013	155 989
Total comprehensive loss	(76 098)
Balance at December 31, 2014	79 891

See accompanying notes to combined financial statements.

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Core Energy (RF) Proprietary Limited and Erika Energy (RF) Proprietary Limited

Combined statements of cash flows

For the years ended December 31, 2014 and 2013

Figures in ZAR 000	**December 31, 2014**	**December 31, 2013**
Cash flows from/(used in) operating activities:		
Net loss	(76 098)	(73 694)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Fair value loss/(gain) on interest rate swap	27 706	(9 882)
Depreciation expense	29 325	
Accretion expense	2 707	
Interest expense accrued	69 415	
Amortization of debt issuance costs	2 751	561
Amortization of deferred financing costs	1 202	13 760
Tax expense	11 048	2 790
Changes in operating assets and liabilities:		
Accounts and other receivables	(71 831)	(16 048)
Accounts and other payables	116 789	(111 797)
	44 958	(127 845)
Net cash earned from/(used in) operating activities	113 014	(194 310)
Cash flows from/(used in) investing activities:		
Purchase of property, plant and equipment	(1 476 672)	(477 580)
Borrowing costs paid, capitalized to property, plant and equipment	(96 376)	(19 031)
Change in restricted cash	1 032 220	(1 020 332)
Net cash used in investing activities	(540 828)	(1 516 943)
Cash flows from financing activities		
Contributions from investors		35 517
Proceeds from long-term loans	535 725	1 444 816
Repayment of long term loans	(10 837)	
Proceeds from shareholder loans	50 690	230 920
Net cash provided by financing activities	575 578	1 711 253
Net increase in cash and cash equivalents	147 764	
Cash and cash equivalents at beginning of year		
Cash and cash equivalents at end of year	147 764	

Supplemental disclosures

Cash paid for interest including amounts capitalized	164 763	37 283
Cash paid for income taxes		
Schedule of non-cash activities		
Additions to property, plant and equipment in accounts payable, accrued expenses and other current liabilities	56 628	223 954
Additions to property, plant and equipment related to asset retirement obligation (ARO)	26 613	14 671

See accompanying notes to combined financial statements.

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Core Energy (RF) Proprietary Limited and Erika Energy (RF) Proprietary Limited

Notes to the combined financial statements

For the years ended December 31, 2014 and 2013

1. Nature of operations

The Operating Entities (the Operating Entities), as used in the combined financial statements, comprise the entities listed below and their solar energy systems:

Core Energy (RF) Proprietary Limited (Core)
Erika Energy (RF) Proprietary Limited (Erika)

The Operating Entities are not a single stand-alone legal entity, but are a combination of entities that are under common control of SunEdison Green Power Renewable Energy Southern Africa Proprietary Limited (SEGP Renewable Energy Southern Africa (Pty) Ltd). The primary assets of the Operating Entities consist of two solar parks (Soutpan Solar Park and Witkop Solar Park), located in South Africa, with a maximum contracted capacity of 58 Megawatts. Apart from having separate signed Power Purchase Agreements (PPAs) with Eskom Holdings SOC Limited (Eskom), the majority supplier of electricity to the South African public, the Operating Entities have obtained the necessary licenses to perform their activities from the National Energy Regulator of South Africa (NERSA). Soutpan Solar Park achieved Commercial Operation Date (COD) on 4 July 2014, while Witkop Solar Park achieved COD on 20 September 2014. The PPAs are valid for a period of 20 years from COD.

Basis of presentation

Financial information is required, as part of a listing, for certain entities within the SunEdison LLC Group (the SunEdison Group) that are under common control. These entities, however, are not part of a legal sub-group whose financial statements are consolidated. As such, combined financial statements of the Operating Entities have been prepared as at and for the years ended, December 31, 2014 and 2013. The Operating Entities combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) is the source of authoritative U.S. GAAP to be applied by non-governmental entities. During the years ended December 31, 2014 and 2013, there were no material transactions among the combined entities that required elimination. The Operating Entities functional and presentation currency is the South African Rand (ZAR).

2. Summary of significant accounting policies

Use of estimates

In preparing the combined financial statements, and in conformity with U.S. GAAP, management uses estimates and assumptions that may affect reported amounts and disclosures. Estimates and assumptions are used when determining the fair value of financial instruments, useful lives of assets, accounting for asset retirement obligations and deferred taxes, as well as identifying contingencies. These estimates and assumptions are based on current facts, historical experience, and various other factors that management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue, income, costs and expenses that are not readily apparent from other sources. Actual results could differ from these estimates.

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Revenue

Power purchase agreements

Substantially all of the Operating Entities revenues are obtained through the sale of energy to Eskom pursuant to terms of the PPAs. Concentration risk does exist as the Operating Entities transact with only one customer, namely Eskom. This concentration risk cannot be mitigated due to the limitations of the energy market within South Africa. All PPAs are accounted for as operating leases, have no minimum lease payments and all of the rental income under these leases are contingent rental recorded as income when the electricity is delivered.

Leases

The land on which the solar energy systems are situated is leased under operating lease agreements with a lease term of 25 years. Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of operations and comprehensive income on a straight-line basis over the period of the lease.

Income taxes

Income tax balances are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those basis differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in operations in the period that includes the enactment date.

Deferred income taxes arise primarily because of differences in the bases of assets or liabilities between financial statement accounting and tax accounting which are known as basis differences. Management records the tax effect of these basis differences as deferred tax assets (generally items that can be used as a tax deduction or credit in future periods) and deferred tax liabilities (generally items that will be taxable in future periods but have not yet been recorded in the combined statement of operations and comprehensive income).

Management regularly reviews the deferred tax assets, including unused tax benefits, for realizability, taking into consideration all available evidence, both positive and negative, including historical pre-tax and taxable income, projected future pre-tax and taxable income, and the expected timing of the reversals of existing basis differences. In arriving at these judgments, the weight given to the potential effect of all positive and negative evidence is commensurate with the extent to which it can be objectively verified. Valuation allowances are established when management determines that it is more likely than not that some portion, or all of the deferred tax asset, will not be realized.

Management has made the best estimates of certain income tax amounts included in the combined financial statements. Application of the accounting policies and estimates, however, involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. In determining these estimates, management considers various factors, which include how accurate the estimate or assumptions have been in the past, how much the estimate or assumptions have changed, and how likely such change may have a material impact.

Interest and penalties are accounted for as income tax.

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Cash and cash equivalents

Cash and cash equivalents comprise of all cash balances.

Restricted cash

Restricted cash consists of cash on deposit in financial institutions that are restricted from use in operations pursuant to requirements of certain debt agreements. These funds are reserved for current debt service payments in accordance with the restrictions in the debt agreements.

Accounts receivable

Accounts receivable are reported on the combined balance sheet at the invoiced amounts adjusted for any write-offs and the allowance for doubtful accounts. Management establishes an allowance for doubtful accounts to adjust the receivables to amounts considered to be ultimately collectible. The allowance is based on a variety of factors, including the length of time receivables are past due, significant one-time events, the financial health of customers, and historical experience.

Property, plant and equipment

Property, plant and equipment consists of solar energy systems and is stated at cost less accumulated depreciation. Expenditures for major additions and improvements are capitalized, and maintenance and repairs are charged to expense as incurred. When property, plant and equipment is retired or otherwise disposed of, the cost and accumulated depreciation is removed from the accounts, and any resulting gain or loss is included in the results of operations for the respective period. Depreciation of property, plant and equipment is recognized using the straight-line method over the estimated useful lives of the solar energy systems of thirty years.

Borrowings

Borrowings consist of long-term debt facilities entered into by the Operating Entities. The loans are recorded at amortized cost.

Impairment of long-lived assets

Long-lived assets that are held and used are reviewed for impairment whenever events or changes in circumstances indicate carrying values may not be recoverable. Whenever an impairment indicator exists of the total future estimate of undiscounted cash flows expected from an asset being less than its carrying value an impairment calculation is performed. If such an impairment indicator exists, an impairment charge is measured as the difference between an asset s carrying amount and fair value with the difference recorded in operating costs and expenses in the statement of operations and comprehensive income. Fair values are determined by a variety of valuation methods including appraisals, sales prices of similar assets, and present value techniques. There were no impairments recognized during the year ended December 31, 2014 and 2013.

Deferred financing costs

Deferred financing costs consist of debt issuance costs and commitment fees incurred by the Operating Entities and are directly attributable to the long-term debt facilities.

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Debt issuance costs

Financing costs incurred in connection with obtaining construction and term financing are deferred and amortized over the maturities of the respective financing arrangements using the effective-interest method. The amortization of debt issuance costs is recorded in other expenses.

Commitment fees

Fees associated with commitment facilities that are not revolving lines of credit are deferred and amortized on a straight-line basis over the commitment period. The commitment period, as defined in the loan agreements, terminates at the earlier of actual COD, 140 days after scheduled COD, or the date of the full draw of the committed facility. For each of these loans, the commitment period expired at 140 days after scheduled COD. Amortization of commitment fees is recorded in other expenses, as of December 31, 2014, these fees have been fully amortized.

Derivatives

All derivative instruments are recorded on the combined balance sheet at fair value. As hedge accounting has not been applied, the movement in derivatives is reported directly in earnings.

Asset retirement obligation

The Operating Entities asset retirement obligations relate to leased land upon which the solar energy systems were constructed. The Operating Entities are required to restore the leased land to an agreed-upon condition from the date construction of the asset commences. This would involve dismantling property, plant and equipment constructed on the leased land, and restoring the land to its pre-construction condition. The Operating Entities are required to record the present value of the estimated obligations as the solar energy systems are constructed. At the same time, a corresponding asset was capitalized to the solar energy systems cost. The asset retirement obligations will be accreted to their future value over the terms of the land leases, and the amounts capitalized through COD will be depreciated over the remainder of the same term.

Commitments and contingencies

The Operating Entities are involved in litigation and claims in the ordinary course of business with possible gain or loss contingencies that will ultimately be resolved when one or more future events occur or fail to occur. If some amount within a range of loss appears at the time to be a better estimate than any other amount within the range, that amount will be accrued. When no amount within the range is a better estimate than any other amount, the minimum amount in the range will be accrued. Management continually evaluates uncertainties associated with loss contingencies and record a charge equal to at least the minimum estimate liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable than an asset had been impaired or a liability had been incurred at the date of the financial statements; and (ii) the loss or range of loss can be reasonably estimated. Legal costs are expensed when incurred. Gain contingencies are not recorded until realized or realizable.

Commitments related to projects, consist of amounts contracted for but not yet incurred.

Fair value measurement

Management performs fair value measurements in accordance with ASC 820. ASC 820 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction

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between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at their fair values, management considers the principal or most advantageous market in which it would transact and consider assumptions that market participants would use when pricing the assets or liabilities, such as inherent risk, transfer restrictions and risk of non-performance.

ASC 820 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. An asset s or a liability s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 establishes three levels of inputs that may be used to measure fair value:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3: unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets or liabilities.

The Operating Entities interest rate swaps are classified as Level 2 since all significant inputs are observable for similar instruments. The fair value is determined based on observable market prices for interest rates. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract. There were no transfers between Level 1, Level 2 and Level 3 financial instruments during the years ended December 31, 2014 and 2013.

The Operating Entities maintain various financial instruments recorded at cost in the December 31, 2014 and 2013 combined balance sheets that are not required to be recorded at fair value. For these instruments, the Operating Entities used the following methods and assumptions to estimate the fair value:

Cash and cash equivalents, restricted cash, accounts receivable and accounts payable, the carrying amount approximates fair value because of the short-term maturity of the instruments.

Long-term debt fair value is based on the amount of future cash flows associated with each debt instrument discounted at the current borrowing rate for similar debt instruments of comparable terms. As at December 31, 2014, the fair value of the Operating Entities long-term debt with unrelated parties is approximately 8.0% greater than its carrying value. At December 31, 2013, the fair value was approximately 2.3% greater than its carrying amount.

Given that the shareholder loan agreements do not contain a fixed or determinable repayment schedule, and thus no imputed interest rate is applied, the amortized cost carrying value of loans from shareholders is deemed to approximate fair value.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Figures in ZAR 000	**December 31, 2014**	**December 31, 2013**
Bank balances	147 764	

The full value of cash and cash equivalents has been pledged as collateral against the Long-term debt of the Operating Entities.

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4. Restricted cash

Restricted cash consists of:

Figures in ZAR 000	December 31, 2014	December 31, 2013
Restricted cash	128 251	1 160 471

2014

In terms of the relevant loan agreements, the Operating Entities were required to maintain separate bank accounts with minimum balances to at least fully cover all scheduled debt repayments due in the immediate six month period. Refer to note 9 for further details on these loans.

2013

In terms of the relevant loan agreements, the Operating Entities were required to maintain separate bank accounts with minimum balances to at least fully cover all scheduled milestone payments to the solar energy system construction contractors.

The full value of restricted cash has been pledged as collateral against the long-term debt of the Operating Entities.

5. Accounts receivable

Accounts receivable consist of:

Figures in ZAR 000	December 31, 2014	December 31, 2013
Trade debtors	73 582	
Other debtors		63
	73 582	63

The Operating Entities sole trade debtor, Eskom, is a state owned entity. The PPA also makes provision in the event that Eskom defaults on payment, the South African Department of Energy will settle the outstanding debt. As the amounts owing by Eskom have been guaranteed by a governmental agency, all amounts owing by Eskom are considered fully recoverable. Further, no allowance for doubtful accounts has been recognized as no default indicator has been identified.

None of the receivables are past due or impaired.

The full value of the accounts receivable has been pledged as collateral against the long-term debt of the Operating Entities.

6. Property, plant and equipment

Property, plant and equipment, net, consists of the following:

Figures in ZAR 000	December 31, 2014	December 31, 2013

Solar energy systems	2 270 811	838 475
Less: accumulated depreciation solar energy systems	(29 325)	
Property, plant and equipment, net	2 241 486	838 475

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The Operating Entities recorded depreciation expense related to property, plant and equipment of R29 324 589 and Rnil for the years ended December 31, 2014 and 2013, respectively.

Included in the balance of solar energy systems is capitalized interest on expenditures directly attributable to the construction of the solar energy systems of R115 407 221 and R19 031 454 as at December 31, 2014 and 2013, respectively.

Also included in the balance of solar energy systems is an asset relating to the ARO, which is depreciated over the remaining term of the land lease. Amounts totaling R41 284 442 and R14 670 965 were capitalized as at December 31, 2014 and 2013, respectively.

The full value of the solar energy systems has been pledged as collateral against the long-term debt of the Operating Entities. The fair value of the property, plant and equipment is considered to approximate its carrying amount for the years ended December 31, 2014 and 2013.

7. Deferred financing costs

Debt issuance costs, comprising legal fees, which were incurred by both Core and Erika in establishing their loan facilities with the Standard Bank of South Africa Limited (Standard Bank), have been deferred on the balance sheet and are amortized based on the effective interest rate over the period of the loan.

The Operating Entities are also required to pay to an agent (for onward distribution to the relevant lenders) a commitment fee for the facility during a specified availability period. The commitment fee is calculated daily during the defined availability period and is payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year. If any portion of the available commitment under the facility is canceled, the commitment fee is payable on any canceled amount at the time the cancelation is effective. Commitment fees are deferred and amortized on a straight-line basis during the availability period.

As at December 31, 2014 and 2013, deferred financing costs consist of:

Figures in ZAR 000	**December 31, 2014**	**December 31, 2013**
Current	150	1 004
Non-current	1 472	1 622
	1 622	**2 626**

Amortization of debt issuance costs amounted to R146 974 and R39 421 for the years ended December 31, 2014 and 2013, respectively. Amortization of commitment fees amounted to R1 054 893 and R13 720 873 for the years ended December 31, 2014 and 2013, respectively.

8. Derivatives

As part of the Operating Entities risk management strategy, Core and Erika separately entered into interest rate swaps to mitigate interest rate exposure. Interest rate swap agreements are utilized in order to economically hedge the variability of Operating Entities expected future cash interest payments, and are not utilized for speculative purposes.

These swap agreements were initiated in November 2012, concurrent with the inception of the term loan facilities with Standard Bank. Because these hedges are deemed economic hedges and not accounted for under hedge accounting, the changes in fair value are recorded to the combined statement of operations and comprehensive income.

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The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract.

As at December 31, 2014 and 2013, derivative transactions consisted of the following:

Figures in ZAR 000	**Balance sheet classification**	**Notional amount**	**December 31, 2014**	**Fair value at December 31, 2013**
Derivative not designated as a hedge				
Interest rate swap	Current liabilities Derivatives	1 721 081	(18 763)	
Interest rate swap	Non-current assets Derivatives	2 756 453		8 943

Figures in ZAR 000	**Statement of operations and comprehensive income classification**	**Notional amount**	**Fair value movements December 31, 2014**	**December 31, 2013**
Derivative not designated as a hedge				
Interest rate swap	Loss on derivatives	1 721 081	(27 706)	
Interest rate swap	Gain on derivatives	2 756 453		9 882

The notional amount represents the exposure at the reporting date which varies based on changes in the loan profile.

The Operating Entities interest rate swaps have the following maturities:

Figures in ZAR 000	**Notional amount**	**Maturity date**
Derivative not designated as a hedge		
As at December 31, 2013		
Interest rate swap	650 006	January 30, 2014
Interest rate swap	375 904	April 25, 2014
Interest rate swap	809 672	March 28, 2024
Interest rate swap	920 871	March 28, 2024
As at December 31, 2014		
Interest rate swap	804 814	March 28, 2024
Interest rate swap	916 267	March 28, 2024

Under the interest rate swap agreement, the Operating Entities pay a fixed rate and the counterparty to the agreement pays the Operating Entities a floating interest rate. The amount recorded in the balance sheet represents the estimated fair value of the net amount that the Operating Entities would receive or pay in order to exit the agreement as at December 31, 2014 and 2013, respectively, if the agreements were transferred to other third parties or canceled by the Operating Entities.

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9. Long-term debt

Debt consists of the following as at December 31, 2014 and 2013:

			December 31, 2014			December 31, 2013
Figures in ZAR 000	**Total**	**Current**	**Long-term**	**Total**	**Current**	**Long-term**
Term loan	1 969 703	14 816	1 954 887	1 444 815	10 943	1 433 872
Accrued Interest	60 590	60 590				
Debt discount	(30 389)	(2 808)	(27 581)	(33 139)	(2 750)	(30 389)
Total	1 999 904	72 598	1 927 306	1 411 676	8 193	1 403 483

On November 2, 2012, Core entered into a facility agreement with Standard Bank, which provided for a term loan facility with a limit of R1 056 million. The term loan facility bears interest at a rate of three month JIBAR plus a variable spread per annum, which represents liquidity and other risks, and matures in 2031. At December 31, 2014, the balance outstanding under the term loan facility was R1 073 million. At December 31, 2013, the balance outstanding under the term loan facility was R694 million. The average interest rates for the years ended December 31, 2014 and 2013 were 10.03% and 9.32%, respectively.

On November 2, 2012, Erika entered into a facility agreement with Standard Bank, which provided for a term loan facility with a limit of R956 million. The term loan facility bears interest at a rate of three month JIBAR plus a variable spread per annum, which represents liquidity and other risks, and matures in 2031. At December 31, 2014, the balance outstanding under the term loan facility was R958 million. At December 31, 2013, the balance outstanding under the term loan facility was R750 million. The average interest rates for the years ended December 31, 2014 and 2013 were 9.95% and 8.88%, respectively.

The estimated fair value of outstanding debt obligations was R2 159 419 065 and R1 444 709 767 at December 31, 2014 and December 31, 2013, respectively. The fair value of the outstanding debt is calculated based on expected future cash flows discounted at market interest rates for similar instruments with consideration for non-performance risk.

The combined aggregate amount of maturities for all long-term borrowings is as follows:

Contractual cash obligations	**ZAR 000**
2015	14 818
2016	17 062
2017	29 221
2018	44 262
2019	59 416
Thereafter	1 773 655
Total	1 938 434

A structuring and underwriting fee to the lender was incurred by Core and Erika as part of the establishment of this facility. The combined aggregate amount of the structuring and underwriting fee amounted to R33 867 285. This fee paid to the lender is recorded as a direct reduction of the carrying amount of the debt.

The carrying value of cash and cash equivalents, restricted cash, accounts receivable and property, plant and equipment have been pledged as collateral against the long-term borrowings of the Operating Entities. Refer to notes 3, 4, 5 and 6 for details.

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10. Loans from shareholders related parties

Loans from shareholders represent additional funding provided by shareholders of the Operating Entities, which were initially obtained to fund a portion of the Engineering Procurement Contract.

The loans from shareholders bear an interest rate of 13% from the COD. Prior to the COD, no interest was levied on the shareholder loans. The loans are unsecured and are subordinated to the long-term third party debt. The loans become repayable on demand after the long-term third party debt has been repaid.

Refer to the table below for a listing of the shareholder loans for Core and Erika, respectively.

Core

Figures in ZAR 000	% shareholding	December 31, 2014	Outstanding amount December 31, 2013
SEGP Renewable Energy Southern Africa Proprietary Limited	51	83 169	42 671
Public Investment Corporation (SOC) Limited	39	63 600	59 824
Kurisani Witkop Proprietary Limited	10	16 308	15 340
		163 077	**117 835**

Erika

Figures in ZAR 000	% shareholding	December 31, 2014	Outstanding amount December 31, 2013
SEGP Renewable Energy Southern Africa Proprietary Limited	51	101 345	94 065
Public Investment Corporation (SOC) Limited	24	47 692	44 266
Izingwe International Fund Proprietary Limited	10	29 807	27 667
Kurisani Witkop Proprietary Limited	15	19 871	18 444
		198 715	**184 442**
		361 792	**302 277**

11. Accruals

Accruals comprise:

Figures in ZAR 000	December 31, 2014	December 31, 2013
Agency Fees		726
Audit Fees		700
Legal Fees		507
Development Fees	54 496	

	54 496	**1 933**

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12. Accounts payable

Accounts payable comprise:

Figures in ZAR 000	December 31, 2014	December 31, 2013
Trade creditors	7 451	
Related parties:		
SunEdison Green Power Southern Africa Proprietary Limited		223 954
SEGP Solar Power Southern Africa Proprietary Limited	3 240	
SunEdison Energy Southern Africa Proprietary Limited	13 358	18 649
	24 049	242 603

13. Asset retirement obligation

The Operating Entities recognized liabilities for asset retirement obligations (AROs) for their solar energy systems, from the date that construction commenced. The ARO liability is estimated based on the size of the project and the estimated cost of dismantling, and is accreted over the remainder of the lease term of the land using a credit-adjusted risk-free rate of 10.4% and 10.9% for the years ended December 31, 2014 and 2013, respectively.

The asset retirement obligations for the years ended December 31, 2014 and 2013 are as follows:

Figures in ZAR 000	December 31, 2014	December 31, 2013
Balance at the beginning of the year	14 671	
Recognition of liability	26 613	14 671
Accretion expense	2 707	
Balance at the end of the year	43 991	14 671

The fair value of the ARO was estimated based on techniques that made use of third party data and management judgment.

The Operating Entities do not have any assets that are legally restricted for the purpose of settling the asset retirement obligations as at December 31, 2014 and 2013.

14. Power energy revenue

The Operating Entities entered into PPAs with Eskom, a state owned entity. In accordance with the PPAs, the counterparty acquires the full output generated by the plant on an as available basis.

Figures in ZAR 000	December 31, 2014	December 31, 2013
Revenue earned from power sales	159 582	

As the quantity to be sold under the PPAs is based on the power plants actual output on an as available basis , the Operating Entities considered all payments as contingent rent (i.e. contingent on generation).

The cost, accumulated depreciation and carrying amount of the property, plant and equipment used as part of the PPAs, for the years ended December 31, 2014 and 2013, has been disclosed in note 6.

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15. Other income/ (expenses)

Figures in ZAR 000	December 31, 2014	December 31, 2013
Other Income		
Interest income earned on cash and cash equivalents	46 182	18 996
	46 182	18 996
Other Expenses		
Interest expense on long-term debt	(226 408)	(51 004)
Interest expense on shareholder loans related parties	(8 825)	
Less: capitalized interest	96 376	19 031
	(138 857)	(31 973)
Total	(92 675)	(12 977)

The interest expense was capitalized at a rate of 10.05% (2013: 9.51%) for Core, and 10.59% (2013: 9.49%) for Erika based on the effective interest rate for each instrument.

16. Income taxes

Income tax expense (benefit) for the years ended December 31, 2014 and 2013 consists of the following:

Figures in ZAR 000	December 31, 2014	December 31, 2013
Current		2 790
Deferred	307 171	
Benefits of operating loss carryforwards	(296 123)	
	11 048	2 790

Effective tax rate

Income tax expense (benefit) for the years ended December 31, 2014 and 2013, differed from the amounts computed by applying the statutory South African income tax rate of 28% (2013: 28%). The significant reconciling items have been noted below:

%	December 31, 2014	December 31, 2013
Income tax on SA statutory rate	28.0%	28.0%
Permanent items	(66.0%)	5.8%
Change in valuation allowance	21.0%	(37.7%)
Effective benefit rate	(17.0%)	(3.9%)

Deferred taxes

Deferred income taxes for the Operating Entities taxable project entities reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

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Significant components of the Operating Entities deferred tax assets and liabilities at December 31, 2014 and December 31, 2013 are as follows:

Figures in ZAR 000	December 31, 2014	December 31, 2013
Deferred tax assets		
Current	14 685	
Non-current	319 782	
	334 467	
Deferred tax assets consist of the following:		
- net operating losses and tax credit carryforwards	296 123	
- pre-trade expenditures	22 804	22 804
- accrued expenses	15 259	
- asset retirement obligation	13 075	4 108
- other	281	(161)
- valuation allowance	(13 075)	(26 751)
	334 467	
Deferred tax liabilities		
Current		
Non-current	(345 515)	
	(345 515)	
Deferred tax liabilities consist of the following:		
- property, plant and equipment	(345 515)	
	(345 515)	

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the scheduled reversal of deferred tax liabilities and generation of future taxable income during the periods in which the deferred tax assets become deductible. During the year ended December 31, 2014, a valuation allowance was recognized on the tax effect of the Asset Retirement Obligation, as there is insufficient evidence to suggest there will be sufficient taxable income during the periods in which certain of the deferred tax assets will be realized.

The operating loss carryforward period is indefinite, subject to certain conditions.

As at December 31, 2014 and 2013, the Operating Entities have identified no uncertain tax positions, for which a reserve under ASC 740-10 would be required.

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17. Fair value measurement

The fair value of the Operating Entities long-term debt was determined using inputs classified as Level 2 and a discounted cash flow approach using market rates for similar debt instruments. The carrying amount and estimated fair value of the Operating Entities long-term debt as at December 31, 2014 and 2013 are as follows:

		As at December 31, 2014		As at December 31, 2013
Figures in ZAR 000	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liabilities:				
Long-term debt, including current portion	1 999 904	2 159 419	1 411 676	1 444 710

Recurring fair value measurements

The following table summarizes the financial instruments measured at fair value on a recurring basis classified in the fair value hierarchy (Level 1, 2 or 3) based on the inputs used for valuation in the accompanying combined balance sheet:

				As at December 31, 2014				As at December 31, 2013
Figures in ZAR 000	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Interest rate swaps						8 943		8 943
Total Derivative Assets						8 943		8 943
Liabilities								
Interest rate swaps		18 763		18 763				
Total Derivative Liabilities		18 763		18 763				

18. Commitments and contingencies

From time to time, management is notified of possible litigation or claims arising in the normal course of business operations. Management continually evaluates such matters with legal counsel and believes that, although the ultimate outcome is not presently determinable, these matters will not result in a material adverse impact on the financial position or operations.

Operating lease

The Operating Entities are obligated under certain long-term noncancelable operating leases related to land for its solar energy systems. Certain of these lease agreements contain renewal options. Below is a summary of the Operating Entities future minimum lease commitments as at December 31, 2014:

Contractual cash obligations	**ZAR**
2015	480 795
2016	504 835
2017	530 076
2018	556 580
2019	584 409

Thereafter	17 140 316
Total	19 797 011

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Total rental expense was R966 550 and R966 550 for the years ended December 31, 2014 and 2013, respectively.

Core fully prepaid the land lease pursuant to the Witkop Solar Plant for R6 278 362 at inception. Erika prepaid three years of the land lease pursuant to the Soutpan Solar Plant for R1 200 000 at inception of the lease.

Plant construction

At December 31, 2013, the Operating Entities had an outstanding commitment relating to the Engineering Procurement Contract contractor for R998 163 319. There are no similar commitments for 2014.

19. Related parties

The following parties are considered related parties of the Operating Entities:

Name of related party	Nature of relationship	Type of transactions involved in
SunEdison Green Power Southern Africa Proprietary Limited	Contractual	Engineering Procurement Contract
SEGP Solar Power Southern Africa Proprietary Limited	Contractual	Operations and Maintenance Contract
SunEdison Energy Southern Africa Proprietary Limited	Contractual	Service Level Agreement
SEGP Renewable Energy Southern Africa Proprietary Limited	Shareholder	Shareholder loan
Public Investment Corporation	Shareholder	Shareholder loan
Kurisani Witkop Proprietary Limited	Shareholder	Shareholder loan
Izingwe International Fund Proprietary Limited	Shareholder	Shareholder loan

Various related parties have provided services to the Operating Entities during the years presented. The expenses incurred by the Operating Entities have been described below:

Figures in ZAR 000	December 31, 2014	December 31, 2013
SunEdison Green Power Southern Africa Proprietary Limited		
The Operating Entities entered into a contractual arrangement with this entity, a member of the SunEdison Group, for the construction of the solar energy systems.	1 227 739	736 605
SunEdison Energy Southern Africa Proprietary Limited:		
The Operating Entities entered into a contractual arrangement with this entity, a member of the SunEdison Group, for the provision of general administration services.	42 458	42 123
Development fees incurred by the Operating Entities.	56 628	
SEGP Solar Power Southern Africa Proprietary Limited:		
The Operating Entities entered into a contractual arrangement for the operations and maintenance for the plant.	8 194	

Refer to note 10 for details on loans provided by shareholders to the Operating Entities.

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20. Subsequent events

For the combined financial statements as at and for the year then ended December 31, 2014 and 2013, management has evaluated subsequent events through 6 May 2015, the date the combined financial statements were available to be issued.

Management is not aware of any other material event which occurred after the reporting date and up to the date of this report.

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Independent auditors report

The Board of Directors

EN Renewable Energy Limited, EN Wind Power Private Limited and Generacion Eolica India Limited

Report on the financial statements

We have audited the accompanying combined financial statements of EN Renewable Energy Limited, EN Wind Power Private Limited and Generacion Eolica India Limited (together referred to as the Group) which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of income, changes in equity, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity s preparation and fair presentation of the combined financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined 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 combined financial statements referred to above present fairly in all material respects, the financial position of the Group as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

/s/ KPMG

KPMG

Gurgaon

May 5, 2015

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EN Renewable Energy Limited, EN Wind Power Private Limited and Generacion Eolica India Limited

Combined statements of income

All figures in Indian Rupees (INR)

	Note	For the year ended December 31, 2014	2013
Revenue		592,721,549	643,363,091
Operating costs and expenses:			
Cost of operations		(107,866,614)	(87,929,903)
General and administrative		(18,803,795)	(14,344,393)
Depreciation and accretion		(207,653,529)	(167,856,091)
Other operating income		61,968,799	56,384,026
Total operating costs and expenses, net		(272,355,139)	(213,746,361)
Operating income		320,366,410	429,616,730
Other income (expense):			
Interest expense		(310,245,757)	(271,954,690)
Interest income		49,056,019	36,463,673
Other income (expense), net		194,578	(565,153)
Total other expenses, net		(260,995,160)	(236,056,170)
Income before income tax expense		59,371,250	193,560,560
Income tax expense	8	(50,150,934)	(56,779,093)
Net Income		9,220,316	136,781,467

See accompanying notes to combined financial statements.

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EN Renewable Energy Limited, EN Wind Power Private Limited and Generacion Eolica India Limited

Combined balance sheets

All figures in Indian Rupees (INR)

		As of December 31,	
	Note	**2014**	**2013**
Assets			
Current assets:			
Cash and cash equivalents		567,041	58,633,513
Restricted cash		16,899,836	19,289,855
Accounts receivable		85,616,649	48,815,975
Deferred financing costs		6,187,500	5,928,479
Other current assets	4	108,131,397	123,465,976
Total current assets		217,402,423	256,133,798
Property and equipment, net	3	4,236,467,624	4,275,303,200
Restricted cash		363,044,948	362,800,000
Deferred financing costs		37,031,532	37,169,875
Other assets	4	103,648,051	68,465,530
Total assets		**4,957,594,578**	**4,999,872,402**
Liabilities and Equity			
Current liabilities:			
Current portion of long-term debt	6	305,180,720	253,028,720
Accounts payable		18,935,893	5,387,489
Accrued expenses and other current liabilities	7	952,435	81,108,704
Due to related parties	9	6,412,042	8,004,659
Total current liabilities		331,481,090	347,529,572
Other liabilities:			
Long-term debt, less current portion	6	2,290,071,004	2,366,501,724
Asset retirement obligations	5	92,929,601	71,257,279
Deferred tax liabilities	8	199,340,895	152,202,464
Total liabilities		2,913,822,590	2,937,491,039
Equity:			
Net parent investment		1,812,588,687	1,840,418,377
Accumulated other comprehensive income (loss)		231,183,302	221,962,986
Total equity		2,043,771,989	2,062,381,363
Total liabilities and equity		**4,957,594,579**	**4,999,872,403**

See accompanying notes to combined financial statements.

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EN Renewable Energy Limited, EN Wind Power Private Limited and Generacion Eolica India Limited

Combined statement of cash flows

All figures in Indian Rupees (INR)

	For the year ended December 31,	
	2014	**2013**
Cash flows from operating activities:		
Net Income	9,220,316	136,781,467
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and accretion	207,653,529	167,856,091
Amortization of deferred financing costs	5,928,479	5,151,416
Deferred taxes	47,138,431	25,215,490
Changes in assets and liabilities:		
Accounts receivable	(36,800,674)	(13,839,797)
Other current assets	24,334,579	(14,078,586)
Other non-current assets	(35,182,521)	102,713,391
Accounts payable and other current liabilities	(38,691,655)	(18,755,466)
Due to related parties	(1,592,617)	8,004,659
Net cash provided by operating activities	182,007,867	399,048,664
Cash flows from investing activities:		
Capital expenditures	(175,061,843)	(63,672,487)
Change in restricted cash	2,390,019	33,565,486
Deposits with bank	(9,000,000)	
Net cash used in investing activities	(181,671,824)	(30,107,001)
Cash flows from financing activities:		
Principal payments on long-term debt	(253,028,720)	(243,818,424)
Change in restricted cash	(244,948)	(24,914,259)
Proceeds from long-term debt	228,750,000	
Dividend paid	(27,829,690)	(56,663,493)
Payment of deferred financing costs	(6,049,157)	(510,403)
Net cash used in financing activities	(58,402,515)	(325,906,579)
Net (decrease)/ increase in cash and cash equivalents	(58,066,472)	43,035,084
Cash and cash equivalents at beginning of year	58,633,513	15,598,429
Cash and cash equivalents at end of year	567,041	58,633,513
Supplemental disclosures of cash flow information:		
Cash paid for interest (net of capitalization)	304,238,129	266,803,274
Income taxes paid	25,692,360	28,247,000
Schedule of non-cash investing activities:		
Additions to asset retirement obligation	13,878,087	

See accompanying notes to combined financial statements.

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EN Renewable Energy Limited, EN Wind Power Private Limited and Generacion Eolica India Limited

Combined statements of equity

All figures in Indian Rupees (INR)

	Net parent investment	Accumulated other comprehensive income (loss)	Total equity
Balance at December 31, 2012	1,897,081,870	85,181,520	1,982,263,390
Net income		136,781,467	136,781,467
Contribution from parent[1]			
Dividend paid, including taxes	(56,663,493)		(56,663,493)
Balance at December 31, 2013	1,840,418,377	221,962,986	2,062,381,363
Net income		9,220,316	9,220,316
Dividend paid, including taxes	(27,829,690)		(27,829,690)
Balance at December 31, 2014	1,812,588,687	231,183,302	2,043,771,989

See accompanying notes to combined financial statements.

1 During the year 1,650,600 numbers of shares of INR 10/- each were issued by Generacion Eolica India Limited to EN Wind Power Private Limited. All inter-company investments among the combined entities are being adjusted in net parent investment account.

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EN Renewable Energy Limited, EN Wind Power Private Limited and Generacion Eolica India Limited

Notes to combined financial statements

All figures in Indian Rupees (INR)

1. Nature of operations

EN Renewable Energy Limited (ENRE), EN Wind Power Private Limited (ENWP) and Generacion Eolica India Limited (GEI) (Together the Companies) are domiciled in India and were formed for the purpose of developing, constructing, owning and operating are engaged in wind power generation businesses. A State Government Power Distribution Companies (Discom) in India has entered into Power Purchase Agreements (PPA) with each of the above mentioned Companies and all the electricity generated by the Companies is purchased by such Discoms.

Fersa Energia Renovables S.A, Spain (FERSA) holds 100% of the total shares in the Companies either directly or through Fersa India Private Limited, its wholly owned subsidiary.

Basis of presentation

These financial statements represent combined financial statements of ENRE, ENWP and GEI as of and for the years ended December 31, 2014 and 2013. The combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) is the source of authoritative U.S. GAAP to be applied by nongovernmental entities.

These combined financial statements are presented in Indian Rupees (INR) except as otherwise indicated. Transaction gains and losses that arise from exchange rate fluctuations on transactions and balances denominated in a currency other than the functional currency are generally included in the statements of income as incurred.

The combined financial statements have been prepared using the Companies historical basis for assets and liabilities, and include all revenues, expenses, assets, and liabilities attributed to these assets.

All significant inter-company transactions and balances have been eliminated in the combined financial statements.

2. Summary of significant accounting policies

Use of estimates

In preparing the combined financial statements, we use estimates and assumptions that may affect reported amounts and disclosures. Estimates are used when accounting for depreciation, leases, asset retirement obligations, contingencies, impairments, accrued liabilities and income taxes, among others. These estimates and assumptions are based on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue, costs and expenses that are not readily apparent from other sources. To the extent there are material differences between the estimates and actual results, our future results of operations would be affected.

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Cash and cash equivalents

Cash and cash equivalents include all cash balances and the bank deposits with original maturity periods of three months or less.

Restricted cash

Restricted cash consists of cash on balance in banks and financial institutions that are restricted from use in operations pursuant to requirements of certain debt agreements. These funds are used to pay for current operating expenses and current debt service requirements in accordance with the restrictions in the debt agreements.

Accounts receivable

Accounts receivable are reported on the combined balance sheets at the invoiced amounts adjusted for any write-offs and an allowance for doubtful accounts. We establish an allowance for doubtful accounts to adjust our receivables to amounts considered to be ultimately collectible. Our allowance is based on a variety of factors, including the length of time receivables are past due, significant one-time events, the financial health of our customers and historical experience. There was no allowance for doubtful accounts as of December 31, 2014 and 2013. Unbilled receivables included in account receivables were INR 36,860,640 and INR 37,918,672 as of December 31, 2014 and 2013 respectively.

Property and equipment

Property and equipment consists of wind energy systems and construction in progress and is stated at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense as incurred. When property and equipment is retired, or otherwise disposed of, the cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation of property and equipment is recognized using the straight-line method over the estimated useful lives of the wind energy systems, which is the lesser of twenty five years or the term of the underlying non-renewable real property lease to which the assets are affixed. The useful lives of property and equipment are as under:

	Useful Lives
Wind Energy Systems	25 years
Other equipment	6 years
Computers and Computer Software	6 years
Office equipment	15 years

Capitalized interest

Interest incurred on funds borrowed to finance construction of wind energy systems is capitalized until the system is ready for its intended use. There was no interest capitalized during the years ended December 31, 2014 and 2013, respectively.

Deferred financing costs

Financing costs incurred in connection with obtaining construction and term financing are deferred and amortized using the straight-line method over the period in which the term financing is expected to be outstanding. Amortization of deferred financing costs related to the term loans is recorded as interest expense in the combined statements of Income.

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Amortization of deferred financing costs recorded as interest expense was INR 5,928,479 and INR 5,151,416 during the years ended December 31, 2014 and 2013, respectively.

Impairment of long-lived assets

Long-lived assets that are held and used are reviewed for impairment whenever events or changes in circumstances indicate carrying values may not be recoverable. An impairment loss is recognized if the total future estimated undiscounted cash flows expected from an asset are less than its carrying value. An impairment charge is measured as the difference between an asset s carrying amount and fair value with the difference recorded in operating costs and expenses in the statement of Income. Fair values are determined by a variety of valuation methods, including appraisals, sales prices of similar assets and present value techniques. There were no impairments recognized during the years ended December 31, 2014 and 2013.

Asset retirement obligations

The Companies operate under real property operating lease agreements that include a requirement for the removal of the wind energy systems at the end of the term of the agreement. Asset retirement obligations are recognized at fair value in the period in which they are incurred and the carrying amount of the related long-lived asset is correspondingly increased. Over time, the liability is accreted to its expected future value. The corresponding asset capitalized at inception is depreciated over the useful life of the wind energy system.

Revenue recognition

Power purchase agreements

The Companies revenues are obtained through the sale of energy pursuant to terms of power purchase agreements (PPAs) or other contractual arrangements which have remaining lives of 15-25 years as of December 31, 2014. All PPAs are accounted for as operating leases, have no minimum lease payments and all of the rental income under these leases is recorded as income when the electricity is delivered. The contingent rental income recognized in the years ended December 31, 2014 and 2013 was INR 592,721,549 and INR 521,395,410, respectively.

Grants

For certain owned wind energy systems, we receive certified emissions rights (CERs) under the Clean Development Mechanism of United Nations Framework Convention on Climate Change. CERs are generated as our wind energy systems generate electricity. CER is recognized as revenue at the time we have transferred a CER pursuant to an executed contract relating to the sale of the CERs to a third party. Also, one of the Power Purchase Agreement provides for sharing of CER revenue with the Power Purchaser. In this case, the Power Purchaser s share of CER revenue has been netted off against total CER revenue.

The Companies are also eligible to receive generation based incentives (GBI) based on Kwh of electricity fed to Discoms. For GBIs, production from our operated systems is certified by a third party and, once verified, revenue is recognized based on the terms of the contract and the fulfillment of all revenue recognition criteria. Income received pursuant to the GBI scheme is recorded as Other operating income .

Income taxes

Our income tax balances are determined and reported using a separate return method. Under the separate return method, income tax amounts have been computed as if the Companies filed separate tax returns.

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Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards and tax credit carry forwards. Deferred income taxes arise primarily because of differences in the bases of assets or liabilities between financial statement accounting and tax accounting which are known as temporary differences. We record the tax effect of these temporary differences as deferred tax assets (generally items that can be used as a tax deduction or credit in future periods) and deferred tax liabilities (generally items for which we receive a tax deduction, but have not yet been recorded in the combined statement of Income).

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. We ignore future originating temporary differences and schedule existing temporary differences to reverse on a first-in-first-out basis when determining the tax rate expected to apply for purposes of measuring deferred taxes. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in operations in the period that includes the enactment date.

We regularly review our deferred tax assets for realizability, taking into consideration all available evidence, both positive and negative, including historical pre-tax and taxable income, projected future pre-tax and taxable income and the expected timing of the reversals of existing temporary differences. In arriving at these judgments, the weight given to the potential effect of all positive and negative evidence is commensurate with the extent to which it can be objectively verified.

Valuation allowances are established when management determines that it is more likely than not that some portion, or all of the deferred tax asset, will not be realized.

The Companies intend to account for dividend distribution tax in equity in the year in which a dividend is declared.

We believe our tax positions are in compliance with applicable tax laws and regulations. Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. We believe that our income tax accrued liabilities, including related interest, are adequate in relation to the potential for additional tax assessments. There is a risk, however, that the amounts ultimately paid upon resolution of audits could be materially different from the amounts previously included in our income tax expense and, therefore, could have a material impact on our tax provision, net income and cash flows.

Contingencies

We are involved in conditions, situations or circumstances in the ordinary course of business with possible gain or loss contingencies that will ultimately be resolved when one or more future events occur or fail to occur. If some amount within a range of loss appears at the time to be a better estimate than any other amount within the range, that amount will be accrued. When no amount within the range is a better estimate than any other amount, however, the minimum amount in the range will be accrued. We continually evaluate uncertainties associated with loss contingencies and record a charge equal to at least the minimum estimated liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements; and (ii) the loss or range of loss can be reasonably estimated. Legal costs are expensed when incurred. Gain contingencies are not recorded until realized or realizable.

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Fair value measurements

Fair value accounting guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability, and are based on market data obtained from sources independent of us. Unobservable inputs reflect assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Because valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Valuations for Level 2 are prepared on an individual instrument basis using data obtained from recent transactions for identical securities in inactive markets or pricing data from similar instruments in active and inactive markets.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

We maintain various financial instruments recorded at cost in the December 31, 2014 and 2013 combined balance sheets that are not required to be recorded at fair value. For cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and accrued liabilities, the carrying amount approximates fair value because of the short-term maturity of the instruments. For due to related parties and debt, the carrying amount approximates fair value based on comparable market interest rates for similar instruments.

New accounting standards

In January 2014, the FASB issued ASU No. 2014-05, Service Concession Arrangements (ASC 853). The objective of this Update is to specify that an operating entity should not account for a service concession arrangement within the scope of this Update as a lease in accordance with Topic 840, Leases, rather, it should refer to other Topics as applicable to account for various aspects of a service concession arrangement. The amendments also specify that the infrastructure used in a service concession arrangement should not be recognized as property, plant, and equipment of the operating entity. We are currently evaluating the impact of this standard on our financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. ASU 2014-09 is effective for us on January 1, 2017. Early application is not permitted. The standard permits the use of either a retrospective or cumulative effect transition method. We have not determined which transition method we will adopt, and we are currently evaluating the impact that ASU 2014-09 will have on our financial statements and related disclosures upon adoption.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity s Ability to Continue as a Going Concern, which requires management to evaluate, at each annual and interim reporting period, whether there are conditions or

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events that raise substantial doubt about the entity s ability to continue as a going concern within one year after the date the financial statements are issued and to provide related disclosures. ASU 2014-15 is effective for us for our fiscal year ending December 31, 2016 and for interim periods thereafter. We are currently evaluating the impact of this standard on our financial statements.

In March 2015, the FASB issued ASU No. 2015-03, Interest Imputation of Interest (Subtopic 835-30):, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for us for our fiscal year starting December 31, 2015 and for interim periods within those fiscal years. We are currently evaluating the impact of this standard on our financial statements.

3. Property and equipment

Property and equipment consists of the following:

	As of December 31,	
	2014	**2013**
Wind energy systems	5,148,439,380	4,145,214,998
Office equipment and computers	368,934	196,885
Other equipment	5,185,840	
Less: Accumulated depreciation	(917,526,530)	(717,667,236)
Add: Construction in progress		847,558,553
Property and equipment, net	**4,236,467,624**	**4,275,303,200**

Depreciation expense was INR 199,859,294 and INR 161,624,732 for the years ended December 31, 2014 and 2013, respectively.

4. Other assets

Other assets consist of the following:

	As at December 31, 2014		As at December 31, 2013	
	Current	**Non-Current**	**Current**	**Non-Current**
Advance recoverable from Supplier	2,077,261		39,052,956	
GBI Receivables	62,953,045		63,424,081	
Prepaid Land lease rent	5,390,366	100,461,944	3,390,366	67,359,160
Deposits with banks	9,000,000			
Income tax	18,231,097			
Others	10,479,628	3,186,107	17,598,573	1,106,370
	108,131,397	**103,648,051**	**123,465,976**	**68,465,530**

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5. Asset retirement obligations

Activity in asset retirement obligations for the years ended December 31, 2014 and 2013 is as follows:

	As of December 31,	
	2014	2013
Balance at the beginning of the year	71,257,279	65,025,920
Additional obligation	13,878,087	
Accretion	7,794,235	6,231,359
Balance at the end of the year	**92,929,601**	**71,257,279**

6. Debt

Debt consists of the following:

	As at December 31,	
	2014	2013
Current	305,180,720	253,028,720
Long term	2,290,071,004	2,366,501,724
Total Principal	**2,595,251,724**	**2,619,530,444**

ENRE

ENRE executed a loan agreement on March 19, 2010 with the Indian Renewable Energy Development Agency Limited (IREDA).

The sanctioned term loan from IREDA was for INR 1,860,000,000, carried a rate of interest of 11.6% and required repayment of principal in 48 installments from September 30, 2011 to June 30, 2023. The loan amount borrowed, rate of interest and repayment of principal was revised to INR 1,842,059,000, 12.25% (2013: 10.9%) and 48 installments from March 31, 2012 to December 31, 2023, respectively. The term loan is secured by a mortgage and hypothecation of all existing and future immoveable and movable assets of ENRE and is further secured through a trust and retention account, bank guarantee and pledge of equity in ENRE.

ENWP

ENWP executed a rupee loan agreement on June 21, 2012 (and as amended/modified from time to time) with IREDA.

The term loan sanctioned from IREDA is for INR 745,000,000, carries a rate of interest of 12.25% and requires quarterly repayment of principal in 44 installments from March 31, 2015 to December 31, 2025. The term loan is secured by a mortgage and hypothecation of all existing and future immoveable and movable assets of ENWP and is further secured through a trust and retention account and pledge of equity in ENWP.

GEI

GEI executed a loan agreement on January 29, 2008 with IREDA.

The sanctioned term loan from IREDA was for INR 1,186,500,000, carried a rate of interest of 10.25% and required repayment of principal in 40 installments from March 31, 2009 to December 31, 2018. The rate of

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interest and repayment of principal was revised to 12.50% (2013: 11.40%) and 25 installments from December 31, 2012 to December 31, 2018 respectively. The term loan is secured by a mortgage and hypothecation of all existing and future immoveable and movable assets of GEI and is further secured through a trust and retention account, bank guarantee and pledge of equity in GEI.

Maturities

The aggregate amounts of payments on long-term debt due after December 31, 2014 are as follows:

Year	**2015**	**2016**	**2017**	**2018**	**2019**	**Thereafter**
Maturities of long-term debt	305,180,720	314,391,016	321,839,016	321,839,016	223,627,016	1,108,374,940

The debt arrangements contain certain representations, covenants and warranties of the borrower companies including limitations on business activities, guarantees, project maintenance standards, debt to equity ratios and minimum debt service reserve requirements. The debt service reserve money is required to be maintained out of the cash flows generated from the project, which shall be funded through the receivables from business operations.

7. Accrued expenses and other current liabilities

Accrued expenses and other liabilities consist of the following:

	As at December 31,	
	2014	**2013**
Income taxes payable		5,769,826
Payable to Enercon India Limited		27,916,210
Interest payable on term loan		36,410,491
Payable to employees	79,133	55,107
Other liabilities	873,302	10,957,070
	952,435	**81,108,704**

8. Income taxes

Income tax balances are determined and reported herein under the separate return method.

Income tax expense consists of the following:

	Current	**Deferred**	**Total**
Year ended December 31, 2014	3,012,503	47,138,431	50,150,934
Year ended December 31, 2013	31,563,604	25,215,490	56,779,093

Tax rate reconciliation

The applicable Indian statutory tax rate for the tax year ended 2014 and 2013 is 34.61% and 33.99%, respectively. Income tax expense differed from the amounts computed by applying the statutory Indian income tax rate of 34.61% to profit before income taxes.

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	For the year ended December 31,	
	2014	2013
Income tax at Indian statutory rate	34.61%	34.61%
Increase (reduction) in income taxes:		
Impact of valuation allowance	17.68%	17.42%
Impact of tax holidays	30.12%	(22.34%)
Others	1.94%	(0.36)%
Effective tax benefit rate	84.36%	29.33%

The impact of tax holiday is an expense of INR 17,909,015 for the year ended December 31, 2014 and a benefit of INR 43,244,684 for the year ended December 31, 2013.

Significant components of deferred taxes

The significant component of deferred tax assets and liabilities for the year ended December 31, 2014 and December 31, 2013 are as follows:

	As of December 31,	
	2014	2013
Deferred tax assets:		
Minimum alternate tax credit	34,576,107	31,563,604
Asset retirement obligations	32,162,935	24,662,144
Total deferred tax assets	66,739,042	56,225,748
Deferred tax liabilities:		
Property and equipment	199,340,895	152,202,464
Total deferred tax liabilities	199,340,895	152,202,464
Valuation allowance	66,739,042	56,225,748
Net deferred tax liabilities	199,340,895	152,202,464

The Companies have unabsorbed depreciation for Indian income tax purposes of INR 595,868,456 as at December 31, 2014 and INR 503,436,284 as at December 31, 2013 which are available to offset future taxable income, if any, over an indefinite period. A deferred tax asset has not been recognized since the amounts are forecasted to be utilized during the Companies tax holiday periods. The Companies have a minimum alternate tax credit of INR 34,576,107 as at December 31, 2014 and INR 31,563,604 as at December 31, 2013 which are available to offset future taxes and expire during the period from March 31, 2019 to March 31, 2022. The minimum alternate tax rate is 19.05%.

The Companies have a tax holiday which expires 15 years from the date of commissioning of the wind energy system and is available for a 10 year period starting from the date on which the project entity starts claiming the holiday. The tax holiday provides for a zero percent tax rate during the years it applies. The 10 year tax holiday periods apply from March 31, 2012, March 31, 2015 and March 31, 2018 for GEI, ENRE and ENWP, respectively. The tax holiday ends on March 31, 2022, March 31, 2025 and March 31, 2028 for GEI, ENRE and ENWP, respectively. The Companies had a net expense in 2014 as a result of the tax holiday due to the origination of taxable temporary differences expected to reverse after the expiration of the tax holiday, while the related deductions are expected to be utilized during the tax holiday period and provide no tax benefit. Carryforward unabsorbed depreciation of INR 17,312,988 was utilized by ENRE during the year ended December 31, 2013 i.e. prior to its tax holiday period.

The change in valuation allowance is INR 10,513,293 and INR 33,720,277 during the year ended December 31, 2014 and December 31, 2013, respectively.

The 2014 and 2013 tax years remain open to examination by tax authorities.

The Companies have recognized tax benefits only for tax positions that are more likely than not to be sustained upon examination by tax authorities. As of December 31, 2014 and 2013, the total unrecognized tax benefits amounted to INR 13,900,766 and INR 13,900,766, respectively, towards tax benefits and deductibility of expenses which result in a reduction of unabsorbed depreciation carryforwards. The gross amount of increase in unrecognized tax benefits is INR Nil and INR 12,946,162 during the years ended December 31, 2014 and December 31, 2013, respectively relating to current year tax positions. These unrecognized tax benefits, if recognised, would affect the effective tax rate. Given the expectation that the carryforwards would be expected to be utilized during the tax holiday periods, these unrecognized tax benefits would have no overall tax impact.

9. Related parties

Management and technical fees

The Companies entered into a Technical and Management Services Agreement with FERSA, whereby FERSA will provide technical and management services such as provision of financial services, advising and supporting on day to day operational issues and provision and coordination of legal and tax advice, primarily on a cost-reimbursement basis, plus a 7.5% fee on arm length s basis. Costs incurred for these services were INR 28,725,599 and INR 8,004,659 for the years ended December 31, 2014 and 2013, respectively. Related amounts were reported as cost of operations in the combined statements of income and were reflected in operating activities in the combined statements of cash flows. Amounts payable to FERSA (included in Due to related parties) in respect of the above management and technical fees is INR 6,412,042 and INR 8,004,659 as at December 31, 2014 and 2013, respectively.

Net parent investment

Net parent investment account represents common stock and additional paid in capital of ENRE, GEI and ENWP, net of intercompany investments.

Holders of common stock are entitled to one vote per share, and to receive dividends and, upon liquidation or dissolution, are entitled to receive all assets available for distribution to stockholders. The holders have no preemptive or other subscription rights and there are no redemption or sinking fund provisions with respect to such shares.

10. Commitments and contingencies

From time to time, the Companies have become involved in claims and legal matters arising in the ordinary course of business. Management is not currently aware of any matters that will have a material adverse effect on the financial position, results of operations, or cash flows of the Companies.

Contingency

There are certain pending matters relating to the sub-lease of /rights in certain portions of lands for one of the projects in which the lessor holds lease rights. The sub-lease is subject approvals from certain government authorities. The project company believes that there are no irregularities in its right to use the land and based on the opinion of its legal counsel believes that the likelihood of an unfavourable outcome of its lease rights of the said land is not probable. In addition, the Company believes that no further settlement or any significant additional liability is expected on account of such matters pending resolution.

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Operating lease

The Companies have entered into operating lease for Registered Office of the Companies. Rent expense, included in General and Administrative Expenses in the combined statements of Income, was INR 1,931,589 and INR 1,778,450 for the years ended December 31, 2014 and 2013, respectively.

The future minimum payments related to these leases as of December 31, 2014, are as follows:

	Amount
2015	1,168,400
Thereafter	

Purchase commitments

ENWP has entered an into an agreement with Wind World (India) Limited (WWIL), whereas the WWIL will install an online WEG monitoring mechanism at all WEG commissioned which will help ENWP to view the daily information from their own location.

ENWP had open commitments of INR 522,379 and INR Nil as at December 31, 2014 and 2013, respectively.

ENWP has entered into a turnkey contract with WWIL for construction, development and commissioning of wind power project. The Company had open commitments pertaining to unpaid amount of above turnkey contract of INR Nil and INR 110,098,680 as at December 31, 2014 and 2013, respectively.

11. Segment information

The Companies are engaged in one reportable segment that operates a portfolio of wind energy generation assets. The Companies operate as a single reportable segment based on a management approach. This approach designates the internal reporting used by management for making decisions and assessing performance as the source of the reportable segments. The Companies chief operating decision maker (the CODM), its Board of Directors manages the Companies operation.

Revenue for the years ended December 31, 2014 and 2013 were from customers located in India. Customers include government controlled public electricity distribution entities. Revenue to specific customers exceeding 10% of total revenue for the years ended December 31, 2014 and 2013 were as follows:

Customer Name	For the year ended December 31, 2014		2013	
	Revenue	Percent	Revenue	Percent
Customer 1	309,994,383	52%	338,964,551	53%
Customer 2	170,167,800	29%	182,430,859	28%
Customer 3	112,559,366	19%		0%
Customer 4		0%	121,967,681	19%

All property, plant and equipment of the Companies are located in India.

12. Subsequent events

For the combined financial statements as of and for the years ended December 31, 2014 and 2013, we have evaluated subsequent events through May 4, 2015 the date the combined financial statements were available to be issued and determined that no subsequent events had occurred that would require additional disclosures.

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Report of independent auditors

To the Shareholders of Empresa de Generación Eléctrica de Junín S.A.C.

We have audited the accompanying financial statements of Empresa de Generación Eléctrica de Junín S.A.C. (a Peruvian company a direct, subsidiary of Latin America Power Perú S.A.C. and indirect subsidiary of Latin America Power Holding B.V., domiciled in the Netherlands), which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of income, comprehensive income, changes in stockholders equity and cash flows for the years then ended, and the related notes to the financial statements.

Management s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards IFRS, as issued by the International Accounting Standards Board; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States, as issued by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor s judgment, including the assessment of the risks 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 and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly, in all material respects, the financial position of Empresa de Generación Eléctrica de Junín S.A.C. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards.

Lima, Peru

May 7, 2015

Countersigned by:

Carlos Valdivia
C.P.C.C. Register No. 27255

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Empresa de Generación Eléctrica de Junín S.A.C.

Statements of financial position

As at December 31, 2014 and 2013

	Note	2014 S/.	2013 S/.
Assets			
Current assets			
Cash and cash equivalents	5	4,972,889	15,827,161
Trade accounts receivable	6	3,538,985	
Accounts receivable from related parties	19(b)	94,707	5,875,051
Other accounts receivable	7	505,533	5,652,056
Total current assets		9,112,114	27,354,268
Non-current assets			
Other accounts receivable	7	17,752,089	11,517,437
Property, plant and equipment, net	8	245,486,986	147,815,468
Intangible assets, net	9	25,499	4,194,426
Total assets		263,264,574	163,527,331
		272,376,688	190,881,599
Liabilities and equity			
Current liabilities			
Loans and borrowings	10	1,674,406	4,404,774
Trade accounts payable	11	556,930	41,193
Other accounts payable		241,897	5,320
Accounts payable to related parties	19(b)	9,866,055	9,991,828
Total current liabilities		12,339,288	14,443,115
Non-current liabilities			
Accounts payable to related parties	19(b)	5,897,369	
Loans and borrowings	10	178,987,778	108,998,984
Deferred taxes	12	336,974	
Total liabilities		197,561,409	108,998,984
Equity	**13**		
Share capital		53,475,343	42,378,973
Legal reserve		37,413,075	29,645,613
Acumulated losses		(16,073,139)	(4,585,086)
Total equity		74,815,279	67,439,500

Total liability and equity	272,376,688	190,881,599

The accompanying notes are an integral part of this statement.

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Empresa de Generación Eléctrica de Junín S.A.C.

Statements of comprehensive income

For the years ended December 31, 2014 and 2013

	Note	2014 S/.	2013 S/.
Revenue			
Energy sales		3,478,719	
Cost of sales	15	(956,308)	
Gross profit		2,522,410	
Administrative expenses	16(a)	(1,452,874)	(628,744)
Other income		32,408	21,891
Other expenses	17	(30,403)	(117,358)
Operating profit		1,071,542	(724,211)
Other income (expenses)			
Financial income		10,265	
Financial expenses		(672,709)	(31,750)
Exchange gains (losses), net	20	(11,560,177)	(1,589,065)
Loss before income tax		(11,151,079)	(2,345,026)
Deferred income tax	12	(336,974)	
Net loss		(11,488,053)	(2,345,026)
Other comprehensive income			
Total comprehensive income of the year		(11,488,053)	(2,345,026)

All loss for the year relates to continuing operations

The accompanying notes are an integral part of this statement.

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Empresa de Generación Eléctrica de Junín S.A.C.

Statements of changes in equity

For the years ended December 31, 2014 and 2013

	Share capital S/.	Legal reserve S/.	Accumulated losses S/.	Total S/.
Balances as at January 1, 2013	**41,647,590**	**29,133,646**	**(2,240,060)**	**68,541,176**
Capital contribution, note 13(a) and (b)	731,383	511,967		1,243,350
Net loss			(2,345,026)	(2,345,026)
Balances as at December 31, 2013	**42,378,973**	**29,645,613**	**(4,585,086)**	**67,439,500**
Capital contribution, note 13(a) and (b)	11,096,370	7,767,462		18,863,832
Net loss			(11,488,053)	(11,488,053)
Balances as at December 31, 2014	**53,475,343**	**37,413,075**	**(16,073,139)**	**74,815,279**

The accompanying notes are an integral part of this statement.

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Empresa de Generación Eléctrica de Junín S.A.C.

Statements of cash flows

For the years ended December 31, 2014 and 2013

	2014	2013
	S/.	S/.
Operating activities		
Payments to suppliers and taxes	(2,254,167)	(3,967,511)
Other payments, net	(1,341,774)	(2,260,013)
Net cash flow from operating activities	(3,595,941)	(6,227,524)
Investing activities		
Purchases of property, plant and equipment	(86,018,646)	(101,615,494)
Purchases of intangible assets		(754,455)
Net cash used in investing activities	(77,612,560)	(102,369,949)
Financing activities		
Capital contribution	6,445,008	1,243,350
Proceeds from borrowings	91,486,116	113,403,759
Repayment of borrowings	(36,018,809)	
Proceeds from borrowings from related parties	16,848,000	
Amortization of borrowings from related parties		(79,655)
Net cash and cash flows from financing activities	78,760,315	114,567,454
Net decrease (increase) in cash and cash equivalents for the period	(10,854,272)	5,969,981
Cash and cash equivalents at beginning of year	15,827,161	9,857,180
Cash and cash equivalents at year end	4,972,889	15,827,161
Transactions that do not represent cash flows:		
Purchases of property, plant and equipment	(9,365,470)	(8,406,086)
Capitalization of debts with related parties	12,488,824	

The accompanying notes are an integral part of this statement.

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Empresa de Generación Eléctrica de Junín S.A.C.

Notes to the financial statements

As of December 31, 2014 and 2013

1. Identification and business activity

(a) Identification

Empresa de Generación Eléctrica de Junín S.A.C. (hereafter the Company) is a Peruvian entity incorporated on December 14, 2009, in the city of Lima by Latin America Power Perú S.A.C. (a subsidiary of Latin America Power Holding B.V., domiciled in the Netherlands) and GCZ Energía S.A.C., which respectively hold 70 percent and 30 percent of the voting shares of the Company s capital stock.

(b) Business activity

The Company is dedicated to the generation and sale of electric it to local private and state-owned companies, as well as to engineering activities, and actions related to its business activity. Its legal domicile is Av. del Pinar N° 152, Oficina N° 508, Santiago de Surco, Lima, Peru.

Through Ministerial Resolution N° 072-2012-MEM/DM dated February 16, 2012, the Peruvian State via the Ministry of Energy and Mines (hereafter MEM) awarded the Company the definite concession to develop electric generation activities at the Runatullo III Hydroelectric Plant, located in the Mariscal Castilla and Comas districts, province of Concepción, department of Junín. Also, through Ministerial Resolution N° 114-2012-MEM/DM, dated March 2, 2012, the Peruvian State via MEM awarded the Company the definite concession to develop electric generation activities at the Runatullo III Hydroelectric Plant, located in the Mariscal Castilla and Comas districts, province of Concepción, department of Junín, and also approved the subscription of the Concession Contract between the Peruvian State, represented by MEM, and the Company, which took place on September 30, 2011.

On September 30, 2011, the Company was awarded the Tender on Electricity Supply through renewable energy resources (hereafter RER) called by the Supervising Agency of Investments in Energy and Mining (OSINERGMIN), which among other RER generating projects, selected the Runatullo III Hydroelectric Plant as supplier of electricity for the National Interconnected Electric System (SEIN under its Spanish acronym) for a 20-year term. The Company committed to start commercial operations at the Runatullo III Hydroelectric Plant, at the latest, on December 15, 2014. As consequence, the Company and the Peruvian State subscribed the corresponding supply contract. The constructions of these Plants were made by its related party GCZ Ingenieros S.A.C.

On December 12, 2013, the Company was awarded the Tender on Electricity Supply through RER called by OSINERGMIN, which among other RER generating projects, selected the Runatullo II Hydroelectric Plant as supplier of electricity for the SEIN for a 20-year period maturity, which establish that, through the mechanism of RER Auctions, the Company receives a fixed fee per megawatt established for each hydroelectric plant. The Company committed to start commercial operations at the Runatullo II Hydroelectric Plant, at the latest, on December 15, 2014. As consequence, the Company and the Peruvian State subscribed the corresponding supply contract.

In November 2014, the Company started operations at the Runatullo III Hydroelectric Plant, which has 20.2 MW of installed capacity.

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In December 2014, the Company started operations at Runatullo II Hydroelectric Plant, which is located all along the Runatullo River located at 6 Km in the department of Junin, which has 19.1 MW of installed capacity.

(c) Main contracts

(i) Engineering, Procurement and Construction (EPC) Contract for Runatullo II and Runatullo III Hydroelectric Plants

On June 7, 2012, the Company and GCZ Ingenieros S.A.C., subscribed an EPC contract under which GCZ Ingenieros S.A.C. shall be responsible for the execution, making and rendering of all the works, activities and services associated or necessary to execute and develop the engineering, procurement, construction, assembly, testing and definite delivery of the Runatullo II and Runatullo III Hydroelectric Plants.

In return, the Company shall pay to GCZ Ingenieros S.A.C., for the execution of the works, US$91,674,603 (equivalent to S/.274,015,388) including Value Added Tax (VAT). The first payment, made on July 1, 2012, accounted for 10 percent of an advance payment of US$8,225,143 (equivalent to S/.24,584,952) including VAT. The remaining shall be paid based on monthly valuations of the direct cost plus general expenses, deducting 10 percent for amortization of the prepayment. The income of the contract shall be cancelled at the definite delivery and conformity declaration of the works.

In order to guarantee to the Company the properly compliance of all the obligations, GCZ Ingenieros S.A.C. surrendered a bank guarantee letter of faithfully compliance issued in its favor for US$8,225,143 (equivalent to S/. 24,584,952).

Likewise, GCZ Ingenieros S.A.C. shall surrender to the Company a mortgage guarantee over shares that GCZ Energía S.A.C. holds in Hidroeléctrica Santa Cruz S.A.C., as correct functioning guarantee. The amount of said guarantee equals 10 percent of the contract s total price. This guarantee shall cover defects and/or imperfections, quality, duration and functioning of the civil works, equipment, materials and facilities in general corresponding to the works, in accordance with the established by the contract.

On July 20, 2012, it was signed an addendum to the EPC contract by which GCZ Ingenieros S.A.C. committed to deliver the hydroelectric contracts for the starting of the commercial operation, at the latest, on January 1, 2015. These plants were delivered on the agreed date. This contract finalized on December 2014.

(ii) Administration, Operation and Maintenance (AOM) Contract for Runatullo II Hydroelectric Plant and Runatullo III Hydroelectric Plant

On February 1, 2013, the Company and GCZ Servicios S.A.C. subscribed to said contract through which the latter agrees to render the services of administration, operation and minor maintenance to the Runatullo II Hydroelectric Plant and Runatullo III Hydroelectric Plant. The contract has a 5-year term and is renewable at maturity.

During 2014, the Company disbursed S/.1,078,550 (S/.401,052 in 2013), which are recorded in the Cost of generation and Administrative expenses captions of the statements of comprehensive income.

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(iii) Trust agreement

On April 5, 2013, the Company and La Fiduciaria S.A. subscribed to said contract with the purpose of constituting a trust of irrevocable designation, for which the Company transferred the trust assets on fiduciary domain to La Fiduciaria. This trust agreement was signed in order to guarantee the financial obligations assumed which Banco Internacional del Peru S.A.A. for the constructions of the hydroelectric plants. See note 10.

The purpose of the contract is the following:

(i) Administer the trust assets and the trust bank accounts.

(ii) The Trust Equity can be used as payment means of the guaranteed obligations.

(iii) The Trust Equity can be used as guarantee of faithfully and timely compliance of the guaranteed obligations.

(d) Approval of financial statements

The financial statements for the year ended December 31, 2014, have been approved and authorized for their issuance by Management and will be submitted to the Board of Directors and the General Shareholders Meeting for their approval within the terms established by law. In Management s opinion, said financial statements will be approved without modification.

2. Operating regulation and legislation that affect the activities of the electricity industry

The main regulations affecting the Company s activities are the following:

(a) Electrical concessions law

In Peru, the electricity sector is ruled by the Electrical Concessions Law, Decree-Law N°25844, enacted on November 19, 1992, its Regulation, Supreme Decree N° 009-93-EM, enacted on February 25, 1993, and its amendments and extensions, such as Law N° 28832, Law to Ensure the Efficient Development of Electric Generation .

Pursuant to the Electrical Concessions Law, the electricity sector is divided into three main sub-sectors, each one comprising a different activity: electricity generation, transmission and distribution. In accordance with said Law and the Law to Ensure the Efficient Development of Electricity Generation , the operation of power generation plants and transmission systems are subject to the provisions of the Economic Operation Committee of the National Interconnected System (COES-SINAC, by its Spanish acronym), with the purpose of coordinating said operation at a minimum cost, preserving the safety of electric energy supply and the best usage of energy resources, as well as the planning of the SEIN development and the short-term market administration. COES-SINAC determines the pricing of the power and energy transfers between generators.

The main changes introduced by the Law are related to the participation in short-term market of distribution companies and large free customers, including distributors and customers, besides generation companies, as members of COES-SINAC, modifying the structure of this organization. Also, it regulates the procedure for distribution companies to convene biddings to ensure energy supply to the regulated market. This law has also amended the legal framework for the electricity transmission activities.

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(b) Promotion of investment on electricity generation using renewable energy

The Legislative Decree N° 1002, published on May 2, 2008 and the regulation, has the purpose of promoting the use of RER in order to enhance the quality of life of the population and to protect the environment through the investment promotion of electricity generation with the use of RER, which is declared of national interest and public necessity. RER are defined as the biomass as well as the wind, solar, geothermal, tidal and hydraulic energies (the latter solely when the generation capacity is less than 20.0 MW).

Eligible to the provisions of said Legislative Decree are the new operations of companies using RER as primary energy, with previous accreditation before the MEM.

Electricity generation via RER enjoys priority in the daily dispatch performed by COES. The production variable cost for the use of RER shall be zero.

The law and its regulations introduced an auction scheme for electricity generated with RER. The energy required for the auctions shall correspond to the participation of the estimated generation with RER by multiplying the National Consumption of Electricity, as established by the Regulation, by the percentage established by the MEM, in which the national consumption of electricity generated with RER must participate, every five years.

(c) Promotion of investment on electricity generation using water resources and other renewable resources

The Legislative Decree N°1058 dated June 27, 2008, established the investment promotional framework of electricity generation with the use of RER, thus encouraging scientific research and technological innovation, as well as the designing of projects that qualify as mechanisms of clean development which upon being granted their registration can be subject of the negotiation of Emission Reductions Certificates (hereafter CER) that can be sold to companies of industrialized countries, which at their turn can account said reductions of greenhouse gases as part of their qualitative goals committed under the Kyoto Protocol.

This regime benefits the electricity generation based on water resources or based on other renewable resources such as wind, solar, geothermal, biomass or tidal, which will be subject to the accelerated depreciation benefit over the Income Tax. Said regime shall be applied to the generation plants that start operations since the entry into force of the aforementioned Legislative Decree. The accelerated depreciation shall be applicable to machinery, equipment and civil works necessary for the installation and operation of the plant, which are acquired and/or built since the entry into force of the Legislative Decree. The rate to be applied is 20 percent as global annual rate.

3. Summary of significant accounting policies and principles

3.1 Basis of preparation and presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (hereinafter IASB).

The accompanying financial statements have been prepared on a historical cost basis, based on the accounting records kept by the Company.

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The accounting policies adopted are consistent with policies applied in previous years, except for the new IFRS and revised IAS that are mandatory for periods beginning on or after January 1, 2014, in which the Company has adopted; however, due to the structure of the Company and nature of its operations, the adoption of these standards had no significant effect on its financial position and results of operation; therefore, it has not been necessary to modify the comparative financial statements of the Company. These new IFRS and revised IAS are described below:

IAS 32 Financial Instruments: Presentation Offsetting Financial Assets and Financial Liabilities (Amendment)

Defines the meaning of currently has a legal right to offset criteria and mechanisms for non-simultaneous solution clearinghouses for entitlement to offsetting modification.

Additionally, this amendment clarifies that to offset two or more instruments financial institutions should have a right to offset that cannot be conditioned on a future event, and should be mandatory the following circumstances: (i) the normal course of business, (ii) in the event of default, and (iii) in the event of insolvency or bankruptcy of the entity or any of the counterparties.

IAS 36 Impairment of Assets (Amendments)

These amendments eliminate the unforeseen consequences of IFRS 13 on the disclosures required by IAS 36. In addition, the amendments also require disclosure of recoverable amounts of the assets or cash-generating units for which an impairment loss is recognized or when reversals have been recognized in the period.

IAS 39 Novation derivatives and continuity of hedge accounting (Amendments)

These amendments provide an exception to discontinue hedge accounting when the novation of a derivative designated as a hedging instrument that meets certain criteria is given.

IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity giving rise to the payment, as identified in the relevant legislation, is performed. To a levy that is activated when a minimum threshold, the interpretation clarifies that no liability should be anticipated before reaching the minimum threshold specified.

Note 4 includes information about the judgments, significant accounting estimates and assumptions used by Management in the preparation of the accompanying financial statements.

3.2 Summary of significant accounting principles and policies

Significant accounting policies used by Management for the preparation of financial statements are as follow:

(a) Cash and cash equivalents

Cash and cash equivalents presented in the statement of financial position comprises cash balances and current bank accounts and short-team deposits with original maturities less than three months. For purposes of preparing the statement of cash flows, cash and cash equivalents include cash and short-term deposits defined above.

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(b) Foreign currency transactions

(i) Functional and presentation currency

The Company s financial statements are presented in Nuevos Soles (except when otherwise indicated), which is also the Company s functional currency.

(ii) Transactions and balances in foreign currency

The transactions carried out in a currency other than the functional currency are considered as transactions in foreign currency. Transactions in foreign currencies are initially recorded by the Company at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

(c) Financial Instruments: Initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of International Accounting Standard (IAS) 39, Financial Statements: Recognition and measurement , are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for- sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value and, in the case of assets carried at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time period established by regulation or market convention are recognized on the trade date, which represents the date that the Company commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification. As of December 31, 2014 and 2013, the Company only maintains loans and receivables, as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, for which the entity has no intention of selling indirectly nor in the near future and have no risk other than credit impairment.

After initial recognition, such financial assets are measured at amortized cost using the effective interest rate method (EIR), less any impairment. Amortized cost is calculated by

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taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is recognized in the statement of comprehensive income as Financial income . Losses resulting from impairment are recognized in the statement of comprehensive income as a provision.

As of December 31, 2014 and 2013, the Company maintains cash and cash equivalents, trade receivables, accounts receivables from related parties and other receivables in this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the asset have expired.

Impairment of financial assets

At the end of each period under report, the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired in value. A financial asset or group of financial assets is considered impaired in value only if there is objective evidence that there was a loss in value as a result of one or more events that occurred after the initial recognition of the asset (the event that causes loss), and the event that caused the loss has an impact on the estimated future cash flows generated by the financial asset or group of financial assets, and that impact can be reasonably estimated.

Evidence of impairment may include, among others, evidence that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in payments of debt principal or interest.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists; individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment for a financial asset evaluated individually, regardless of its importance, it includes the asset in a group of financial assets with credit risk characteristics similar, and evaluates them collectively to determine whether impairment exists. Assets that are individually assessed to determine whether impairment exists, and for which an impairment loss is recognized or is still recognized, are not included in the evaluation of impairment collectively.

If there is objective evidence that there has been an impairment loss, the amount of the loss is measured as the difference between the asset s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been produced). The present value of estimated future cash flows discounted at the original effective interest rate of financial assets. If the loan bears a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and accounts payable, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value (in the case of loans and payables carried at amortized cost) plus transaction costs directly attributable.

The Company s financial liabilities include accounts payable, accounts payable to related parties, other accounts payable and financial obligations.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification. As of December 31, 2014 and 2013, the Company only maintains loans and borrowings as follows:

Debt and interest bearing loans

After initial recognition, financial liabilities are measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the amortization process, using the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortization of the effective interest rate is recognized as Finance cost in the statement of comprehensive income.

Derecognition

A financial liability is derecognized when the relevant obligation is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms are substantially modified, such replacement or amendment is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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(iv) Fair value of financial instruments

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or liability is measured using the assumptions that market participants would use to rank the asset or liability value, assuming that market participants Law in their best economic interest. The fair value measurement of non-financial assets takes into account the ability of a market participant to generate economic benefits through more and better use of the asset or selling it to another market participant that would use the assets in the best possible way.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient information is available to measure fair value, maximizing the use of relevant observable inputs and minimize the use of unobservable inputs.

All assets and liabilities which are determined or reveal fair values in the financial statements are classified within the fair value hierarchy, described below , based on the lowest level of the data used that are significant to the measurement at fair value as a whole:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for all information or data different to quoted prices within level 1, available, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognized at fair value in the financial statements on a recurring basis, the Company determines whether there have been transfers between levels in the hierarchy by reviewing the categorization at the end of each reporting period.

Management determines the policies and procedures for both recurring fair value measurement. At each reporting date, management analyzes the movements in the values of assets and liabilities which are required to be re-measured or in accordance with the accounting policies of the Company.

For purposes of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks and the level of the fair value hierarchy as explained above.

(d) Property, plant and equipment

The item of property, plant and equipment is stated at cost, net of accumulated depreciation and / or accumulated impairment losses. The purchase price or construction cost is the total amount paid and the fair value of any other consideration given to acquire the asset. For the significant components of facilities, furniture and equipment that must be replaced periodically, the Company derecognized the replaced component and recognizes the new component with their respective useful lives and depreciation. Similarly, when a major inspection is performed, its cost is recognized as a replacement to the extent that they meet the recognition requirements. Other repair and maintenance costs are recognized as expenses as incurred.

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Land is not depreciated. Depreciation is calculated following the straight-line method using the following estimated useful lives:

	Years
Buildings	45
Machinery and equipment	45

The asset´s residual value, useful lives and depreciation methods are reviewed at each reporting period, and adjusted prospectively if appropriate.

An item of property, plant and equipment or a significant component is removed upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.

Work in progress includes expenditures for building, financing costs, and other direct costs accrued during the construction phase. Work in progress is capitalized when completed and depreciation is calculated from the time they are able to be used.

The criteria for capitalizing borrowing costs and other direct expenses are:

To capitalize borrowing costs, the Company identifies the liabilities related to the work and determines the amount of interest to be capitalized according to the average investment held each month as work in progress.

To capitalize the direct staff costs, the Company identifies each of the areas devoted 100 percent to planning, implementation and management, and determines the percentage of time for part-time areas, which is applied to the employee costs in these areas.

(e) Intangible assets

Intangible assets are recorded at cost and are presented net of accumulated amortization. Amortization is recognized as an expense and is determined using the straight-line method based on estimated useful lives of assets, which has been estimated between 5 and 10 years.

The estimate of the useful life is reviewed periodically to ensure that the amortization period is consistent with the expected pattern of future economic benefits from these assets.

(f) Impairment of long-lived assets

At the end of each year end the Company evaluates if there are indicators that an asset could be impaired. If there is an indicates The Company prepares an estimate of the recoverable amount of the asset when events or economic changes occur that indicate that the value of assets may be impaired, or when it is required to perform the annual asset impairment test. The recoverable amount of an asset is the greater of the fair value of the unit cash of production less the costs to sell and its value in use, and it is determined for an individual asset, unless the asset does not generate cash flows in an independent manner. When the book value of an asset exceeds its recoverable value, an asset is considered impaired and it is reduced to its recoverable value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of

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money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. The impairment losses are recognized in the statement of income.

That assessment requires certain estimates and assumptions such as volume of projects, investments, working capital budgets, discount rates, list prices and operating costs.

As of December 31, 2014 and 2013, the Company s Management believes that there is no evidence of operational and / or economic that indicates that the carrying amount of machinery and equipment and intangibles cannot be recovered.

(g) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to make it available for its intended use or sale are capitalized as part of cost of the respective assets. All other borrowing costs are expensed in the period incurred. Borrowing costs include interest and other costs that an entity incurs in connection with the celebration of the respective loan agreements.

(h) Provisions

A provision is recognized when the Company has a present liability (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the liability and the amount of the obligation can be reliably estimated. Provisions are reviewed periodically and adjusted to reflect the best estimate as of the date of the statement of financial position. The expense relating to any provision is shown on the statement of comprehensive income.

If the time value of money is material, provisions are discounted using a pre-tax rate that reflects, when appropriate, the risk specific to the liability. When the discount is made, the increase in the provision due to passage of time is recognized as interest expense in the statement of comprehensive income.

(i) Contingencies

Liabilities are recorded in the financial statements when it is probable that they are confirmed in time and can be reliably measured. Possible contingencies are not recognized in the financial statements. These are disclosed in notes to the financial statements, unless the possibility of an outflow of economic benefits is remote.

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is virtually certain.

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(j) Revenue recognition

The Company recognizes revenue when the amount can be reliably measured, it is probable that economic benefits will flow to the Company and meet specific criteria for each type of income, described below. It is considered that the amount of revenue cannot be reliably measured until all contingencies related to the sale have been resolved. Revenue is recognized as follows:

Sale of energy and power

Revenues from sales of electricity and power delivered and unbilled are recognized as income in the month in which the service is provided based on the reports of the Committee on Economic Operation of COES-SINAC National Grid, which are issued a month after the delivery of energy. Sales of energy from Renewable Energy Resources (RER) include a premium established under the RER contracts (see note 1(b)).

(k) Taxes

Current income tax

Current income tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities, according to the existing rules for determining taxable income. The income tax is calculated based on the Company s financial information.

Deferred income tax

Deferred income tax is recognized using the liability method on temporary differences between the accounting basis and the tax basis at the date of statement of financial position.

Liabilities for deferred income taxes are recognized for all taxable temporary differences, when the opportunity of reversal can be controlled and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the future offset of unused tax credit and tax loss carryforward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforwards of unused tax credits and unused tax losses can be used.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and is reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow the benefit of part or the entire deferred asset to be utilized. Unrecognized deferred assets are re-assessed on each statement of financial position date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax rules that were approved to date end of the period over which it is reported, or whose approval is near to completion at that time.

Deferred tax items are recognized in correlation to the underlying transaction either in the income statement or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities, and when the deferred taxes related to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses and assets are recognized net of the amount of Value Added Tax (VAT), except for the accounts receivable and payable which are already stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of other accounts receivable or payable in the statement of financial position.

3.3 New accounting pronouncements

The Company has decided not to early adopt the following standards and interpretations that were issued by the IASB, but are not effective at December 31, 2014:

IFRS 9, Financial Instruments: classification and measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all phases of project financial instruments and replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for the classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but the comparative information is not mandatory. The early application of the previous versions of IFRS 9 (2009, 2010 and 2013) is allowed if the date of initial application is before February 1, 2015. The adoption of IFRS 9 will have an effect on the classification and measurement financial assets of the Company, but no impact on the classification and measurement of financial liabilities.

IFRS 15, Revenue from contracts with customers

IFRS 15 was issued in May 2014 and established a new five-step model to be applied to revenue from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration that the entity expects to be entitled in exchange for the transfer of goods or services to a customer. The principles of IFRS 15 provide an approach more structured to measurement and revenue recognition. The new standard of income is applicable to all entities and will replace all current requirements for revenue recognition under IFRS. The retrospective application Complete or modified is required for annual periods beginning on or after January 1, 2017, with early adoption permitted.

Amendments to IFRS 11 Joint Arrangements: Accounting for acquisitions of interests

Amendments to IFRS 11 requires that a joint operator post the acquisition of an interest in a joint venture in which the activity of the joint venture is a business, according to IFRS 3. The amendments also clarify that a pre-existing interest in a joint operation is not remeasured in the acquisition of an additional interest in the same joint operation, while the joint control is maintained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including reporting entity under common control of the same main controller.

The changes apply to both the acquisition of the initial stake in a joint operation and the acquisition of any additional interest in such joint operation and are effective prospectively for annual periods beginning on or after January 1, 2016, allowing the adoption Advance.

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Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortization.

The amendments clarify the principle of IAS 16 and IAS 38, that revenues reflect a pattern of economic benefits generated from operating a business (which the asset is part) rather than the economic benefits consumed through use of the asset. As a result, the depreciation method based on income cannot be used to depreciate property, plant and equipment and may only be used in very limited to the amortization of intangibles circumstances. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted.

It is not expected that the above amendments will have a significant impact for the Company.

4. Judgments, estimates and significant accounting assumptions

The preparation of financial statements requires Management to make judgments, accounting estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and disclosure of contingent liabilities at the end of the reporting period under review. These judgments and estimates are based on Management s best knowledge about the relevant facts and circumstances, taking into account previous experience, however, the results may differ from the amounts included on the financial statements. Information about such judgments and estimates is contained in the accounting policies and / or in the notes to the financial statements.

The main areas of uncertainty associated with the estimates and critical judgments made by Management in the preparation of financial statements include:

Estimation of useful life of property, plant and equipment and intangible assets, residual values and impairment, note 3.2(d), 3.2(e) and 3.2(f).

Estimation of income tax, note 3.2(k).

Contingencies, note 3.2(i).

Any differences in the estimates with subsequent actual results are reported in the year in which they occur.

5. Cash and cash equivalents

(a) Following is the composition of this caption:

	2014 S/.	2013 S/.
Current accounts(b)	894,961	817,926
Trust fund account(c)	4,077,928	9,556,435
Overnight deposits(d)		5,452,800
	4,972,889	15,827,161

(b) As of December 31, 2014 and 2013, the Company keeps current bank accounts in local financial entities, denominated in local currency and foreign currency, which are unrestricted and do not bear interest.

(c) As of December 31, 2014 and 2013, this balance corresponds to disbursements received from the syndicated loan the Company has with Banco Internacional del Perú S.A.A., the Corporación Andina de Fomento (CAF) and the Corporación Financiera de Desarrollo S.A.

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(COFIDE), which becomes available according to the execution and advances of construction works of Runatullo II and Runatullo III Hydroelectric Plants. This account is managed by La Fiduciaria S.A. as indicated by the trust agreement. As of the date of this report, this balances were entirely used in the construction of the plants.

(d) As of December 31, 2013, corresponds to overnight deposits for S/.2,100,000 and US$1,200,000 (equivalent to S/.3,352,800), which accrued annual interest rates of 4.1 and 0.05 percent in Nuevos Soles and US Dollars, respectively. Said deposits were entirely cancelled on January 6, 2014.

6. Trade accounts receivable

(a) Following is the composition of this caption:

	2014 S/.	2013 S/.
Trade accounts receivable(b)	1,108,696	
Accrued income for RER auctions(c)	2,430,289	
	3,538,985	

(b) Trade accounts receivable correspond mainly to the estimation performed by Management of accounts receivable from energy delivered but not billed in the month. These accounts receivable are billed on the first days of the following month and are denominated in Nuevos Soles.

As of December 31, 2014 and 2013, the aging of the accounts receivable is mainly comprised by non-past due balances shorter than 30 days.

(c) Corresponds to unbilled sales of energy delivered into the current month. These sales are invoiced within the billing cycle of the following month.

(d) No provision for doubtful accounts as of December 31, 2014 and 2013 was recorded as management assessed that there were no significant risks of default.

7. Other accounts receivable

(a) Following is the composition of this caption:

	2014 S/.	2013 S/.
VAT credit(b)	18,227,326	17,116,010
Cash delivered on accountability	8,660	47,954
Advances to suppliers	6,636	5,529
Other	15,000	
	18,257,622	17,169,493

Maturity:		
Current portion	505,533	5,652,056
Non-current portion	17,752,089	11,517,437
	18,257,622	17,169,493

(b) As of December 31, 2014 and 2013, this caption corresponds mainly to the VAT credit as result of purchases and acquisitions from suppliers for the construction of the Runatullo II and Runatullo III Hydroelectric Plants. Said VAT credit will be applied to the tax payable in the medium-term.

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8. Property, plant and equipment

(a) Following is the movement and composition of the caption at the date of the financial statements:

	Land S/.	Buildings and other constructions S/.	Machinery S/.	Financing cost S/.	Work-in-progress S/.	Total S/.
Cost						
Balance as of January 1, 2013	340,388				36,822,779	37,163,167
Additions(b)	118,271				109,903,309	110,021,580
Interest capitalization(g)					630,721	630,721
Balance as of December 31, 2013	458,659				147,356,809	147,815,468
Additions(b)		63,196,000	23,782,030			86,978,030
Transfers(c)		90,135,634	48,883,926	8,337,249	(147,356,809)	
Interest capitalization				10,909,375		10,909,375
Balance as of December 31, 2014	458,659	153,331,634	72,665,956	19,246,624		245,702,873
Accumulated depreciation						
Balance as of January 1, 2013						
Depreciation for the period						
Balance as of December 31, 2013						
Depreciation for the period, note 15		(125,436)	(72,629)	(17,822)		(215,887)
Balance as of December 31, 2014		(125,436)	(72,629)	(17,822)		(215,887)
Net book value as of December 31, 2014	458,659	140,559,525	72,593,330	19,228,802		245,486,986
Net book value as of December 31, 2013	458,659				147,356,809	147,815,468

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(b) As of December 31, 2014 and 2013, main additions correspond to civil works, electromechanic works and transmission lines that are part of the construction and development of the Runatullo II and Runatullo III Hydroelectric Plants.

(c) During 2014, correspond to the activation of works in progress to each item of property, plant and equipment at the completion of the construction and development of the Runatullo II and III Hydroelectric Plants.

(d) The Company has contracted multi-risk insurance policies that cover in a sufficient manner the entirety of the Runatullo II and Runatullo III Hydroelectric Plants.

(e) As of December 31,2014 and 2013, the Company has granted property as security for financial obligations with Banco Internacional del Peru S.A.A. with a net book value of S/.140,559,525, see note 10.

(f) As of December 31, 2014 and 2013, Management performed an assessment on use and conditions of its property, plant and equipment, and has not found any impairment indicator in such assets. Thus, in its opinion, their book value is recoverable with the future income generated by the Company.

(g) The Company ended the construction of Runatullo III Hydroelectric plant in November 2014 and Runatullo II Hydroelectric plant in December 2014. These constructions are financed by Banco International del Perú S.AA. (see note 10). The amount of borrowing costs capitalized during the year ended December 31, 2014 was S/.10,808,375 (S/.638,721 during year 2013). the rate used to determine the amount of borrowing cost eligible for capitalization was 8.06 percent which is the effective interest rate of specific borrowing.

9. Intangible assets, net

(a) Following is the movement and composition of the caption:

	2014					2013
	Project development S/.	**Concessions, licenses and other S/.**	**Carbon bonds S/.**	**Software S/.**	**Total S/.**	**Total S/.**
Cost						
Balance as of January 1	2,692,595	938,437	520,786	42,608	4,194,426	3,439,971
Additions						754,455
Transfers to property, plant and equipment(b)	(2,692,595)	(938,437)			(3,631,032)	
Disposals			(520,786)		(520,786)	
Balance as of December 31				42,608	42,608	4,194,426
Cumulative amortization						
Balance as of January 1						

Amortization of the period	(17,109)	(17,109)	
Balance as of December 31	(17,109)	(17,109)	
Net book value	25,499	25,499	4,194,426

(b) As of December 31, 2014 and 2013, the main transfers made to the cost of the plants correspond to disbursements related to easement payments and land affectation, among others, with the purpose of developing the construction project of the Runatullo II and Runatullo III Hydroelectric Plants.

(c) As of December 31, 2014 and 2013, Management has determined that there are not any events or economic changes indicating that the value of intangible assets cannot be recoverable.

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10. Loans and borrowings

(a) We show below an analysis of loans and borrowings:

	Annual interest rate	Maturity	Currency	Guarantee	Total 2014 S/.	Total 2013 S/.
Loans						
Banco Internacional del Perú S.A.A.(b)	8.5%	April 2026	US$	Property	48,710,058	29,663,170
Banco Internacional del Perú S.A.A.(b)	8.7%	April 2028	US$	Property	65,138,860	39,667,907
Banco Internacional del Perú S.A.A.(b)	3 month LIBOR + 6%	April 2028	US$	Property	65,138,860	39,667,907
Banco Internacional del Perú S.A.A.(c)	6.8%	April 2015	S/.	Property	1,674,406	4,404,774
Total					180,662,184	113,403,758
Maturities(d)						
Current portion					1,674,406	4,404,774
Non-current portion					178,987,778	108,998,984
Total					180,662,184	113,403,758

In order to comply with the financial obligations above mentioned, the Company constituted a trust fund with La Fiduciaria S.A., see note 1(c).

(b) On April 5, 2013, the Company subscribed a long-term loan contract with Banco Internacional del Perú S.A.A., co-financed by Corporación Andina de Fomento (CAF) and Corporación Financiera de Desarrollo S.A. (COFIDE) for US$62,100,000, which shall finance the construction of the Runatullo II and Runatullo III Hydroelectric Plants.

As of December 31, 2014 and 2013, the Company has received disbursements for US$59,882,182 and US$38,983,900, respectively (equivalent to S/.178,987,778 and S/.108,998,984, respectively).

Additionally, on April 5, 2013, the Company, Banco Internacional del Perú S.A.A., CAF and La Fiduciaria S.A. subscribed to two trust contracts (see note 5(c)). The purpose of the contract is the following:

(i) Administer the trust assets and the trust bank accounts.

(ii) The Trust Equity can be used as payment means of the guaranteed obligations.

(iii) The Trust Equity can be used as guarantee of faithfully and timely compliance of the guaranteed obligations.

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Since June 1, 2015, the Company shall comply with certain financial ratios related to its payment ability of the debt and to its leverage level, in order to assure the compliance of its obligations. The financial ratios required to the Company are presented below:

		Required
Debt service coverage ratio	From June 2015	Higher than 1.25
Total leverage ratio	From December 2015	Lower than 7.5
Total leverage ratio	From June 2016	Lower than 7.0
Total leverage ratio	From December 2016	Lower than 6.5
Total leverage ratio	From June 2017	Lower than 5.5
Total leverage ratio	From December 2018	Lower than 5.0
Total leverage ratio	From June 2019	Lower than 4.0

(c) On November 14, 2013, the Company obtained a short-term revolving loan from Banco Internacional del Perú S.A.A., whose purpose was to finance the construction of the Runatullo II and Runatullo III Hydroelectric Plants. This loan will be cancelled with the resources from the VAT Refund request that the Company will file to the Tax Authority.

(d) As of December 31, 2014 and 2013, the financial obligations have the following maturities:

	2014	2013
Year	**S/.**	**S/.**
2014		4,404,774
2015	1,674,406	
2016	3,275,281	1,953,034
2017	9,993,507	3,887,458
2018	11,394,151	5,175,534
2019 onwards	154,324,839	97,982,958
	180,662,184	113,403,758

(e) Based on the fund flows from the Company s normal commercialization activities, Management estimates it will comply with the service of this obligation within the terms previously established by the financial entities.

11. Trade accounts payable

As of December 31, 2014, corresponds mainly to accounts payable for supervision services and construction progress of the construction of Runatullo II and III Runatullo Hydroelectric Plants.

As of December 31, 2013, corresponds mainly to accounts payable for advisory services on the obtaining of the syndicated loan and to the consultancy on the negotiation of land purchases.

As of December 31, 2014 and 2013, accounts payable are denominated in Nuevos Soles and US Dollars, do not accrue interests and has current maturities. There have not been granted any guarantees on these obligations.

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12. Deferred income tax liability

(a) Following is the composition of this caption:

	Balance as of January 1, 2014 S/.	Expenses S/.	Balance as of December 31, 2014 S/
Difference of in book and tax depreciation rates		320,757	320,757
Amortization of capitalized interest		16,217	16,217
		336,974	336,974

(b) The income tax expenses for the years ended December 31, 2014 and 2013, comprises the following:

	2014 S/.	2013 S/.
Current		
Deferred	336,974	
	336,974	

13. Equity

(a) Share capital

As of December 31, 2014, capital stock is represented by S/.53,475,343 common shares (42,378,973 common shares as of December 31, 2013) fully subscribed and paid-in; whose notional book value is S/.1 per share.

The General Shareholders Meeting held on January 7, 2014 agreed to increase the Company s capital stock by S/.2,225,783 through cash contributions by shareholders (S/.1,558,048 and S/.667,735 from Latin America Power Perú S.A.C. and GCZ Energía S.AC. respectively).

The General Shareholders Meeting held on November 4, 2014 agreed to increase the Company s capital stock by S/.8,870,587 through capitalization of credits for S/.6,209,411 by Latin America Power Perú S.A.C. and cash contributions for S/.2,661,176 by GCZ Energía S.A.C.

The General Shareholders Meeting held on September 12, 2013, agreed to increase the Company s capital stock by S/.731,383 through cash contributions by shareholders.

As of December 31, 2014 and 2013, the shareholding participation is as follows:

Shareholder	Participation %
GCZ Energía S.A.C.	30%
Latin America Power Perú S.A.C.	70%
	100%

(b) Additional capital

The General Shareholders Meeting held on January 7, 2014, agreed to contribute additional capital to the Company by S/.1,558,049 through contributions in cash by the majority shareholder. The General Shareholders Meeting held on November 4, 2014, agreed to contribute additional capital to the

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Company by S/.6,209,413 through capitalization of credits by the majority shareholder. As of today, such increase are pending to be subscribed and inscripted at the Public Registry.

The General Shareholders Meeting held on September 12, 2013, agreed to contribute additional capital to the Company by S/.511,967 through contributions in cash by the majority shareholder.

14. Tax situation

(a) The Company is subject to the Peruvian tax legislation. As of December 31, 2014 and 2013, the statutory Income Tax rate was 30 percent on the taxable income, after deducting the workers profit sharing which is calculated with a 5 percent rate on the taxable income.

Beginning in 2015, in attention to Article 55 of Law No. 30296, the tax rate applicable on the taxable income, after deducting the workers profit sharing, is as follows:

- 2015 and 2016: 28 percent.
- 2017 and 2018: 27 percent.
- 2019 onwards: 26 percent.

Legal persons not domiciled in Peru and natural persons are subject to retention of an additional tax on dividends received. In this regard and in attention to Law No. 30296, the additional tax on dividends for generated income is as follows:

- 4.1 percent of the profits generated until December 31, 2014.
- For the profits generated from 2015 onwards, whose distribution is made after that date, the percentages will be the following:
  - 2015 and 2016: 6.8 percent.
  - 2017 and 2018: 8 percent.
  - 2019 onwards: 9.3 percent.

(b) For the purpose of determining the Income Tax and Value Added Tax (VAT), the transfer pricing agreed for transactions with related entities and with companies domiciled in countries considered tax havens, prices should be supported by documentation containing information on the valuation methods applied and criteria used in its determination. Based in an analysis of the Company s operations, in the opinion of Management and its legal advisors, as consequence of the application of these regulations, there will not arise any material consequences for the Company as of December 31, 2014 and 2013.

(c) The Tax Authority is legally entitled to review and, if necessary, adjust the Income Tax and Value Added Tax (VAT) and VAT computed by the Company during a term of four years following the year in which a tax return was filed. The Company s Income Tax and VAT returns corresponding to the years 2010 to 2014 are open to examination. Given the possible interpretations that the Tax Authority may give to the legislation in effect, up to date it is not possible to determine whether or not any tax examination to be conducted would result in liabilities for the Company; thus any increased tax or surcharge that may arise from possible tax examinations would be applied to the income of the period in which such tax increase or surcharge may be determined. In the opinion of Management and its legal advisors, any eventual additional tax settlement would not be significant for the financial statements as of December 31, 2014 and 2013.

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(d) As of December 31, 2014 and 2013, the Company presents tax losses amounting to S/.13,553,742 and S/.3,304,388 respectively. Management will assess at the closing date of each year the evolution of market conditions and legislation in effect in order to determine whether a deferred income tax asset must be recognized at some moment.

In accordance with the established by the Income Tax Law and its amendments, entities established in Peru are able to opt between the two following methods to carry forward their tax losses:

(i) The tax loss can be offset with future income until its final extinction, by applying said loss until 50 percent of the taxable income; or

(ii) The tax loss can be used up until four years after being generated.

The Company has chosen method (ii).

We show below the composition of the tax loss carryforward for the years 2014 and 2013:

	2014 S/.	2013 S/.
Loss before income tax	(11,151,079)	(2,345,026)
Non-deductible expenses	901,725	8,962
Tax loss of the year	(10,249,354)	(2,366,064)
Tax loss of previous years	(3,304,388)	(968,324)
Tax loss carryforward	(13,553,742)	(3,304,388)

15. Cost of generation

Following is the composition of this caption:

	2014 S/.	2013 S/.
Operating, administrative and maintenance costs, note 19(a)	502,567	
Depreciation, note 8(a)	215,887	
Various management charges	187,319	
Taxes	30,424	
Other	20,111	
	956,308	

16. Administrative expenses

We show below a composition of this caption:

	2014	2013
	S/.	S/.
Other services rendered by third parties	703,531	151,559
Administrative and maintenance services, note 19(a)	575,983	401,052
Advisory and consultancy	133,217	50,429
Other expenses	40,143	25,704
	1,452,874	628,744

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17. Other expenses

In the year 2014, corresponds mainly to expenditures for land damages made during the construction phase assumed by the Company. In the year 2013, this caption corresponds to non-domiciled income taxes that have been assumed by the Company.

18. Contingencies

In the opinion of Management and its legal advisors, there are neither any significant trials nor lawsuits pending resolution against the Company as of December 31, 2014 and 2013.

19. Balances and transactions with related entities

(a) During the years 2014 and 2013, the Company performed the following transactions with related entities:

	2014 S/.	2013 S/.
Services received		
GCZ Servicios S.A.C., notes 15 and 16	1,078,550	401,052
Latin America Power Perú S.A.C.		23,941
GCZ Ingenieros S.A.C. works valuations (d)	6,767,197	9,991,828
Loans received		
Latin America Power Perú S.A.C. (d)	17,934,000	
EGE Junín Tulumayo IV S.A.C	9,500	
EGE Junín Tulumayo V S.A.C	9,500	
Services provided		
EGE Junín Tulumayo IV S.A.C		80,000
Advances to suppliers		
GCZ Ingenieros S.A.C. (c)	60,613	5,795,051

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(b) As consequence of these and other minor transactions, the Company held the following accounts receivable and accounts payable with related entities as of December 31, 2014 and 2013:

	2014 S/.	2013 S/.
Accounts receivable		
Current		
GCZ Ingenieros S.A.C.	32,408	
EGE Junín Tulumayo IV S.A.C.		80,000
	32,408	80,000
Advances to suppliers		
GCZ Ingenieros S.A.C. (c)	60,613	5,795,051
GCZ Desarrollo y Gestión S.A.C.	1,686	
	62,299	5,795,051
Total	94,707	5,875,051
Accounts payable		
GCZ Ingenieros S.A.C. (c)	9,343,919	9,991,288
GCZ Servicios S.A.C.	451,975	
GCZ Construcción S.A.C.	28,930	
GCZ Desarrollo y Gestión S.A.C.	22,231	540
	9,847,055	9,991,828
Loans payable		
Current		
EGE Junín Tulumayo IV S.A.C.	9,500	
EGE Junín Tulumayo V S.A.C.	9,500	
	19,000	
Non-current		
Latin America Power Perú S.A.C. (d)	5,897,369	
	5,916,369	
Total	15,763,424	9,991,828

(c) In June 2012, the Company granted an advance to this related entity for the construction of the Runatullo II and Runatullo III Hydroelectric Plants at the EPC contract commencement date that amounted to US$6,970,460 (equivalent to S/.17,782,737). As of December 31, 2014 and 2013, the balances pending to apply were US$20,278 (equivalent to S/.60,613) and US$2,072,622 (equivalent to S/.5,795,051), respectively.

Additionally, the accounts payable correspond to the valuations performed by the progress of the construction of hydroelectric plants of Runatullo II and III Runatullo. At December 31, 2014 and 2013, balances payable correspond to the thirty valuation of the EPC contract for US$2,264,034 (equivalent to S/.6,767,197) and US$3,573,422 (equivalent to S/.9,991,828), respectively. It also includes billings for the valuations of the EPC contract with the company GCZ Ingenieros SAC by the construction of hydroelectric Runatullo II and III by US$833,803 (equivalent to S/.2,492,236) as of December 31, 2014.

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(d) Corresponds to a subordinated loan from Latin America Power Peru S.A.C. granted in June 20, 2014, for US$6,000,000 (equivalent to S/.16,848,000) with effective interest rate of 15.5 percent, to be repaid with future flows that are credited to the trust account the company. It is worth mentioning that the loan was granted in order to cover costs and pre-operating expenses, commissions, and other construction costs related to the development and implementation of Runatullo II and III Runatullo Hydroelectric Plants. This loan does not have a specific maturity date.

The financial expenses generated by such loans during 2014 amounted to S/.535,909 and is presented under the caption Financial expenses in the statement of comprehensive income.

20. Transactions in foreign currency

Operations in foreign currency are performed at free market exchange rates. As of December 31, 2014 and 2013, the weighted average exchange rates of the free market published by the Superintendence of Banking, Insurance and Private Pension Funds Administrators (SBS) for transactions in U.S. dollars were S/.2.981 (buy) and S/.2.989 (sell) (S/.2.794 (buy) and S/.2.796 (sell), as of December 31, 2013).

As of December 31, 2014 and 2013, the Company held the following assets and liabilities in US dollars:

	2014 US$	2013 US$
Assets		
Cash and cash equivalents	1,623,164	4,778,482
Other accounts receivable	1,754	
Accounts receivable from related parties	20,278	2,072,622
	1,645,196	6,851,104
Liabilities		
Financial obligations	(59,882,182)	(38,983,900)
Trade accounts payable	(155,291)	(4,937)
Accounts payable to related entities	(5,061,592)	(3,518,155)
	(65,099,065)	(42,506,992)
Net liability position	(63,453,869)	(35,695,888)

As of December 31, 2014 and 2013, the Management of the Company has decided to take the risk of this position, so it has not used derivative instruments to cover the exchange rate risk.

During the year 2014, the Company has recorded a net exchange difference loss amounting to S/.11,560,177 (loss of S/.1,589,065 during 2013), which is presented in the Exchange difference, net caption in the statement of comprehensive income.

21. Financial risks management

The activities of the Company expose it to a variety of financial risks, including the effects of variations of exchange rates, credit and liquidity. The risk management program of the Company tries to minimize the potential adverse effects on its financial performance.

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Management is aware of the existing market conditions and based on its knowledge and experience, controls the liquidity risk, exchange rate risk and credit risk by following the policies approved by the Board. The most important aspects in the management of these risks are the following:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument fluctuates due to changes in market prices. Market prices comprise three risk types: interest rate risk, exchange rate risk and commodity prices risk. In the case of the Company, the financial instruments affected by market risk include deposits and financial obligations, which are exposed to exchange rate risk and interest rate risk.

The sensitivity analysis presented in the following section relates to the position as of December 31, 2014 and 2013. The sensitivity analysis has been prepared considering that the proportion of financial instruments in foreign currency remains constant.

(i) Interest rate risk

Interest rate risk is defined as a risk whereby a fair value, or a financial instrument s future cash flow, fluctuates as a result of changes to interest rates in the market. The Company s exposure to market interest rate risk relates principally to long-term financial obligations with variable interest rates.

The Company s policy is to mainly obtain financing at fixed interest rate. The Company´s Management considers that interest rate s risk is not significant due to the interest rates of its financing agreements are not significantly different from the market interest rates of similar financial instruments.

The short-term and long-term debts are agreed at fixed rates, therefore, any change in interest rates will not affect the results of the Company.

(ii) Exchange rate risk

Exchange rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in the exchange rates. The Company s exposure to exchange rates is related mainly to its operating activities.

The following table presents the effects on income before income tax of a reasonable variation in the exchange rate, considering constant the rest of variables, described in note 20:

	Increase (decrease) in basis points	Effect on income before Income Tax S/.
2014	+10 basis points	18,967,678
2014	-10 basis points	(18,967,678)
2013	+10 basis points	9,970,757
2013	-10 basis points	(9,970,757)

Credit risk

Credit risk is the risk that counterparty fails to meet its obligations under a financial instrument or contract, causing a loss. The Company is exposed to credit risk from its operating activities, mainly for its accounts receivable, and its financing activities, including deposits with banks and financial institutions, foreign currency transactions and other financial instruments. Management believes that the Company has

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no credit risk because their main customers have payment periods of 30 days on average, not having had problems meanings collections. The Company places its excess liquidity in prestigious financial institutions, provides conservative credit policies and constantly evaluates existing conditions in the market in which it operates. Accordingly, the Company does not anticipate significant losses arising from this risk.

(a) Credit risk associated with:

(a.1) Trade receivables

The Company assesses concentrations of credit risk related to the trade accounts receivable. The Company performs an assessment over the risk of recoverability of its accounts receivables in order to determine the appropriate allowance for doubtful accounts. The maximum exposure to credit risk at December 31, 2014, is the carrying value of each class of trade accounts receivable, see note 6. As of December 31, 2014, 4 customers represent 72 percent of the trade accounts receivable.

Management of the Company believes that there is no significant credit risk because customers of the Company are renowned in the local market and are regulated.

(a.2) Financial instruments and cash deposits

This risk is managed by the Administration according to corporate policies determined by its Principal, in order to minimize the concentration of risks and therefore mitigate financial loss through counterparty s potential failure to make payments. The Company s maximum exposure to credit risk for the components of the statement of financial position at 31 December 2014 and 2013 is the carrying amount of Cash and cash equivalents .

Liquidity risk

The Company monitors its risk of funds shortage by using a short-term and long-term projected cash flow.

The Company s objective is to keep certain funds continuity and flexibility through an adequate quantity of committed credit sources and the ability to settle transactions, mainly those of indebtedness. The Company has sufficient credit capacity to have access to credit lines from first-level financial entities and under reasonable conditions.

The following table presents the maturities of the obligations contracted by the Company at the date of the statement of financial position and the amounts to disburse at their maturity, based on the non-discounted payments to be made:

	2014			
	Less than 1 year S/.	**Between 1 and 3 years S/.**	**More than 3 years S/.**	**Total S/.**
Loans and Borrowings (including interest)	15,080,022	54,578,759	22,148,539	291,807,320
Trade accounts payable	556,930			556,930
Accounts payable to related entities	9,866,055	5,897,369		15,763,424
Other accounts payable	241,897			241,897
	25,744,904	60,476,128	22,148,539	308,369,571

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	2013			
	Less than 1 year S/.	**Between 1 and 3 years S/.**	**More than 3 years S/.**	**Total S/.**
Loans and Borrowings (including interest)	12,742,157	20,530,752	170,166,525	203,439,434
Trade accounts payable	41,193			41,193
Accounts payable to related entities	9,991,828			9,991,828
	22,775,178	20,530,752	170,166,525	213,472,455

Capital management

The Company actively manages a capital base to cover the risks inherent to its activities. The Company s capital adequacy is monitored by using, among other measurements, the ratios established by Management.

The Company s objectives when managing its capital is a concept broader than the Equity that appears in the statements of financial position and they are: (i) to safeguard the Company s ability to keep on operating so that it continues offering returns to the shareholders in the future; and (ii) to maintain a sound capital base to support the development and growth of its activities.

As of December 31, 2014 and 2013, there have not been any changes in the activities and policies of the Company s capital management.

The Company monitors capital using a gearing ratio, defined as the result of net debt divided by total capital plus net debt. In Management s opinion, gearing ratios as of December 31, 2014 and 2013 are in line with the financial policies of the Company.

	2014 S/.	**2013 S/.**
Financial debt	180,662,184	108,998,984
Gross debt	180,662,184	108,998,984
Total equity	74,815,279	67,439,500
Total equity y gross debt	**255,477,463**	**176,438,484**
Gearing ratio (%)	70.72	61.78

22. Information on fair value of financial instruments

The methodologies and assumptions used by the Company to determine the estimated market values depend on the terms and risk characteristics of the diverse financial instruments and comprise the following:

(i) Assets whose fair value is similar to their book value. For financial assets and liabilities that are liquid or have short-term maturities (shorter than 3 months), it is deemed that their book value is similar to their fair value. This assumption is also applicable to term deposits, savings accounts without specific maturity and financial instruments at variable interest rate. These instruments are classified into Level 1 of the fair value hierarchy.

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(ii) Financial instruments at fixed rate. The fair value of financial assets and liabilities at fixed rate and amortized cost is determined by comparing market interest rates at the moment of their initial recognition with the current market interest rates related to similar financial instruments. These instruments are classified into Level 2 of the fair value hierarchy.

Following is shown a comparison by category of carrying amounts and fair values of financial instruments of the Company presented in the financial statements:

	Book value		Fair value	
	2014	**2013**	**2014**	**2013**
	S/.	**S/.**	**S/.**	**S/.**
Financial liabilities				
Loans and Borrowings:				
Fixed rate loans	180,662,184	108,998,984	209,534,310	133,462,580
Total	180,662,184	108,998,984	209,534,310	133,462,580

On the basis of the criteria described above, Management estimates that there are not significant differences between the book value and the fair value of the Company s financial instruments as of December 31, 2014 and 2013.

23. Subsequent events

Between January 1, 2015, and the issuance date of the present financial statements May 7, 2015, there have not been any significant subsequent events of financial-accounting nature that could affect the interpretation of the present financial statements.

24. Additional explanation for English translation

The accompanying financial statements are presented on the basis of International Financial Reporting Standards. Certain accounting practices applied by the Company, that conform with International Financial Reporting Standards, may differ in certain respects from generally accepted accounting principles in other countries. In the event of any discrepancy, the Spanish-language version prevails.

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Report of independent auditors

To the shareholders of Hidroeléctrica Santa Cruz S.A.C.

We have audited the accompanying financial statements of Hidroeléctrica Santa Cruz S.A.C. (a Peruvian company, subsidiary of Latin America Power Perú S.A.C. and indirect subsidiary of Latin America Power Holding B.V., domiciled in the Netherlands), which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of income, comprehensive income, changes in stockholders equity and cash flows for the years then ended, and the related notes to the financial statements.

Management s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards IFRS, as issued by the International Accounting Standards Board; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States, as issued by American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor s judgment, including the assessment of the risks 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 and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly, in all material respects, the financial position of Hidroeléctrica Santa Cruz S.A.C. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards.

Restatement of 2013 financial statements

As discussed in Note 3.4 to the financial statements, the 2013 financial statements have been restated to correct an error in the deferred income tax, as well as to recognize the effect of unrecorded derivative instruments contracts celebrated in prior years. Our opinion is not modified with respect to this matter.

Lima, Peru

May 7, 2015

Countersigned by:

Carlos Valdivia
C.P.C.C. Register No. 27255

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Hidroeléctrica Santa Cruz S.A.C.

Statements of financial position

As at December 31, 2014 and 2013

	Note	2014 S/.(000)	2013 S/.(000) (Restated, note 3.4)	01.01.2013 S/.(000) (Restated, note 3.4)
Assets				
Current assets				
Cash and cash equivalents	5	1,406	2,980	2,472
Trade accounts receivable	6	2,566	2,475	1,516
Accounts receivable from related parties	21(b)			10
Other accounts receivable	7	3,702	4,732	5,602
Prepaid expenses and other		375	378	1,290
Total current assets		8,049	10,565	10,890
Non-current assets				
Other accounts receivable	7	5,121	5,826	7,884
Property, plant and equipment	8	154,482	156,973	159,506
Intangible assets, net	9	2,280	2,442	2,643
Total non-current assets		161,883	165,241	170,033
Total assets		169,932	175,806	180,923
Liabilities and equity				
Current liabilities				
Loans and borrowings	10	8,263	7,354	5,744
Trade accounts payable		304	52	1,558
Accounts payable to related parties	21(b)	5	146	1,830
Other accounts payable	11	471	339	1,449
Derivate financial instruments	12	8,722	6,378	304
Total current liabilities		17,765	14,269	10,885
Non-current liabilities				
Loans and borrowings	10	112,129	113,983	112,313
Deferred taxes	13	4,469	2,124	2,066
Total non-current liabilities		116,598	116,107	114,379
Total liabilities		134,363	130,376	125,264
Equity	14			
Share capital		31,238	31,238	31,238

Legal reserve	6,248	6,248	6,248
Other reserves	4,198	4,198	4,198
Retained earnings	(6,115)	3,746	13,975
Total equity	35,569	45,430	55,659
Total liability and equity	169,932	175,806	180,923

The accompanying notes are an integral part of this statement.

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Hidroeléctrica Santa Cruz S.A.C.

Statements of comprehensive income

For the years ended December 31, 2014 and 2013

	Note	2014 S/.(000)	2013 S/.(000) (Restated, note 3.4)
Revenue			
Energy sales		23,667	24,456
Power sales		1,474	1,590
Other operating income	9(c)		231
		25,141	26,277
Cost of sales	16	(9,568)	(9,000)
Gross profit		15,573	17,277
Operating expenses			
Administrative expenses	17(a)	(931)	(901)
Other expenses, net	18	(195)	(179)
Operating profit		14,447	16,197
Financial income		12	84
Financial expenses	19	(11,244)	(15,196)
Exchange gains (losses), net	21	(6,355)	(9,033)
Loss before income tax		(3,140)	(7,948)
Income tax	13(b)	(2,345)	(58)
Net loss		(5,485)	(8,006)
Other comprehensive income			
Total comprehensive income of the year		(5,485)	(8,006)

All loss for the year relates to continuing operations

The accompanying notes are an integral part of this statement.

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Hidroeléctrica Santa Cruz S.A.C.

Statements of changes in equity

For the years ended December 31, 2014 and 2013

	Share capital S/.(000)	Legal reserve S/.(000)	Other reserves S/.(000)	Retained earnings S/.(000)	Total S/.(000)
Balances as at January 1, 2013 (restated, note 3.4)	31,238	6,248	4,198	13,975	55,659
Net loss , (restated, note 3.4)				(8,006)	(8,006)
Dividends, note 14(d)				(2,223)	(2,223)
Balances as at December 31, 2013, (restated, note 3.4)	31,238	6,248	4,198	3,746	45,430
Net loss				(5,485)	(5,485)
Dividends, note 14(d)				(4,376)	(4,376)
Balances as at December 31, 2014	31,238	6,248	4,198	(6,115)	35,569

The accompanying notes are an integral part of this statement.

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Hidroeléctrica Santa Cruz S.A.C.

Statements of cash flows

For the years ended December 31, 2014 and 2013

	2014 S/.(000)	2013 S/.(000)
Operating activities		
Collections from customers	25,416	25,328
Payments to suppliers	(5,942)	(9,320)
Payments of taxes, interest and other, net	(7,576)	(14,314)
Net cash flow from operating activities	11,898	1,694
Investing activities		
Restricted funds	(101)	(1,099)
Purchase of property, plant and equipment	(1,230)	(1,121)
Purchase of intangible assets	(58)	(23)
Net cash used in investing activities	(1,389)	(2,243)
Financing activities		
Repayment of borrowings	(7,707)	(28,373)
Dividends paid	(4,376)	(2,223)
Proceeds from borrowings		31,653
Net cash flows from (used in) financing activities	(12,083)	1,057
Net increase (decrease) in cash and cash equivalents for the period	(1,574)	508
Cash and cash equivalents at beginning of year	2,980	2,472
Cash and cash equivalents at year end	1,406	2,980

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Hidroeléctrica Santa Cruz S.A.C.

Notes to the financial statements

As of December 31, 2014 and 2013

1. Identification and business activity

(a) Identification

Hidroeléctrica Santa Cruz S.A.C. (hereafter the Company) is a Peruvian entity incorporated on December 21, 2006, in the city of Lima, subsidiary of Latin America Power Perú S.A.C. (a Subsidiary of Latin America Power Holding B.V., domiciled in the Netherlands), which holds 65.7 percent of the voting shares of the Company s capital stock (a 30.54 percent direct participation, and a 35.16 percent indirect participation through HSC Holding S.A.C.).

(b) Business activity

The Company is dedicated to the generation and sale of electricity it to local private and state-owned companies, as well as to engineering activities, and actions related to its business activity. Its legal domicile is Av. del Pinar N° 152, Oficina N° 508, Santiago de Surco, Lima, Peru.

As of December 31, 2014 and 2013, the Company is developing the Santa Cruz III Hydroelectric Plant, which is located all along the Santa Cruz River (Caraz, department of Áncash). Said plant will have 2.8 MW of generation capacity. Construction started in January 2015 and commercial operations are estimated to start by July 2016.

On January 12, 2012, and February 15, 2012, the Company started the commercial operations of Group 1 and Group 2, respectively, of the Huasahuasi I Hydroelectric Plant, which has 10.0 MW of generation capacity. Said plant is located in the basins of the Huasahuasi and Huacuas rivers, Huasahuasi district, province of Tarma, department of Junín.

On April 18, 2012, and May 5, 2012, the Company started the commercial operations of Group 1 and Group 2, respectively, of the Huasahuasi II Hydroelectric Plant, which has 10.0 MW of generation capacity. Said plant is located in the basins of the Huasahuasi and Huacuas rivers, Huasahuasi district, province of Tarma, department of Junín.

In 2010, the Company started operations of the Santa Cruz II Hydroelectric Plant, has 7.4 MW of generation capacity.

In 2009, the Company started operations of the Santa Cruz I Hydroelectric Plant, which is located on the Santa Cruz River (15 km north of the city of Caraz, department of Áncash), which has 6.0 MW of generation capacity.

In 2008, the Company entered to the Regime of Investment Promotion on Electricity Generation by Using Renewable Energy Resources (hereafter RER), through which the Company supplies the National Interconnected Electric System (SEIN under its Spanish acronym) with the energy generated by its four hydroelectric plants that are currently operating. For this purpose, the Company and the Peruvian government signed RER contracts which have a 20-year period maturity, which establish that, through the mechanism of RER Auctions, the Company receives a fixed fee adjusted for WPS5OP3500 rate (finished goods less food and energy) per megawatt established for each hydroelectric plant.

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(c) Main contracts

(i) Administration, Operation and Maintenance (AOM) Contract for Santa Cruz I Hydroelectric Plant and Santa Cruz II Hydroelectric Plant

On March 1, 2012, the Company and GCZ Servicios S.A.C. subscribed to said contract through which the latter agrees to render the services of administration, operation and minor maintenance to the Santa Cruz I Hydroelectric Plant and Santa Cruz II Hydroelectric Plant. The contract has a 5-year term and is renewable at maturity. On August 15, 2012, an addendum to the AOM contract was signed which amends the amount of services to be rendered, reflecting the addition of new services to the original contract.

During 2014, the Company disbursed S/.1,282,000 (S/.1,127,000 in 2013), which is recorded in the Cost of generation and Administrative expenses captions of the statements of comprehensive income.

(ii) AOM Contract for the Huasahuasi I and II Hydroelectric Plants and associated transmission lines

On March 1, 2012, the Company and GCZ Servicios S.A.C. subscribed to said contract through which the latter agrees to render the services of administration, operation and minor maintenance to the Huasahuasi I and II Hydroelectric Plants. The contract has a 5-year term and is renewable at maturity.

On August 15, 2012, an addendum to the AOM contract was signed which amends the amount of services to be rendered, reflecting the addition of new services to the original contract.

During 2014, the Company disbursed S/.2,000,000 (S/.1,885,000 in 2013), which is recorded in the Cost of generation and Administrative expenses captions of the statements of comprehensive income.

(iv) Trust agreement

On June 15, 2010, the Company and La Fiduciaria S.A. subscribed to said contract with the purpose of constituting a trust of irrevocable designation, for which the Company transferred the trust assets on fiduciary domain to La Fiduciaria. This trust agreement was signed in order to guarantee the financial obligations assumed with Banco Internacional del Perú S.A.A. and BBVA Banco Continental for the construction of the four hydroelectric plants. See note 10.

The purpose of the contract is the following:

(i) Administer the trust assets and the trust bank accounts.

(ii) The Trust Equity can be used as payment means of the guaranteed obligations.

(iii) The Trust Equity can be used as guarantee of faithful and timely compliance of the guaranteed obligations.

On December 20, 2012, it was signed a second addendum to the Trust Agreement through which the parties agree on the modification of the financing installments, the payment schedule and the major maintenance fund and maintenance account.

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(d) Approval of financial statements

The financial statements for the year ended December 31, 2014 and 2013, have been approved and authorized for their issuance by Management and will be submitted to the Board of Directors and the General Shareholders Meeting for their approval within the terms established by law. In Management s opinion, said financial statements will be approved without modification.

2. Operating regulation and legislation that affect the activities of the electricity industry

The main regulations affecting the Company s activities are the following:

(a) Electrical Concessions Law

In Peru, the electricity sector is ruled by the Electrical Concessions Law, Decree-Law N°25844, enacted on November 19, 1992, its Regulation, Supreme Decree N° 009-93-EM, enacted on February 25, 1993, and its amendments and extensions, such as Law N° 28832, Law to Ensure the Efficient Development of Electric Generation .

Pursuant to the Electrical Concessions Act, the electricity sector is divided into three main sub-sectors, each one comprising a different activity: electricity generation, transmission and distribution. In accordance with said act and the Law to Ensure the Efficient Development of Electricity Generation , the operation of power generation plants and transmission systems are subject to the provisions of the Economic Operation Committee of the National Interconnected System (COES-SINAC, by its Spanish acronym), with the purpose of coordinating said operation at a minimum cost, preserving the safety of electric energy supply and the best usage of energy resources, as well as the planning of the SEIN development and the short-term market administration. COES-SINAC determines the pricing of the power and energy transfers between generators.

The main changes introduced by the Law are related to the participation in short-term market of distribution companies and large free customers, including distributors and customers, besides generation companies, as members of COES-SINAC, modifying the structure of this organization. Also, it regulates the procedure for distribution companies to convene biddings to ensure energy supply to the regulated market. This law has also amended the legal framework for the electricity transmission activities.

(b) Promotion of Investment on Electricity Generation Using Renewable Energy

The Legislative Decree N° 1002, published on May 2, 2008 and it s regulation, has the purpose of promoting the use of RER in order to enhance the quality of life of the population and to protect the environment through the investment promotion of electricity generation with the use of RER, which is declared of national interest and public necessity. RER are defined as the biomass as well as the wind, solar, geothermal, tidal and hydraulic energies (the latter solely when the generation capacity is less than 20.0 MW).

Eligible to the provisions of said Legislative Decree are the new operations of companies using RER as primary energy, with previous accreditation before the MEM.

Electricity generation via RER enjoys priority in the daily dispatch performed by COES. The production variable cost for the use of RER shall be zero.

The law and it s regulation introduced an auction scheme for electricity generated with RER.

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The energy required for the auctions shall correspond to the participation of the estimated generation with RER by multiplying the National Consumption of Electricity, as established by the Regulation, by the percentage established by the MEM, in which the national consumption of electricity generated with RER must participate, every five years.

(c) Promotion of Investment on Electricity Generation Using Water Resources and other Renewable Resources

The Legislative Decree N°1058 dated June 27, 2008, established the investment promotional framework of electricity generation with the use of RER, thus encouraging scientific research and technological innovation, as well as the designing of projects that qualify as mechanisms of clean development which upon being granted their registration can be subject to the negotiation of Emission Reductions Certificate (hereafter CER for its Spanish acronym) that can be sold to companies of industrialized countries, which at their turn can account said reductions of greenhouse gases as part of their qualitative goals committed under the Kyoto Protocol.

This regime benefits the electricity generation based on water resources or based on other renewable resources such as wind, solar, geothermal, biomass or tidal, which will be subject to the accelerated depreciation benefit over the Income Tax. Said regime shall be applied to the generation plants that start operations since the entry into force of the aforementioned Legislative Decree. The accelerated depreciation shall be applicable to machinery, equipment and civil works necessary for the installation and operation of the plant, which are acquired and/or built since the entry into force of the Legislative Decree. The rate to be applied is 20 percent as global annual rate.

3. Summary of significant accounting policies and principles

3.1 Basis of preparation and presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (hereinafter IASB).

The accompanying financial statements have been prepared on a historical cost basis, based on the accounting records kept by the Company.

The accounting policies adopted are consistent with policies applied in previous years, except for the new IFRS and revised IAS that are mandatory for periods beginning on or after January 1, 2014, in which the Company has adopted; however, due to the structure of the Company and nature of its operations, the adoption of these standards had no significant effect on its financial position and results of operation; therefore, it has not been necessary to modify the comparative financial statements of the Company. These new IFRS and revised IAS are described below:

IAS 32 Financial Instruments: Presentation Offsetting Financial Assets and Financial Liabilities (Amendment)

Defines the meaning of currently has a legal right to compensation criteria and mechanisms for non-simultaneous solution clearinghouses for entitlement to compensation modification. Additionally, this amendment clarifies that to compensate two or more instruments financial institutions should have a right to compensation that cannot be conditioned on a future event, and should be mandatory the following circumstances: (i) the normal course of business, (ii) in the event of default, and (iii) in the event of insolvency or bankruptcy of the entity or any of the counterparties.

IAS 36 Impairment of Assets (Amendments)
These amendments eliminate the unforeseen consequences of IFRS 13 on the disclosures required by IAS 36. In addition, the amendments also require disclosure of recoverable amounts of the assets or cash-generating units for which an impairment loss is recognized or when reversals have been recognized in the period.

IAS 39 Novation derivatives and continuity of hedge accounting (Amendments)
These amendments provide an exception to discontinue hedge accounting when the novation of a derivative designated as a hedging instrument that meets certain criteria is given.

IFRIC 21 Levies
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity giving rise to the payment, as identified in the relevant legislation, is performed. For levies which are activated by a minimum threshold, the interpretation clarifies that no liability should be anticipated before reaching the minimum threshold specified.

Note 4 includes information about the judgments, significant accounting estimates and assumptions used by Management in the preparation of the accompanying financial statements.

3.2 Summary of significant accounting principles and policies
Significant accounting policies used by Management for the preparation of financial statements are as follow:

(a) Cash and cash equivalents
Cash and cash equivalent presented in the statement of financial position comprises cash balances and current bank accounts and short-team deposits with original maturities less than three months. For purposes of preparing the statement of cash flows, cash and cash equivalent include cash and short-term deposits defined above.

(b) Foreign currency transactions

(i) Functional and presentation currency
The Company s financial statements are presented in thousands of Nuevos Soles (except when otherwise indicated), which is also the Company s functional currency.

(ii) Transactions and balances in foreign currency
The transactions carried out in a currency other than the functional currency are considered as transactions in foreign currency. Transactions in foreign currencies are initially recorded by the Company at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

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(c) Financial Instruments: Initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of International Accounting Standard (IAS) 39, Financial Statements: Recognition and measurement , are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for- sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value and, in the case of assets carried at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time period established by regulation or market convention are recognized on the trade date, which represents the date that the Company commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification. As of December 31, 2014 and 2013, the Company only maintains loans and receivables, as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, for which the entity has no intention of selling indirectly nor in the near future and have no risk other than credit impairment.

After initial recognition, such financial assets are measured at amortized cost using the effective interest rate method (EIR), less any impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is recognized in the statement of comprehensive income as Financial income . Losses resulting from impairment are recognized in the statement of comprehensive income as a provision.

As of December 31, 2014 and 2013, the Company maintains cash and cash equivalent, trade receivables and other receivables in this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the asset have expired.

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Impairment of financial assets

At the end of each period under report, the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired in value. A financial asset or group of financial assets is considered impaired in value only if there is objective evidence that there was a loss in value as a result of one or more events that occurred after the initial recognition of the asset (the event that causes loss), and the event that caused the loss has an impact on the estimated future cash flows generated by the financial asset or group of financial assets, and that impact can be reasonably estimated.

Evidence of impairment may include, among others, evidence that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in payments of debt principal or interest.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists; individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment for a financial asset evaluated individually, regardless of its importance, it includes the asset in a group of financial assets with credit risk characteristics similar, and evaluates them collectively to determine whether impairment exists. Assets that are individually assessed to determine whether impairment exists, and for which an impairment loss is recognized or is still recognized, are not included in the evaluation of impairment collectively.

If there is objective evidence that there has been an impairment loss, the amount of the loss is measured as the difference between the asset s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been produced). The present value of estimated future cash flows discounted at the original effective interest rate of financial assets. If the loan bears a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and accounts payable, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value (in the case of loans and payables carried at amortized cost) plus transaction costs directly attributable.

The Company s financial liabilities include accounts payable, accounts payable to related parties, other accounts payable and financial obligations.

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Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification. As of December 31, 2014 and 2013, the Company only maintains loans and borrowings as follows:

Debt and interest bearing loans

After initial recognition, financial liabilities are measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the amortization process, using the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortization of the effective interest rate is recognized as Finance cost in the statement of comprehensive income.

Derecognition

A financial liability is derecognized when the relevant obligation is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms are substantially modified, such replacement or amendment is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(iv) Fair value of financial instruments

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or liability is measured using the assumptions that market participants would use to rank the asset or liability value, assuming that market participants act in their best economic interest. The fair value measurement of non-financial assets takes into account the ability of a market participant to generate economic benefits through more and better use of the asset or selling it to another market participant that would use the assets in the best possible way.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient information is available to measure fair value, maximizing the use of relevant observable inputs and minimize the use of unobservable inputs.

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All assets and liabilities which are determined or reveal fair values in the financial statements are classified within the fair value hierarchy, described below , based on the lowest level of the data used that are significant to the measurement at fair value as a whole:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for all information or data different to quoted prices within level 1, available, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognized at fair value in the financial statements on a recurring basis, the Company determines whether there have been transfers between levels in the hierarchy by reviewing the categorization at the end of each reporting period.

Management determines the policies and procedures for both recurring fair value measurement. At each reporting date, management analyzes the movements in the values of assets and liabilities which are required to be re-measured or in accordance with the accounting policies of the Company.

For purposes of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks and the level of the fair value hierarchy as explained above.

(d) Derivative financial instruments

Initial recognition and measurement

The Company uses cross currency interest rate swap to manage its exposure to risk associated with fluctuations in exchange rates and interest rates. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

(e) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and / or accumulated impairment losses. The purchase price or construction cost is the total amount paid and the fair value of any other consideration given to acquire the asset. For the significant components of facilities, furniture and equipment that must be replaced periodically, the Company derecognizes the replaced component and recognizes the new component with its respective useful lives and depreciation. Similarly, when a major inspection is performed, its cost is recognized as a replacement to the extent that they meet the recognition requirements. Other repair and maintenance costs are recognized as expenses as incurred.

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Land is not depreciated. Depreciation is calculated following the straight-line method using the following estimated useful lives:

	Years
Buildings	33 to 45
Machinery and equipment	10 to 45
Vehicles	5
Furniture and fixtures	10
Other equipment	4 to 10

Residual values, useful lives and depreciation methods are reviewed at each reporting period, and adjusted prospectively if appropriate.

An item of property, plant and equipment or a significant component is removed upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.

Infrastructure assets are controlled by the Company and so are accounted for under IAS 16 Property, plant and equipment rather than under IFRIC 12 Service concession arrangements.

(f) Intangible assets

Intangible assets are recorded at cost and are presented net of accumulated amortization. Amortization is recognized as an expense and is determined using the straight-line method based on estimated useful lives of assets, which has been estimated between 5 and 10 years.

The estimate of the useful life is reviewed periodically to ensure that the amortization period is consistent with the expected pattern of future economic benefits from these assets.

(g) Leases

The Company recognizes finance leases recording assets and liabilities at the beginning of contracts in the statement of financial position for an amount equal to the fair value of the leased asset or, if lower, the present value of the lease asset. Initial direct costs are considered as part of the asset. Lease payments are apportioned between finance charges and reduction of the lease liability. Finance charges are allocated over the term of the lease liability to generate interest expense on the balance of the liability for each period and are recognize as financial expenses in the statement of comprehensive income.

The lease generates depreciation expense for the asset as well as interest expense for each accounting period. The depreciation policy for leased assets is consistent with the policy for other depreciable assets owned by the Company.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased benefits are classified as operating leases. Operating lease payments are recognized as expenses in the statement of comprehensive income based on the straight-line method over the term of the contract.

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(h) Impairment of long-lived assets

The Company reviews and evaluates the impairment of long-lived assets when events or economic changes indicate that the book value may not be recovered. An impairment loss is the amount by which the book value of long-lived assets exceeds the net selling price or value in use, whichever is higher. The net selling price is the amount that may be obtained in the sale of an asset in a free market, while the value in use of an asset is the present value of estimated future flows expected to be obtained from the continuous use of an asset and its disposal at the end of its useful life. An impairment loss recognized in prior years is reversed if a change occurs in the estimates that were used last time in which such loss was recognized.

(i) Provisions

A provision is recognized when the Company has a present liability (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the liability and the amount of the obligation can be reliably estimated. Provisions are reviewed periodically and adjusted to reflect the best estimate as of the date of the statement of financial position. The expense relating to any provision is shown on the statement of comprehensive income. If the time value of money is material, provisions are discounted using a pre-tax rate that reflects, when appropriate, the risk specific to the liability. When the discount is made, the increase in the provision due to passage of time is recognized as interest expense in the statement of comprehensive income.

(j) Contingencies

Contingent liabilities are recorded on the financial statements when it is probable that they are confirmed in time and can be reliably measured. Possible contingencies are not recognized in the financial statements. These are disclosed in notes to the financial statements, unless the possibility of an outflow of economic benefits is remote.

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

(k) Revenue recognition

The Company recognizes revenue when the amount can be reliably measured, it is probable that economic benefits will flow to the Company and meet specific criteria for each type of income, described below. It is considered that the amount of revenue cannot be reliably measured until all contingencies related to the sale have been resolved. Revenue is recognized as follows:

Sale of energy and power

Revenues from sales of electricity and power delivered unbilled are recognized as income in the month in which the service is provided based on the reports of the Committee on Economic Operation of COES-SINAC National Grid, which are issued a month after the delivery of energy. Sales of energy from Renewable Energy Resources (RER) include a premium established under the RER contracts (see note 1(b)).

(l) Taxes

Current income tax

Current income tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities, according to the existing rules for determining taxable income. The income tax is calculated based on the Company s financial information.

Deferred income tax

Deferred income tax is recognized using the liability method on temporary differences between the accounting basis and the tax basis at the date of statement of financial position.

Liabilities for deferred income taxes are recognized for all taxable temporary differences, when the opportunity of reversal can be controlled and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the future offset of unused tax credit and tax loss carryforward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforwards of unused tax credits and unused tax losses can be used.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and is reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow the benefit of part or the entire deferred asset to be utilized. Unrecognized deferred assets are re-assessed on each statement of financial position date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax rules that were approved to date end of the period over which it is reported, or whose approval is near to completion at that time.

Deferred tax items are recognized in correlation to the underlying transaction either in the income statement or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities, and when the deferred taxes related to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses and assets are recognized net of the amount of Value Added Tax, except:

- When the Value Added Tax (VAT) incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the item of expenditure, as appropriate;

- Accounts receivable and payable are already stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of other accounts receivable or payable in the statement of financial position.

3.3 New accounting pronouncements

The Company has decided not to early adopt the following standards and interpretations that were issued by the IASB, but are not effective at December 31, 2014:

IFRS 9, Financial Instruments: classification and measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all phases of project financial instruments and replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new

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requirements for the classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but the comparative information is not mandatory. The early application of the previous versions of IFRS 9 (2009, 2010 and 2013) is allowed if the date of initial application is before February 1, 2015. The adoption of IFRS 9 will have an effect on the classification and measurement financial assets of the Company, but no impact on the classification and measurement of financial liabilities.

IFRS 15, Revenue from contracts with customers

IFRS 15 was issued in May 2014 and established a new five-step model to be applied to revenue from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration that the entity expects to be entitled in exchange for the transfer of goods or services to a customer. The principles of IFRS 15 provide an approach more structured to measurement and revenue recognition. The new standard of income is applicable to all entities and will replace all current requirements for revenue recognition under IFRS. The retrospective application Complete or modified is required for annual periods beginning on or after January 1, 2017, with early adoption permitted.

Amendments to IFRS 11 Joint Arrangements: Accounting for acquisitions of interests

Amendments to IFRS 11 requires that a joint operator post the acquisition of an interest in a joint venture in which the activity of the joint venture is a business, according to IFRS 3. The amendments also clarify that a pre-existing interest in a joint operation is not remeasured in the acquisition of an additional interest in the same joint operation, while the joint control is maintained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including reporting entity under common control of the same main controller.

The changes apply to both the acquisition of the initial stake in a joint operation and the acquisition of any additional interest in such joint operation and are effective prospectively for annual periods beginning on or after January 1, 2016, allowing the adoption Advance.

It is not expected that these amendments will have an impact for the Company, since the Company does not have joint arrangements.

Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortization.

The amendments clarify the principle of IAS 16 and IAS 38, that revenues reflect a pattern of economic benefits generated from operating a business (which the asset is part) rather than the economic benefits consumed through use of the asset. As a result, the depreciation method based on income cannot be used to depreciate property, plant and equipment and may only be used in very limited to the amortization of intangibles circumstances. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted.

It is not expected that these amendments will have an impact for the Company, since the Company has not used a method based on income to depreciate its non-current assets.

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3.4 Restatement of 2013 financial statements of previous years

During 2014 management identified the following adjustments as of and for the year ended December 31, 2013:

(i) Error in the deferred income tax recognized as of December 31, 2013, relating to the non-recognition of a deferred income tax liability of S/.2,987,000 arising from a temporary difference between the financial and tax basis of property, plant and equipment.

(ii) Cross currency interest rate swaps not accounted as derivatives at pair value in previous years, which represent an account payable of S/.6,378,000 and S/.304,000 as of December 31, 2013 and January 1, 2013, respectively.

Consequently, the Company has restated the 2013 comparative information to adjust for such amounts. The impacts of such adjustments are shown in the reconciliations of the statement of financial position as of December 31, 2013 and the Income statement for the year ended December 31, 2013, presented below.

The Company has also presented a restated statement of financial position as of January 1, 2013.

In addition, the Company reclassified the balance of insurance paid in advance amounting to S/.1,145,000, offsetting it with the corresponding amount included in insurance payables within the Other payables balance, for comparability purposes with the presentation reflected in the statement of financial position as of December 31, 2013. Such reclassification is also presented in the reconciliations below.

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Reconciliation of statement of financial position as of January 1, 2013:

	Balances according to originally issued financial statements 01.01.2013 S/.(000)	**Adjustments S/.(000)**	**Reclassifications S/.(000)**	**Restated balances at 01.01.2013 S/.(000)**
Statement of financial position				
Assets				
Current assets				
Cash and Cash equivalents	2,472			2,472
Trade accounts receivable	1,516			1,516
Accounts receivable from related parties	10			10
Other accounts receivable	5,602			5,602
Prepaid expenses	1,290			1,290
Total current assets	10,890			10,890
Non-current assets				
Other accounts receivable	7,884			5,826
Property, plant and equipment	159,506			156,973
Intangible assets, net	2,643			2,442
Total non-current assets	170,033			170,033
Total assets	180,923			180,923
Liabilities and equity				
Loans and borrowings	5,744			5,744
Trade accounts payable	1,558			1,558
Accounts payable to related parties	1,830			1,830
Other accounts payable	1,449			1,449
Derivative financial instruments		304		304
Total current liability	10,581	304		10,885
Loans and borrowings	112,313			112,313
Deferred tax liability	2,066			2,066
Total non-current liabilities	114,379			114,379
Total liabilities	124,960	304		125,264
Equity				
Share capital	31,238			31,238
Legal reserve	6,248			6,248
Other reserves	4,198			4,198
Retained earnings	14,279	(304)		13,975
Total equity	55,963	(304)		55,659

Total liabilities and equity	180,923	180,923

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Reconciliation of statement of financial position as of December 31, 2013:

	Balances according to originally issued financial statements 31.12.2013 S/.(000)	Adjusments S/.(000)	Reclasifications S/.(000)	Restated balances at 31.12.2013 S/.(000)
Statement of financial position				
Assets				
Current assets				
Cash and Cash equivalents	2,980			2,980
Trade accounts receivable	2,475			2,475
Inventories	92			92
Other accounts receivable	4,732			4,732
Prepaid expenses	1,431		(1,145)	286
Total current assets	11,710		(1,145)	10,565
Non-current assets				
Other accounts receivable	5,826			5,826
Property, plant and equipment	156,973			156,973
Intangible assets, net	2,442			2,442
Deferred income tax assets (i)	863	(863)		
Total non-current assets	166,104	(863)	(1,145)	165,241
Total assets	177,814	(863)	(1,145)	175,806
Liabilities and equity				
Loan and borrowings	7,354			7,354
Trade accounts payable	52			52
Accounts payable to related parties	146			146
Other accounts payable	1,484		(1,145)	339
Derivative financial instruments		6,378		6,378
Total current liability	**9,036**	**6,378**	**(1,145)**	**14,269**
Loan and borrowings	113,983			113,983
Deferred income tax liability (i)		2,124		2,124
Total non-current liabilities	113,983	2,124		116,107
Total liabilities	123,019	8,502	(1,145)	130,376
Equity				
Share capital	31,238			31,238
Legal reserve	6,248			6,248
Other reserves	4,198			4,198
Retained earnings	13,111	(9,365)		3,746

Total equity	54,795	(9,365)		51,808
Total liabilities and equity	177,814	(863)	(1,145)	175,806

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Reconciliation of income statement for the year ended December 31, 2013:

	Balances according to originally issued financial statements 31.12.2013 S/.(000)	Adjusments S/.(000)	Reclasifications S/.(000)	Restated balances at 31.12.2013 S/.(000)
Statement of comprehensive income				
Energy Sales	24,456			24,456
Power Sales	1,590			1,590
Other operating income	231			231
Other third income				
	26,277			26,277
Cost of sales	(9,000)			(9,000)
Gross profit	17,277			17,277
Operating Expenses				
Administrative expenses	(901)			(901)
Other expenses, net	(179)			(179)
Operating profit	16,197			16,197
Financial income	84			84
Financial expenses	(9,122)	(6,074)		(15,196)
Exchange gains (losses), net	(9,033)			(9,033)
Loss before income tax	(1,874)	(6,074)		(7,948)
Income tax (i)	2,929	(2,987)		(58)
Net loss	1,055	(9,061)		(8,006)

4. Judgments, estimates and significant accounting assumptions

The preparation of financial statements requires Management to make judgments, accounting estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and disclosure of contingent liabilities at the end of the reporting period under review. These judgments and estimates are based on Management s best knowledge about the relevant facts and circumstances, taking into account previous experience, however, the results may differ from the amounts included on the financial statements. Information about such judgments and estimates is contained in the accounting policies and / or in the notes to the financial statements.

The main areas of uncertainty associated with the estimates and critical judgments made by Management in the preparation of financial statements include:

Estimation of useful life of property, plant and equipment and intangible assets, residual values and impairment, notes 3.2(e), 3.2(f) and 3.2(h).

Estimation of income tax, notes 3.2(l).

Contingencies, notes 3.2(j).
Any differences in the estimates with subsequent actual results are reported in the year in which they occur.

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5. Cash and cash equivalents

(a) Following is the composition of this caption:

	2014 S/.(000)	2013 S/.(000)
Current accounts(b)	625	2,303
Trust fund account(c)	781	677
	1,406	2,980

(b) As of December 31, 2014 and 2013, the Company keeps current bank accounts in local financial entities, denominated in local currency and foreign currency, are unrestricted and do not bear interest.

(c) Correspond to the collections bank account which include collections from customers of the Company which are deposited in a bank account in local and foreign currency in a local financial entity, according to the Trust Agreement subscribed with La Fiduciaria (note 1(c)). These balances are freely available.

6. Trade accounts receivable

(a) Following is the composition of this caption:

	2014 S/.(000)	2013 S/.(000)
Trade accounts receivable(b)	2,084	2,303
Accrued income for RER auctions(c)	482	172
	2,566	2,475

(b) Trade accounts receivable correspond mainly to the estimation performed by Management of accounts receivable from energy delivered but not billed in the month. These accounts receivable are billed on the first days of the following month and are denominated in Nuevos Soles.

As of December 31, 2014 and 2013, the aging of the balance of accounts receivable is mainly comprised by non-past due balances shorter than 30 days.

(c) Corresponds to unbilled sales of energy delivered into the current month. These sales are invoiced within the billing cycle of the following month.

(d) No provision for doubtful accounts as of December 31, 2014 and 2013 was recorded as management assessed that there were no significant risks of default.

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7. Other accounts receivable

(a) Following is the composition of this caption:

	2014 S/.(000)	2013 S/.(000)
VAT credit(b)	5,820	7,884
Restricted funds(c)	1,608	1,507
Advance payment of Income Tax	640	1,016
Other accounts receivable	755	151
	8,823	10,558
Maturities:		
Current portion	3,702	4,732
Non-current portion	5,121	5,826
	8,823	10,558

(b) During 2014 and 2013, the VAT credit was generated by purchases and acquisitions from suppliers for the development of electricity generation activities, which will be recovered in the medium term.

(c) Corresponds to the fiduciary reserve deposits made as result of the loan with Banco Internacional del Perú S.A.A., note 10(a). As of December 31, 2014 and 2013. The deposits are equivalent to two installments of the aforementioned loan, according to the maturity schedule.

8. Property, plant and equipment

(a) Following is the movement and composition of the caption at the date of the financial statements:

	Land S/.(000)	Buildings and other constructions S/.(000)	Machinery and equipment S/.(000)	Transport units S/.(000)	Miscellaneous equipment S/.(000)	In-transit units S/.(000)	Work-in-progress S/.(000)	Total S/.(000)
Cost								
Balance as of January 1, 2013	1,481	90,350	71,360	70	161	662		164,084
Additions(b)	10	85	36		44	314	632	1,121
Transfers(c)		407			272	(343)	(336)	
Disposals						(10)		(10)
Balance as of December 31, 2014	1,491	90,842	71,396	70	477	623	296	165,195
Additions(b)		229			6	262	733	1,230

Transfers(c)		334					(334)	
Disposals								
Balance as of December 31, 2014	1,491	91,405	71,396	70	482	885	917	166,425

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	Land S/.(000)	Buildings and other constructions S/.(000)	Machinery and equipment S/.(000)	Transport units S/.(000)	Miscellaneous equipment S/.(000)	In-transit units S/.(000)	Work-in-progress S/.(000)	Total S/.(000)
Accumulated depreciation								
Balance as of January 1, 2013		1,962	2,556	41	19			4,578
Depreciation for the period (e)		2,016	1,584	13	31			3,644
Balance as of December 31, 2014		3,978	4,140	54	50			8,222
Depreciation for the period (e)		2,049	1,592	13	67			3,721
Balance as of December 31, 2014		6,027	5,732	67	117			11,943
Net book value as of December 31, 2014	1,491	85,378	65,664	3	366	885	695	154,482
Net book value as of December 31, 2013	1,491	86,864	67,256	16	427	623	296	156,973

(b) As of December 31, 2014 and 2013, main additions correspond mainly to complementary civil works performed at the Huasahuasi I and II Hydroelectric Plants.

(c) During 2014, it corresponds to activation of Civil Works (Slope Stabilization) in Hydroelectric Plant Huasahuasi II.

(d) The caption Property, plant and equipment includes assets acquired through finance lease contracts. The Company acquired machinery and equipment, and financed the construction of the Santa Cruz I and II Hydroelectric Plants, and Huasahuasi I and II Hydroelectric Plants under said modality. The cost and corresponding, accumulated depreciation of these assets is comprised as follows:

	As of December 31, 2014			As of December 31, 2013		
	Cost S/.(000)	Depreciation S/.(000)	Book value S/.(000)	Cost S/.(000)	Depreciation S/.(000)	Book value S/.(000)
Buildings and other constructions	19,693	2,154	17,539	19,693	1,716	17,977
Machinery and equipment	32,320	3,561	28,759	32,320	2,843	29,477
	52,013	5,715	46,298	52,013	4,559	47,454

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(e) The depreciation expense of the period has been recorded in the following captions of the statements of comprehensive income:

	2014 S/.(000)	2013 S/.(000)
Cost of generation, note 76	3,721	3,637
Administrative expenses, note 77(a)		7
	3,721	3,644

(f) The Company has contracted multi-risk insurance policies that cover in a sufficient manner the entirety of the Santa Cruz I and II Hydroelectric Plants and the Huasahuasi II and II Hydroelectric Plants, (note 11(c)).

(g) As of December 31, 2014 and 2013, Management performed an assessment on use and conditions of its property, plant and equipment, and has not found any impairment indicator in such assets. Thus, in its opinion, their book value is recoverable with the future income generated by the Company.

9. Intangible assets, net

(a) Following is the movement and composition of this caption:

	Project development(b) S/.(000)	Concessions, licenses and other S/.(000)	Certified Emission Reductions(c) S/.(000)	Software S/.(000)	2014 Total S/.(000)	2013 Total S/.(000)
Cost						
Balance as of January 1	2,482	231	12	43	2,768	2,760
Additions				58	58	23
Disposals and/or adjustments			(11)		(11)	(15)
Balance as of December 31	2,482	231	1	101	2,815	2,768
Cumulative amortization						
Balance as of January 1	317			9	326	117
Amortization of the period, notes 76 and 77(a)	200			9	209	209
Balance as of December 31	517			18	535	326
Net book value	1,965	231	1	83	2,280	2,442

(b) As of December 31, 2014 and 2013, it corresponds to disbursements related to the development of the project and definitive concessions, among others, related to the development of the Huasahuasi I and II Hydroelectric Plants and the project of the Santa

Cruz III Hydroelectric Plant.

(c) As of December 31, 2014 and 2013, the balance of this caption corresponds to the estimation of 9,314 and 53,306 Certified Emission Reduction generated by the production at the Santa Cruz I and II Hydroelectric Plants, respectively.

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During April 2013, the Company sold 43,992 CERs for EUR 67,000 (equivalent to S/.231,000) at a net cost of EUR 5,000 (equivalent to S/.17,000), to the German agency KfW, which performs the purchase of carbon bonds globally. Revenues from this operation are presented in the statements of comprehensive income in the caption Other operating income , note 78.

(d) In Management s opinion, there are not any events or economic changes indicating an impairment of intangible assets as of December 31, 2014 and 2013.

10. Loans and borrowings

(a) We show below an analysis of loans and borrowings:

						Total	
		Currency	Guarantee	Fixed annual interest rate	Maturities	2014 S/.(000)	2013 S/.(000)
Loans							
Banco Internacional del Perú S.A.A.(b)		US$	Property	7.30%	November 2022	75,862	74,657
						75,862	74,657
Finance leases							
BBVA Banco Continental(c)	Leasing	S/.	Equipment	7.35%	June 2019	6,414	7,119
BBVA Banco Continental(c)	Leasing	S/.	Property	7.35%	June 2019	3,476	3,858
BBVA Banco Continental(d)	Leasing	US$	Property	7.00%	February 2023	7,493	7,495
BBVA Banco Continental(e)	Leaseback	S/.	Equipment	7.20%	March 2023	13,737	14,639
BBVA Banco Continental(e)	Leaseback	S/.	Property	7.20%	April 2023	2,718	2,892
BBVA Banco Continental(f)	Leaseback	US$	Equipment	6.90%	March 2023	6,776	6,776
BBVA Banco Continental(f)	Leaseback	US$	Property	6.90%	April 2023	3,916	3,901
						44,530	46,680
Total						120,392	121,337
Maturities(g)							
Current portion						8,263	7,354
Non-current portion						112,129	113,983
Total						120,392	121,337

In order to comply with the financial obligations above mentioned, the Company constituted a trust fund with La Fiduciaria. See note 1(c)

(b) Corresponds to the commercial loan for US$28,000,000 (equivalent to S/.83,692,000) that was used for the construction and to start commercial operations of the Huasahuasi I and II Hydroelectric Plants, that was granted between 2010 and 2012.

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(c) Corresponds to two finance lease contracts that were used for the supply, installation, assembly and starting of commercial operations of the electromechanical equipment, and for the civil works of the Santa Cruz I Hydroelectric Plant with a capital financed for S/.15,888,000 that were subscribed during 2007.

(d) Corresponds to the leaseback contract to finance the construction, equipment and start of operations of the Santa Cruz II Hydroelectric Plant with a capital financed for US$2,671,000 (equivalent to S/.6,814,000).

During March 2013, a refinancing of the contract was made, considering a financed capital of US$2,804,000 (equivalent to S/.7,840,000).

(e) Corresponds to two leaseback contracts subscribed on March 15 and April 9, 2013, for the acquisition of furniture, equipment and land at the Santa Cruz II Hydroelectric Plant, for S/.15,295,000 and S/.3,009,000, respectively.

(f) Corresponds to two leaseback contracts subscribed on March 26 and April 8, 2013, for the acquisition of machinery, equipment and land at the Santa Cruz I Hydroelectric Plant, for US$2,535,000 (equivalent to S/.7,088,000) and US$1,451,000 (equivalent to S/.4,057,000), respectively.

(g) The minimum future payments for finance leases as of December 31, 2014 and 2013, were as follows:

		2014		**2013**
	Minimum payments S/.(000)	**Present value of payments S/.(000)**	**Minimum payments S/.(000)**	**Present value of payments S/.(000)**
Up to 1 year	6,766	3,794	6,601	3,457
Between 1 and 3 years	20,464	13,098	13,202	7,678
Between 3 and 5 years	14,098	11,348	13,202	8,824
More than 5 years	18,137	16,290	31,332	26,721
Total payments	59,330	44,530	64,337	46,680
Minus interests payable	(14,935)		(17,657)	
Total	44,530	44,530	46,680	46,680

(h) As of December 31, 2014 and 2013, loans and borrowings have the following maturities:

Year	**2014 S/.(000)**	**2013 S/.(000)**
2014		7,354
2015	8,263	7,887
2016	8,861	8,457
2017	9,505	9,072
2018	10,194	10,178
2019 onwards	83,569	78,389
	120,392	121,337

(i) The financial expenses generated by bank loans and financial leasings during 2014 amount to S/.8,768,000 (S/.8,544,000 during 2013); see note 79.

11. Other accounts payable

(a) Following is the composition of this caption:

	2014 S/.(000)	2013 S/.(000)
Miscellaneous provisions(b)	304	1,301
Insurances payable(c)	148	178
Other minor	19	5
	471	1,484

(b) As of December 31, 2014 and 2013, correspond mainly to provisions for social expenses and current maintenance expenses incurred by the Company.

(c) As of December 31, 2014 and 2013, correspond to multi-risk insurance policies that were contracted with Rímac Internacional Compañía de Seguros y Reaseguros S.A. for the Santa Cruz I and II Hydroelectric Plants and Huasahuasi I and II Hydroelectric Plants for US$574,968 (equivalent to S/.1,718,579) and US$465,000 (equivalent to S/.1,301,000), respectively.

12. Derivative financial instruments

As of December 31, 2014 and 2013, the Company has contracted cross currency interest swaps with BBVA Banco Continental in order to manage the interest rate risk. The detail of such instruments is as follows:

			Nominal amount			Fair value	
Description	Beginning date	Maturity date	US$(000)	S/.(000)	Exchange rate	2014 S/.(000)	2013 S/.(000) (Restated, note 3.4)
Swap agreement BBVA Banco Continental	26/10/2010	30/07/2019	6,060	16,878	2.785	2,249	1,526
Swap agreement BBVA Banco Continental	15/03/2013	15/03/2023	6,982	18,048	2.585	5,380	4,026
Swap agreement BBVA Banco Continental	09/04/2013	10/04/2023	1,383	3,551	2.567	1,093	826
Total			14,425	38,477		8,722	6,378

Effects of the accounting of derivative financial instruments held by the Company are presented in the Financial expenses caption of the statements of comprehensive income, see note 19.

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13. Deferred income tax

(a) The movement of the components of this caption during the years 2014 and 2013 is as follows:

	Balance as of January 1, 2013 S/.(000)	Income (expenses) restated (Note 3.4) S/.(000)	Balance as of December 31, 2013, restated (Note 3.4) S/.(000)	Income (expenses) S/.(000)	Balance as of December 31, 2014 S/.(000)
Deferred assets					
Tax loss carryforward	4,103	(2,149)	1,954	(183)	1,771
Exchange difference loss considered for tax purposes as cost of plant and equipment		2,417	2,417	(387)	2,030
	4,103	268	4,371	(570)	3,801
Deferred liabilities					
Difference from book and tax depreciation rates	4,809	1,194	6,003	1,676	7,679
Amortization of capitalized interest		492	492	99	591
Exchange difference gain considered for tax purposes as cost of the fixed assets of the structural loan	876	(876)			
Exchange difference capitalized in plant and equipment acquired under financial leasing	484	(484)			
	6,169	326	6,495	1,775	8,270
Deferred liability, net	(2,066)	(58)	(2,124)	(2,345)	(4,469)

(b) The income tax expenses for the years ended December 31, 2014 and 2013, comprises the following:

	2014 S/.(000)	2013 S/.(000)
Current		
Deferred	2,345	58
	2,345	58

14. Equity

(a) Share capital

As of December 31, 2014 and 2013, the Company s capital stock is represented by 31,238,030 common shares fully subscribed and paid-in; whose notional book value is S/.1 per share.

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As of December 31, 2014 and 2013, the shareholding participation is as follows:

Shareholder	Participation percentage %
GCZ Energía S.A.C.	15.00
Manuel Montori Alfaro	19.30
Latin America Power Perú S.A.C.	30.54
HSC Holding S.A.C.	35.16
	100.00

(b) Legal reserve

Pursuant to the General Act of Corporations, it is required that a minimum of 10 percent of the distributable income of each period be transferred to a legal reserve up until it equals 20 percent of the capital stock. The legal reserve can offset losses or be capitalized, existing in both cases the mandate of replenish it. The Company records the appropriation of the legal reserve when it is approved by the General Shareholders Meeting.

(c) Other reserves

The Shareholders made statutory reserves and capital premiums as part of the development process of the construction project of the Santa Cruz I and II Hydroelectric Plants and Huasahuasi I and II Hydroelectric Plants.

(d) Retained earnings

During 2014, the Annual Shareholders Meetings agreed the distribution of dividends for the year 2013, which were approved in the following meetings:

Agreement date for the Annual Shareholders Meetings	Agreed amount	Total amount S/.
January 6, 2014	S/.983,000	983,000
April 24, 2014	US$ 400,000	1,122,000
July 9, 2014	US$ 400,000	1,114,000
October 3, 2014	US$ 400,000	1,157,000
		4,376,000

These dividends were entirely paid by the Company in January, April, July and October, 2014.

The Annual Shareholders Meetings held on June 21, 2013 and September 13, 2013, agreed on the distribution of dividends of the year 2012 for S/.1, 113,000 and S/.1, 110,000, respectively. These dividends were entirely paid by the Company in July and September 2013.

15. Tax situation

(a) The Company is subject to the Peruvian tax legislation. As of December 31, 2014 and 2013, the statutory Income Tax rate was 30 percent on the taxable income, after deducting the workers profit sharing which is calculated with a 5 percent rate on the taxable income.

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Beginning in 2015, in attention to Article 55 of Law No. 30296, the tax rate applicable on the taxable income, after deducting the workers profit sharing, is as follows:

- 2015 and 2016: 28 percent.
- 2017 and 2018: 27 percent.
- 2019 onwards: 26 percent.

Legal persons not domiciled in Peru and natural persons are subject to retention of an additional tax on dividends received. In this regard and in attention to Law No. 30296, the additional tax on dividends for income generated is as follows:

- 4.1 percent of the profits generated until December 31, 2014.
- For the profits generated from 2015 onwards, whose distribution is made after that date, the percentages will be the following:
  - 2015 and 2016: 6.8 percent.
  - 2017 and 2018: 8 percent.
  - 2019 onwards: 9.3 percent.

(b) For the purpose of determining the Income Tax and Value Added Tax (VAT), the transfer pricing agreed for transactions with related entities and with companies domiciled in low or zero tax countries must be supported by documentation containing information on the valuation methods applied and criteria used in the determination of such prices. On the basis of the analysis of the Company s operations, in the opinion of Management and its legal advisors, as consequence of the application of these regulations, there will not arise any material consequences for the Company as of December 31, 2014 and 2013.

(c) The Tax Authority is legally entitled to review and, if necessary, adjust the Income Tax computed by the Company during a term of four years following the year in which a tax return was filed. The Company s Income Tax and VAT returns corresponding to the years 2010 to 2014 are open to examination. Given the possible interpretations that the Tax Authority may give to the legislation in effect, up to date it is not possible to determine whether or not any tax examination to be conducted would result in liabilities for the Company; thus, any increased tax or surcharge that may arise from possible tax examinations would be applied to the income of the period in which such tax increase or surcharge may be determined. In the opinion of Management and its legal advisors, any eventual additional tax settlement would not be significant for the financial statements as of December 31, 2014 and 2013.

(d) As of December 31, 2014 and 2013, the Company presents tax losses amounting to S/.24,145,000 and S/.14,056,000, respectively. Management will assess at the closing date of each year the evolution of market conditions and legislation in effect in order to determine whether said asset must be recognized at some moment.

In accordance with the established by the Income Tax Act and its amendments, entities established in Peru are able to opt between the two following methods to carry forward their tax losses:

(i) The tax loss can be offset with future income until its final extinction, by applying said loss until 50 percent of the taxable income; or

(ii) The tax loss can be used up until four years after being generated.

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The Company has chosen method (ii).

We show below the composition of the tax loss carryforward for de years 2014 and 2013:

	2014 S/.(000)	2013 S/.(000)
Loss before income tax	(796)	(1,874)
Non-deductible expenses	540	1,044
Temporary items	(9,833)	(10,600)
Tax loss of the year	(10,089)	(11,430)
Tax loss of previous years, net of adjustment	(14,056)	(2,626)
Tax loss carryforward	(24,145)	(14,056)
Recognized	(6,513)	(6,513)
Unrecognized	(17,632)	(7,543)
	(24,145)	(14,056)

16. Cost of generation

Following is the composition of this caption:

	2014 S/.(000)	2013 S/.(000)
Depreciation, note 8(e)	3,721	3,637
Operating, administrative and maintenance cost	2,655	2,581
Insurance	1,307	1,341
Tributes	495	453
Consulting and advisory services	228	187
Amortization, note 9(a)	209	200
Maintenance of fixed assets	137	29
Other	816	572
	9,568	9,000

17. Administrative expenses

(a) We show below a composition of this caption:

	2014 S/.(000)	2013 S/.(000)
Services rendered by third parties (b)	881	877

Tributes	46	8
Depreciation, note 8(e)		7
Amortization, note 9(a)		9
Other	4	
	931	901

(b) Correspond mainly to the services of administration, operation and maintenance rendered at the Santa Cruz I and II Hydroelectric Plants and the Huasahuasi I and II Hydroelectric Plants by GCZ Servicios S.A.C., a related entity.

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18. Other income (expenses), net

(a) Following is the composition of this caption:

	2014 S/.(000)	2013 S/.(000)
Other income:		
Other		16
		16
Other expenses:		
Provision for fair value measurement of CERs	(5)	(2)
Other	(190)	(193)
	(195)	(195)
	(195)	(179)

19. Financial expenses
Following is the composition of this caption:

	2014 S/.(000)	2013 S/.(000) (Restated, note 3.4)
Interests on loans and financial leasings, note 10(i)	8,768	8,544
Results from derivative financial instruments	2,344	6,074
Financial expenses for loans and financial leasings	112	385
Bank charges	20	103
Other		90
	11,244	15,196

20. Contingencies
In the opinion of Management and its legal advisors, there are neither any significant trials nor lawsuits pending resolution against the Company as of December 31, 2014 and 2013.

21. Transactions in foreign currency
Operations in foreign currency are performed at free market exchange rates. As of December 31, 2014 and 2013, the weighted average exchange rates of the free market published by the Superintendence of Banking, Insurance and Private Pension Funds Administrators (SBS) for transactions in US dollars were S/.2,981 (buy) and S/.2.989 (sell) (S/.2.794 (buy) and S/.2.796 (sell), as of December 31, 2013).

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As of December 31, 2014 and 2013, the Company held the following assets and liabilities in US dollars:

	2014 US$(000)	2013 US$(000)
Assets		
Cash and cash equivalent	197	316
Other accounts receivable	539	539
Trade accounts receivable	162	101
Expenses contracted in advance	536	410
	1,434	1,366
Liabilities		
Financial obligations	(31,384)	(33,200)
Trade accounts payable	(29)	(3)
Other accounts payable	(575)	(465)
	(31,988)	(33,668)
Net liability	(30,554)	(32,302)

During 2014, the Company has recorded a net loss for exchange difference amounting to S/.6,355,000 (S/.9,033,000 during 2013), which is presented in the Exchange difference, net caption of the statements of comprehensive income.

22. Transactions with related entities

(a) During the years 2014 and 2013, the Company performed the following transactions with related entities, which were performed under market conditions:

	2014 S/.(000)	2013 S/.(000)
Services received		
GCZ Servicios S.A.C.	3,309	3,241
GCZ Fabricaciones S.A.C.	378	40
	3,687	3,281

(b) As consequence of these and other minor transactions, the Company held the following accounts receivable and accounts payable with related entities as of December 31, 2014 and 2013:

	2014 S/.(000)	2013 S/.(000)
Accounts payable		

GCZ Servicios S.A.C.(c)	5	146
	5	146

The balances of accounts receivable and accounts payable have current maturity.

(c) As of December 31, 2013, corresponds to the additional bonus for services rendered according to the administration, operation and minor maintenance contract of the Santa Cruz I, Santa Cruz II, Huasahuasi I and Huasahuasi II Hydroelectric Plants.

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23. Financial risks management

The activities of the Company expose it to a variety of financial risks, including the effects of variations of exchange rates, credit and liquidity. The risk management program of the Company tries to minimize the potential adverse effects on its financial performance.

Management is aware of the existing market conditions and based on its knowledge and experience, controls the liquidity risk, exchange rate risk and credit risk by following the policies approved by the Board. The most important aspects in the management of these risks are the following:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument fluctuates due to changes in market prices. Market prices comprise three risk types: interest rate risk, exchange rate risk and commodity prices risk. In the case of the Company, the financial instruments affected by market risk include deposits and financial obligations, which are exposed to exchange rate risk and interest rate risk.

The sensitivity analysis presented in the following section relates to the position as of December 31, 2014 and 2013. The sensitivity analysis has been prepared considering that the proportion of financial instruments in foreign currency remains constant.

(i) Interest rate risk

Interest rate risk is defined as a risk whereby a fair value, or a financial instrument s future cash flow, fluctuates as a result of changes to interest rates in the market. The Company s exposure to market interest rate risk relates principally to long-term financial obligations with variable interest rates.

The Company s policy is to mainly obtain financing at fixed interest rate. The Company´s Management considers that interest rate s risk is not significant due to the interest rates of its financing agreements are not significantly different from the market interest rates of similar financial instruments. To manage this risk, the Company entered into cross currency interest rate swaps, see note 12.

The short-term and long-term debts are agreed at fixed rates, therefore, any change in interest rates will not affect the results of the Company.

(ii) Exchange rate risk

Exchange rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in the exchange rates. The Company s exposure to exchange rates is related mainly to its operating activities. To manage this risk, the Company entered into cross currency interest rate swaps, see note 12.

The following table presents the effects on income before income tax of a reasonable variation in the exchange rate, considering constant the rest of variables, described in note 21:

	Increase (decrease) in basis points	**Effect on income before income tax S/.(000)**
2014	+10 basis points	(9,274)
2014	-10 basis points	9,274
2013	+10 basis points	(9,146)
2013	-10 basis points	9,146

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Credit risk

Credit risk is the risk that counterparty fails to meet its obligations under a financial instrument or contract, causing a loss. The Company is exposed to credit risk from its operating activities, mainly for its accounts receivable, and its financing activities, including deposits with banks and financial institutions, foreign currency transactions and other financial instruments. Management believes that the Company has no credit risk because their main customers have payment periods of 30 days on average, not having had problems meanings collections. The Company places its excess liquidity in prestigious financial institutions, provides conservative credit policies and constantly evaluates existing conditions in the market in which it operates. Accordingly, the Company does not anticipate significant losses arising from this risk.

(a) Credit risk associated with:

(a.1) Trade receivables

The Company assesses concentrations of credit risk related to the trade accounts receivable. The Company performs an assessment over the risk of recoverability of its accounts receivables in order to determine the appropriate allowance for doubtful accounts. The maximum exposure to credit risk at December 31, 2014, is the carrying value of each class of trade accounts receivable, see note 6. As of December 31, 2014 and 2013, 4 and 5 customers represent 72 and 75 percent of the trade accounts receivable, respectively.

Management of the Company believes that there is no significant credit risk because customers of the Company are renowned in the local market and are regulated.

(a.2) Financial instruments and cash deposits

This risk is managed by the Administration according to corporate policies determined by its Principal, in order to minimize the concentration of risks and therefore mitigate financial loss through counterparty s potential failure to make payments. The Company s maximum exposure to credit risk for the components of the statement of financial position at 31 December 2014 and 2013 is the carrying amount of Cash and cash equivalents .

Liquidity risk

The Company monitors its risk of funds shortage by using a short-term and long-term projected cash flow.

The Company s objective is to keep certain funds continuity and flexibility through an adequate quantity of committed credit sources and the ability to settle transactions, mainly those of indebtedness. The Company has sufficient credit capacity to have access to credit lines from first-level financial entities and under reasonable conditions.

The following table presents the maturities of the obligations contracted by the Company at the date of the statements of financial position and the amounts to disburse at their maturity, based on the non-discounted payments to be made:

	2014				
	Less than 1 year S/.(000)	**Between 1 and 3 years S/.(000)**	**Between 3 and 5 years S/.(000)**	**More than 5 years S/.(000)**	**Total S/.(000)**
Loans and borrowings (including interest)	16,436	50,118	33,608	65,834	165,996
Trade accounts payable	304				304
Accounts payable to related entities	5				5
Other accounts payable	471				471

	17,216	50,118	33,608	65,834	166,776

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	2013				
	Less than 1 year S/.(000)	Between 1 and 3 years S/.(000)	Between 3 and 5 years S/.(000)	More than 5 years S/.(000)	Total S/.(000)
Loans and borrowings (including interest)	15,648	31,297	32,051	94,168	173,164
Trade accounts payable	52				52
Accounts payable to related entities	146				146
Other accounts payable	339				339
	16,185	31,297	32,051	94,168	173,701

Capital management

The Company actively manages a capital base to cover the risks inherent to its activities. The Company s capital adequacy is monitored by using, among other measurements, the ratios established by Management.

The Company s objectives when managing its capital is a concept broader than the Equity that appears in the statements of financial position and they are: (i) to safeguard the Company s ability to keep on operating so that it continues offering returns to the shareholders in the future; and (ii) to maintain a sound capital base to support the development and growth of its activities.

As of December 31, 2014 and 2013, there have not been any changes in the activities and policies of the Company s capital management.

The Company monitors capital using a gearing ratio, defined as the result of net debt divided by total capital plus net debt. In Management s opinion, gearing ratios as of December 31, 2014 and 2013 are in line with the financial policies of the Company.

	2014 S/.(000)	2013 S/.(000)
Financial debt	120,392	121,337
Gross debt	120,392	121,337
Total equity	35,569	45,430
Total equity and gross debt	155,961	166,767
Gearing ratio (%)	77.19	72.76

24. Information on fair value of financial instruments

The methodologies and assumptions used by the Company to determine the estimated market values depend on the terms and risk characteristics of the diverse financial instruments and comprise the following:

(i) Assets whose fair value is similar to their book value. For financial assets and liabilities that are liquid or have short-term maturities (shorter than 3 months), it is deemed that their book value is similar to their fair value. This assumption is also applicable to term deposits, savings accounts without specific maturity and financial instruments at variable interest rate. These instruments are classified into Level 1 of the fair value hierarchy.

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(ii) Financial instruments at fixed rate. The fair value of financial assets and liabilities at fixed rate and amortized cost is determined by comparing market interest rates at the moment of their initial recognition with the current market interest rates related to similar financial instruments. These instruments are classified into Level 2 of the fair value hierarchy.

(iii) Financial instruments held at fair value. The Company carries at fair value only derivative financial instruments, as explained in note 12, considered at Level 2 of the fair value hierarchy.

On the basis of the criteria described above, Management estimates that there are not significant differences between the book value and the fair value of the Company s financial instruments as of December 31, 2014 and 2013.

Following is shown a comparison by category of carrying amounts and fair values of financial instruments of the Company presented in the financial statements:

	Book value		Fair value	
	2014	**2013**	**2014**	**2013**
	S/.(000)	**S/.(000)**	**S/.(000)**	**S/.(000)**
Financial liabilities				
Loans and borrowings:				
Fixed rate loans	120,392	121,337	140,482	139,044
Total	120,392	121,337	140,482	139,044

On the basis of the criteria described above, Management estimates that there are not significant differences between the book value and the fair value of the Company s financial instruments as of December 31, 2014 and 2013.

25. Subsequent events

Between January 1, 2015, and the issuance date of the present financial statements May 7, 2015, there have not been any significant subsequent events of financial-accounting nature that could affect the interpretation of the present financial statements.

26. Additional explanation for english translation

The accompanying financial statements are presented on the basis of International Financial Reporting Standards. Certain accounting practices applied by the Company, that conform with International Financial Reporting Standards, may differ in certain respects from generally accepted accounting principles in other countries. In the event of any discrepancy, the Spanish-language version prevails.

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Independent auditors report

To the Board of Directors and Quotaholders of

Plantas Eólicas, S.R.L.

We have audited the accompanying restated financial statements of Plantas Eólicas, S.R.L., which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the financial statements.

Management s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor s judgment, including the assessment of the risks 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 and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 restated financial statements referred to above present fairly, in all material respects, the financial position of Plantas Eólicas, S.R.L. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Standards Board.

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To the Board of Directors and Quotaholders of

Plantas Eólicas, S.R.L.

Restatement of financial statements

As discussed in Note 3.2, the financial statements have been restated for the correction of errors in the accounting for decommissioning provision, depreciation of property, plant and equipment and deferred income taxes. This restatement has also resulted in the disclosure of the January 1, 2013 statement of financial position. Our opinion is not modified with respect to this matter.

/s/ Ernst & Young, S.A.

Ernst & Young, S.A.

San Jose, Costa Rica

June 13, 2015

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Plantas Eólicas, S.R.L.

(A Costa Rican Entity)

Statements of financial position

As of December 31, 2014 and 2013 and January 1, 2013

(expressed in US dollars)	Notes	December 31, 2014	December 31, 2013 Restated (Note 3.2)	January 1, 2013
ASSETS				
Current assets:				
Cash	6	**$ 815,424**	$ 341,813	$ 131,417
Accounts receivable	7	**747,502**	639,071	796,488
Spare parts inventory		**732,524**	695,859	848,601
Prepaid expenses		**67,185**	71,931	70,271
Income tax prepaid			112,682	
Total current assets		**2,362,635**	1,861,356	1,846,777
Non-current assets:				
Property, plant and equipment	8	**977,754**	1,027,168	1,323,015
Other financial assets		**11,857**	14,660	11,378
Total assets		**$ 3,352,246**	$ 2,903,184	$ 3,181,170
LIABILITIES AND EQUITY				
Current liabilities:				
Notes and loans payable		**$**	$	$ 111,538
Accounts payable and accrued expenses	9	**185,009**	104,326	128,768
Accounts payable to related parties	10	**72,280**	83,545	
Income tax payable		**291,090**		117,739
Total current liabilities		**548,379**	187,871	358,045
Non-current liabilities:				
Deferred income tax, net	13	**63,306**	55,302	48,500
Decommissioning provision	12	**571,448**	527,563	550,236
Total liabilities		**1,183,133**	770,736	956,781
Equity:				
Capital quotas	11	**376,881**	376,881	376,881
Legal reserve	11	**37,504**	37,504	37,504
Retained earnings		**1,754,728**	1,718,063	1,810,004
Total equity		**2,169,113**	2,132,448	2,224,389
Total liabilities and equity		**$ 3,352,246**	$ 2,903,184	$ 3,181,170

The accompanying notes are part of the financial statements.

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Plantas Eólicas, S.R.L.

(A Costa Rican Entity)

Statements of comprehensive income

Years ended December 31, 2014 and 2013

(expressed in US dollars)	Notes	2014	2013 Restated (Note 3.2)
Income:			
Sale of electric power and capacity		**$ 5,711,023**	$ 4,937,268
Operating costs and expenses:			
Cost of operations	14	**2,259,345**	2,118,961
Administrative expenses	15	**1,083,887**	1,146,298
Depreciation of non-financial assets	8	**239,852**	394,048
Total operating costs and expenses		**3,583,084**	3,659,307
Operating income		**2,127,939**	1,277,961
Other income (expenses):			
Interest income		**10,159**	8,849
Finance costs from decommissioning provision		**(58,625)**	(23,412)
Other financial charges		**(1,880)**	(5,452)
Exchange rate differences, net		**111,827**	60,906
Other income (expenses), net		**17,609**	(10,281)
Income before income tax		**2,207,029**	1,308,571
Income tax	13	**(720,364)**	(400,512)
Total comprehensive income		**$ 1,486,665**	$ 908,059

The accompanying notes are part of the financial statements.

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Plantas Eólicas, S.R.L.

(A Costa Rican Entity)

Statements of changes in equity

Years ended December 31, 2014 and 2013

(expressed in US dollars)	Notes	Capital cuotas	Legal reserve	Retained earnings Restated (Note 3.2)	Total equity
As of January 1, 2013		$ 376,881	$ 37,504	$ 1,810,004	$ 2,224,389
Comprehensive income				908,059	908,059
Dividends	11			(1,000,000)	(1,000,000)
As of December 31, 2013		376,881	37,504	1,718,063	2,132,448
Comprehensive income				**1,486,665**	**1,486,665**
Dividends	11			**(1,450,000)**	**(1,450,000)**
As of December 31, 2014		**$ 376,881**	**$ 37,504**	**$ 1,754,728**	**$ 2,169,113**

The accompanying notes are part of the financial statements.

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Plantas Eólicas, S.R.L.

(A Costa Rican Entity)

Statements of cash flows

Years ended December 31, 2014 and 2013

(expressed in US dollars)	Notes	2014	2013 Restated (Note 3.2)
Operating activities:			
Income before income tax		**$ 2,207,029**	$ 1,308,571
Adjustments to reconcile income before income tax to cash flows from operating activities:			
Depreciation expense	8	**239,852**	394,048
Financing cost		**1,880**	5,452
Loss on disposal of assets			7,475
Decommissioning provision		**(14,740)**	(46,085)
Finance costs from decommissioning provision		**58,625**	23,412
Interest income		**(10,159)**	(8,849)
		2,482,487	1,684,024
Changes in operating assets and liabilities:			
Accounts receivable		**(108,431)**	157,417
Spare parts inventory		**(36,665)**	152,742
Prepaid expenses		**4,746**	(1,660)
Accounts payable and accrued expenses		**80,683**	(24,442)
Accounts payable with related parties		**(11,265)**	83,545
Income tax paid		**$ (308,588)**	(624,131)
Net cash provided by operating activities		**2,102,967**	1,427,495
Investing activities:			
Additions to property, plant and equipment	8	**(190,438)**	(105,676)
Other assets		**2,803**	(3,282)
Interest received		**10,159**	8,849
Net cash used in investing activities		**(177,476)**	(100,109)
Financing activities:			
Dividends paid	11	**(1,450,000)**	(1,000,000)
Interest paid		**(1,880)**	(5,452)
Loan settlements			(111,538)
Net cash used in financing activities		**(1,451,880)**	(1,116,990)
Net increase in cash		**473,611**	210,396
Cash at beginning of year		**341,813**	131,417
Cash at end of year		**$ 815,424**	$ 341,813

The accompanying notes are part of the financial statements.

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Plantas Eólicas, S.R.L.

(A Costa Rican Entity)

Notes to Financial Statements

December 31, 2014 and 2013

(amounts expressed in US dollars)

1. Corporate information

Plantas Eólicas, S.R.L. (Plantas Eólicas or the Company) was incorporated in accordance with the laws of the Republic of Costa Rica on November 9, 1990 for a ninety-nine-year term. Its legal address is in the city of Tilarán, Guanacaste Costa Rica. The Company is a wholly-owned subsidiary of Inversiones Eólicas de Costa Rica, S.A., which in turn is controlled by Globeleq Mesoamerica (Wind) Limited (GME Wind) an entity domiciled in Bermuda and Orosí s ultimate parent is Actis Infrastructure Fund 2LP. The ultimate parent of Plantas Eólicas is Actis Infrastructure Fund 2LP.

The Company s main activity is the generation of electricity from its 23 megawatt (MW) wind electric power generating plant located in Guanacaste, Costa Rica. All the electricity generated by the plant is sold to Instituto Costarricense de Electricidad (ICE).

The Company does not have traded debt or equity in the public markets. The accompanying financial statements have been prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 20.

2. Power purchase agreement and regulations governing autonomous or parallel generation of electricity

2.1 Electric power purchase and sale agreement

On January 19, 1995 the Company entered into an electric power purchase and sale agreement (PPA) with the ICE for an initial 15-year period. The PPA term may be extended by mutual agreement of the parties provided that the Company requests the extension in writing from ICE at least six months prior to expiration. On September 25, 2014 the PPA between ICE and Plantas Eólicas was extended until November 28, 2020. This extension was ratified by the regulator (ARESEP) on October 15, 2014.

2.2 Law on Autonomous or Parallel Generation of Electric Power

The Company is subject to Costa Rican Law N° 7200 dated September 28, 1990, and the amendments thereto through Law N° 7508 of April 30, 1995 which define autonomous or parallel generation of electric power as energy produced by limited-capacity power plants owned by private companies or cooperatives that can be integrated into the national electric power grid.

3. Basis of preparation

3.1 Statement of compliance

The financial statements of Plantas Eólicas as of December 31, 2014 and 2013 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The Company s financial statements as of December 31, 2014 were first approved for issuance by the Company s Chief Executive Officer and Chief Financial Officer on January 8, 2015, and were subsequently

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approved by the Company s quotaholders. The accompanying restated financial statements have been prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 20. They have also been restated for the correction of certain errors as explained in Note 3.2. The Company s Chief Executive Officer and Chief Financial Officer approved these financial restated statements for issuance on June 13, 2015 and subsequent events have been considered through that later date.

3.2 Restatement of financial statements

During its preparation of the accompanying restated financial statements for the purpose described in Note 3.1, the Company identified certain accounting errors that are being retrospectively corrected herein. They are explained as follows:

The Company has identified the need for a decommissioning provision in the accompanying financial statements given obligations that it believes exist under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Disclosure of such provision is presented in Note 12.

The Company has determined residual values for its wind turbines which resulted in a change in the depreciation expense.

The aforementioned matters have an impact on deferred income tax.

Certain accounting disclosures have been expanded from those previously presented.

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These corrections have impacted the accompanying financial statements as follows (amounts in US dollars):

	Balance as of or for the year ended December 31, 2014 as previously reported	Retrospective adjustments	Balance as of or for the year ended December 31, 2014 as restated	Balance as of or for the year ended December 31, 2013 as previously reported	Retrospective adjustments	Balance as of or for the year ended December 31, 2013 as restated	Balance as of January 1, 2013 as previously reported	Retrospective adjustments	Balance as of January 1, 2013 as restated
Statement of financial position:									
Current assets	2,362,635		2,362,635	1,861,356		1,861,356	1,846,777		1,846,777
Non-current assets	338,532	651,079	989,611	376,010	665,818	1,041,828	622,490	711,903	1,334,393
Total assets	2,701,167	651,079	3,352,246	2,237,366	665,818	2,903,184	2,469,267	711,903	3,181,170
Current liabilities	548,379		548,379	187,871		187,871	358,045		358,045
Non-current liabilities		634,754	634,754		582,865	582,865		598,736	598,736
Total liabilities	548,379	634,754	1,183,133	187,871	582,865	770,736	358,045	598,736	956,781
Equity	2,152,788	16,325	2,169,113	2,049,495	82,953	2,132,448	2,111,222	113,167	2,224,389
Statement of comprehensive income:									
Revenues	5,711,023		5,711,023	4,937,268		4,937,268			
Operating expenses	(3,445,370)	(58,624)	(3,503,994)	(3,605,285)	(23,412)	(3,628,697)			
Income before income taxes	2,265,653	(58,624)	2,207,029	1,331,983	(23,412)	1,308,571			
Income taxes	(712,360)	(8,004)	(720,364)	(393,710)	(6,802)	(400,512)			
Comprehensive income	1,553,293	(66,628)	1,486,665	938,273	(30,214)	908,059			
Statement of cash flows:									
Cash flows from operating activities	2,115,826	(12,859)	2,102,967	1,468,128	(40,633)	1,427,495			
Cash flows from investing activities	(192,215)	14,739	(177,476)	(146,194)	46,085	(100,109)			
Cash flows from financing	(1,450,000)	(1,880)	(1,451,880)	(1,111,538)	(5,452)	(1,116,990)			

activities				
Cash at beginning of year	341,813	341,813	131,417	131,417
Cash at end of year	815,424	815,424	341,813	341,813

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3.3 Basis of valuation and presentation currency

The financial statements as of December 31, 2014 and 2013 were prepared on a historical cost basis, except for certain items that are measured in accordance with the accounting policies described in Note 4. The financial statements are expressed in US dollars (US$ or $).

3.4 Changes in accounting policies

The accounting policies adopted by the Company to prepare its financial statements as of December 31, 2014 are consistent with those used to prepare its financial statements as of December 31, 2013.

The Company adopted for the first time the following amendments to standards and interpretations, which are effective for annual periods beginning on or after January 1, 2014. These amendments and interpretations have no material impact on the Company s financial statements as of December 31, 2014.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

Offsetting Financial Assets and Financial Liabilities Amendments to IAS 32

These amendments clarify the meaning of currently has a legally enforceable right to set-off and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively.

Novation of Derivatives and Continuation of Hedge Accounting Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required.

IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21.

Recoverable Amount Disclosures for Non-Financial Assets Amendments to IAS 36 Impairment of Assets

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units for which impairment loss has been recognized or reversed during the period.

Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at January 1, 2014 and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

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Annual Improvements 2011-2013 Cycle

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at January 1, 2014 and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity s first IFRS financial statements.

4. Summary of significant accounting policies

4.1 Currency and foreign currency transactions

4.1.1 Functional and presentation currency of the financial statements

Plantas Eólicas adopted the US dollar as the functional and presentation currency since it better reflects the events and transactions performed by the Company. Adoption of the US dollar as functional currency was based on the following facts: income from energy capacity is generated in dollars, some obligations are denominated in dollars and certain operating costs and expenses are also incurred in that currency. Information related to exchange regulations and risks is included in Note 17.

Considering that the accounting records are kept in Costa Rican colons, and that the US dollar was adopted as the functional currency, assets and liabilities denominated in foreign currency were translated into the financial statements functional currency using the exchange rate ruling on the date of the statement of financial position. Non-monetary items measured on a historical cost basis were converted on the date of the statement of financial position using the exchange rate ruling on the original transaction date. Income and expenses are converted at the exchange rate in effect on the transaction date.

4.1.2 Transactions in foreign currency

Transactions in foreign currency, any currency other than the functional currency, are recorded at the exchange rate ruling on the transaction date. In determining its financial situation and operating results, the Company appraises and adjusts its assets and liabilities denominated in foreign currency at the exchange rate ruling on the date of this valuation and determination. Exchange differences resulting from the application of these procedures are recognized in the results of the period in which they occur.

4.2 Cash

Cash is comprised of cash on-hand and in banks. For purposes of the statement of cash flows, cash is presented net of bank overdrafts, if any.

4.3 Financial instruments

The valuation of the Company s financial instruments is determined using the amortized cost or fair value, as defined below:

Amortized cost The amortized cost is calculated using the effective interest method less any allowance for impairment. The calculation takes into consideration any award or discount in the acquisition and includes the transaction costs and fees which are an integral part of the effective interest rate.

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Fair value The fair value of a financial instrument negotiated in an organized financial market is determined using as reference the prices quoted in that financial market for negotiations performed as of the date of the statement of financial position. With respect to financial instruments for which there is no active financial market, the fair value is determined using valuation techniques.

These techniques include recent market transactions between interested, fully informed parties who act independently; references to the fair value of another substantially similar financial instrument; and discounted cash flows or other valuation models.

4.4 Financial assets

4.4.1 Initial recognition and measurement of financial assets

Financial assets within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

The Company initially recognizes all of its financial assets at fair value plus costs directly attributable to the transaction, except for financial assets valued at fair value through profit or loss in which these costs are not considered.

The Company recognizes the purchase or sale of financial assets on the date of each transaction, which is the date on which the Company commits to buy or sell a financial asset.

In addition to cash, the Company s financial assets correspond to accounts receivable.

4.4.2 Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification as described below:

Accounts receivable

Accounts receivable are non-derivative financial assets with fixed or determined payments that are not quoted in active markets, and are initially recognized at the corresponding invoiced amounts. After initial recognition, accounts receivable are recorded by the Company at amortized cost using the effective interest rate method less the allowance for impairment. Gains or losses are recognized in results when the accounts receivable are derecognized or impaired, as well as through the amortization process.

4.4.3 Impairment of financial assets

The Company assesses on the date of the statement of financial position whether there is any objective evidence that a financial asset or group of assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the financial asset, and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows due to defaults on contracts.

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Impairment of financial assets recorded at amortized cost

When the Company determines that it has incurred in an impairment loss in the value of its financial assets carried at amortized cost, it estimates the loss amount as the difference between the asset s carrying amount and the present value of future cash flows discounted at the financial asset s original effective interest rate; it deducts the loss from the asset s carrying amount and recognizes such loss in the results of the year in which it occurs.

If, in a subsequent period, the amount of the loss due to impairment decreases and may be objectively related to an event subsequent to the recognition of impairment, the impairment loss is reversed.

Once the reversal is recorded, the carrying amount of the financial asset cannot exceed the original amortized amount. The amount of the reversal is recognized in the results of the year in which it occurs.

4.4.4 Derecognition of financial assets

Financial assets are derecognized by the Company when the rights to receive cash flows from the asset have expired, or when the financial asset is transferred along with its inherent risks and benefits and contractual rights to receive cash flows from the asset are surrendered, or when the Company retains the contractual rights to receive cash flows and assumes the obligation to pay them to one or more parties.

4.5 Financial liabilities

4.5.1 Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

The Company recognizes all financial liabilities initially at fair value on the date of acceptance or contracting of the liability, plus, in the case of loans and borrowings, directly attributable transaction costs.

The Company s financial liabilities include trade payables and accrued expenses.

4.5.2 Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Trade payables and accrued expenses

After initial recognition, trade payables and accrued expenses are subsequently measured at amortized cost using the effective interest method. The Company recognizes gains or losses in the income statement when the financial liability is derecognized as well as through the amortization process.

4.5.3 Derecognition

Financial liabilities are derecognized when the obligation has been paid, cancelled or expires. When a financial liability is replaced by another, the Company derecognizes the original and recognizes a new liability. Differences that may result from these financial liability replacements are recognized through income or loss when incurred.

4.6 Spare parts inventory

Inventories are valued at the lower of cost and net realizable value on a weighted average basis.

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4.7 Property, plant and equipment

Property, plant, and equipment are stated at acquisition cost less accumulated depreciation and losses due to impairment, if any. These costs include the cost of replacing the components of plant or equipment when the cost is incurred, if it meets the requirements for recognition. Depreciation and those disbursements for repair and maintenance which do not meet the conditions for recognition as assets are recognized as expenses in the year in which they are incurred.

Depreciation is calculated on a straight-line basis over the useful life of each type of asset. The remaining value of the depreciating assets, the estimated useful life, and depreciation methods are periodically reviewed by Management and adjusted when necessary, at the end of each financial year. The estimated useful lives for productive assets is established by the Company as the difference between the date from which the assets are available for their intended use and the power purchase agreement expiration date or the assets own estimated useful life, whichever is shorter.

A breakdown of estimated useful lives is as follows:

	Estimated useful life
Buildings and leasehold improvements	20 years
Furniture and equipment	1-10 years
Machinery and equipment (primarily wind turbines)	20 years
Vehicles	5 years

Construction and installation costs are charged to temporary accounts and subsequently transferred to the respective asset accounts once the works are completed. These works in process include all disbursements directly related to the design, development and construction of buildings and others, plus financial costs attributable to the works.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

A component of property, plant, and equipment is derecognized when it is sold or when the Company does not expect future economic benefits from its use. Any loss or gain from the disposal of the asset, calculated as the difference between the net carrying amount and the sales proceeds, is recognized in income in the year in which it occurs.

4.8 Impairment of non-financial assets

The Company assesses the carrying amounts of its non-current assets at each reporting date to determine reductions in value when events or circumstances indicate that recorded values may not be recovered. If any such indication exists, and the carrying amount exceeds the recoverable amount, the Company measures the assets or cash-generating units at their recoverable amounts, defined as the greater of fair value less selling costs or value in use. Resulting adjustments are recorded in the results of the year in which they are determined.

4.9 Revenue recognition

Plantas Eólicas measures its revenue from ordinary activities using the fair value of the benefit received or to be received, derived from revenue.

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4.9.1 Revenue from energy sales

Revenue from energy sales is recognized in the period in which energy is delivered to ICE. Revenue from the electricity generating capacity is recognized in the period in which such capacity is made available to ICE. No revenue is recognized if there are significant uncertainties regarding recovery of the amount due and associated costs.

4.9.2 Interest income from financial instruments

Revenue arising from financial instruments is recognized in relation to the passage of time, calculated over the average monthly balances for the invested principal, applying the effective interest method.

4.10 Taxes

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.10.1 Current income tax

The Company calculates income tax by applying adjustments from certain items, affected by or subject to income tax, in conformity with current tax regulations. Current tax, corresponding to present and prior periods, is recognized by the Company as a liability to the extent that it is not settled. If the amount already paid, which corresponds to present and prior periods, exceeds the amount payable for those periods, the excess is recognized as an asset.

4.10.2 Deferred income tax

Deferred income tax is determined by applying the liability method to all temporary differences existing between the asset, liability, and net equity tax base and the amounts recorded for financial purposes as of the date of the statement of financial position. The deferred income tax is calculated using the tax rate expected to apply to the period when the asset is realized or the liability is settled. Deferred tax assets are recognized only when there is reasonable probability of their realization.

The carrying amount of deferred income tax assets is reviewed on the date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Likewise, on the closing date of each financial period, the Company reassesses the unrecognized deferred tax assets to the extent that it is probable that future taxable income will allow the deferred tax assets to be recovered.

4.10.3 Sales tax

Revenue from sales is recorded by the Company at amounts net of sales tax, and a liability is recognized in the statement of financial position for the related sales tax amount. The acquisition of assets and expenses are recorded by the Company for amounts net of sales tax if these taxes are credited in favor of the Company by the tax authorities, recognizing the accumulated amount receivable in the statement of financial position.

When the sales tax is not credited, the Company includes the tax as part of the expense or the asset, as appropriate.

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4.11 Operating leases

The Company holds certain productive assets under lease agreements with third parties. Leases in which the Company, as lessee, does not substantially retain all risks and benefits incidental to asset ownership are considered operating leases. Payments on these leases, according to rates established in the respective contracts, are recognized as expenses over the lease term.

4.12 Significant accounting estimates and assumptions

Financial statement preparation requires Management to make judgments, estimates and assumptions affecting reported amounts of revenue, expenses, assets and liabilities, and to disclose contingent liabilities as of the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of the asset or liability affected in future periods.

5. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, as of December 31, 2014 are disclosed below. The Company intends to adopt these standards, if applicable to its activities, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and* Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. IFRS 14 is effective for annual periods beginning on or after January 1, 2016.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate

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property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016 with early adoption permitted.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after July 1, 2014.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016 with early adoption permitted.

Annual improvements from the 2010-2012 and 2011-2013 Cycles

The following list of improvements to standards is effective from July 1, 2014:

IFRS 2 Share-based Payment. This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions.

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IFRS 3 Business Combinations. The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 3 Business Combinations. The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that: a) joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and b) this scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

IFRS 8 Operating Segments. The amendments are applied retrospectively and clarifies that: a) an entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are similar ; and b) the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IFRS 13 Fair Value Measurement. The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. IAS 24 Related Party Disclosures.

IAS 24 Related Party Disclosures. The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

IAS 40 Investment Property. The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

The Company has not yet evaluated the impact that the aforementioned new accounting standards will have on its financial statements.

6. Cash

	2014	**2013**
Cash in banks and on hand:		
Banks	**$ 814,500**	$ 340,813
Petty cash	**924**	1,000
	$ 815,424	$ 341,813

Cash deposited in bank accounts earns interest based on daily rates determined by the corresponding banks. As of December 31, 2014 and 2013, there were no restrictions on the use of cash balances.

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7. Accounts receivable

	2014	2013
Instituto Costarricense de Electricidad (ICE)	**$ 668,459**	$ 575,836
Advance payments to suppliers	**78,916**	45,491
Others	**127**	17,744
	$ 747,502	$ 639,071

The outstanding balances due from ICE correspond to trade receivables for the sale of electric power. Terms of these accounts receivable extend to 30 days from the corresponding invoice issue dates; are not subject to early-payment discounts, and do not generate interest except for late charges.

As of December 31, 2014 and 2013, receivable balances were not past due. Based on the collection analysis performed by Management, it has been determined that no impairment existed as of those dates.

8. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Furniture and equipment	Vehicles	Work in process	Total
Cost:							
As of December 31, 2012	$ 206,697	$ 323,586	$ 9,502,442	$ 130,431	$ 228,632	$ 16,184	$ 10,407,972
Additions		21,206	58,153	26,317			105,676
Reclassification		16,184				(16,184)	
Retirements			(1,566,462)	(17,463)			(1,583,925)
As of December 31, 2013	206,697	360,976	7,994,133	139,285	228,632		8,929,723
Additions		**1,865**	**131,088**	**20,449**	**37,036**		**190,438**
Retirements			**(3,010)**	**(8,390)**	**(30,000)**		**(41,400)**
As of December 31, 2014	**$ 206,697**	**$ 362,841**	**$ 8,122,211**	**$ 151,344**	**$ 235,668**	**$**	**$ 9,078,761**
Accumulated depreciation:							
As of December 31, 2012	$	$ 299,708	$ 8,441,471	$ 115,146	$ 228,632	$	$ 9,084,957
Depreciation		31,162	339,150	23,736			394,048
Retirements			(1,559,087)	(17,363)			(1,576,450)
As of December 31, 2013		330,870	7,221,534	121,519	228,632		7,902,555
Depreciation		**30,154**	**188,803**	**19,044**	**1,851**		**239,852**
Retirements			**(3,010)**	**(8,390)**	**(30,000)**		**(41,400)**
As of December 31, 2014	**$**	**$ 361,024**	**$ 7,407,327**	**$ 132,173**	**$ 200,483**	**$**	**$ 8,101,007**
Carrying amounts:							
As of December 31, 2012	$ 206,697	$ 23,878	$ 1,060,971	$ 15,285	$	$ 16,184	$ 1,323,015
As of December 31, 2013	$ 206,697	$ 30,106	$ 772,599	$ 17,766	$	$	$ 1,027,168

As of December 31, 2014	**$ 206,697**	**$ 1,817**	**$ 714,884**	**$ 19,171**	**$ 35,185**	**$**	**$ 977,754**

The Company has recognized a decommissioning provision related to its wind farm as described in Note 12.

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9. Accounts payable and accrued expenses

	2014	2013
Sales taxes	**$ 87,704**	$ 44,781
Commercial vendors	**80,196**	44,999
Land rents payable	**15,656**	14,546
Others	**1,453**	
	$ 185,009	$ 104,326

Accounts payable and accrued expenses are interest free, are not subject to any discount for early payment, do not generate late charges, and their maturity terms are generally less than one year.

10. Balances and transactions with related parties

The related parties with whom the Company maintains balances and performs transactions are entities under the common control of Globeleq Mesoamerica Energy (Wind) Limited. A breakdown of these balances and the respective terms and conditions is as follows:

	2014	2013
CR Operaciones y Mantenimiento, S.A.	**$ 72,280**	$ 83,545

The maturity term for the balance payable extends up to 30 days from the corresponding invoices issue dates, and is not subject to interest or discounts for early-payment.

Transactions performed with related parties are summarized below:

	2014	2013
Plant operation expenses (Note 14 and 15):		
CR Operaciones y Mantenimiento, S.A.	**$ 1,025,367**	$ 1,048,160
Administrative expenses:		
TCR Holdings, S.A.	**$ 840,000**	$ 840,000

Plant operation expenses correspond to billings from the related party which operates and provides maintenance to the plant. Administrative expenses correspond to payments for accounting, financial, logistical, market, human resources, IT and engineering services.

Compensation to key management personnel:

The Company does not directly incur in compensation for key personnel because TCR Holdings, S.A. provides those management services, however the allocation of key personnel compensation at TCR Holdings, S.A. that is attributable to the Company amounts to US$47,666 for 2014 (2013: US $20,259).

11. Equity

Capital quotas

As of December 31, 2014 and 2013 the Company s capital consists of 1,922,037 subscribed and paid quotas with a par value of ¢100 each, equivalent to a total of US$376,881.

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Legal reserve

In accordance with Costa Rican legislation, all corporations must record a legal reserve equal to 5% of the net income for the year until reaching 10% of the common share capital.

Dividends

On June 2014 the Company declared dividends in cash for US$1,450,000, equivalent to US$0.75 per quota (2013: US$1,000,000 equivalent to US$0.52 per quota).

12. Decommissioning provision

The Company has recognized a provision for decommissioning obligations associated with its wind farm. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. Plantas Eólicas estimates that the decommissioning costs would be realized in 6 years time upon the expiration of the PPA. The Company calculates the provision using the discounted cash flow method based on the following assumptions: a) current estimated range of cost per wind turbine, and b) discount rate.

The rollforward of the decommissioning provision is as follows:

	2014	2013
Balance at beginning of year	**$ 527,563**	$ 550,236
Unwinding of discount and changes in the discount rate	**43,885**	(22,673)
Balance at year end	**$ 571,448**	$ 527,563

13. Income tax

Plantas Eólicas is subject to income tax, therefore tax returns are prepared and filed with the corresponding tax authorities. The income tax rate in effect for the fiscal years ending December 31, 2014 and 2013 was 30%.

A breakdown of the income tax components presented in the statement of comprehensive income is provided below:

	2014	2013
Current income	**$ 712,360**	$ 393,710
Recognition and reversal of temporary differences	**8,004**	6,802
	$ 720,364	$ 400,512

The current income tax calculation is presented in the reconciliation below:

	2014	2013
Income before tax	**$ 2,207,029**	$ 1,308,571
Add non-deductible expenses	**139,732**	14,862
Deduct non-taxable income	**(457)**	(16,890)
Differences in exchange rates between the financial and tax basis	**54,910**	28,498

Taxable income	**$ 2,401,214**	$ 1,335,041
Current income tax at effective rate of 30% in 2014 (2013: 30%)	**$ 720,364**	$ 400,512

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The components of the deferred tax assets and liabilities are presented below:

	Statement of financial position		Statement of comprehensive income	
	2014	**2013**	**2014**	**2013**
Deferred tax asset:				
Decommissioning provision	**$ 171,435**	$ 158,269	**$ 13,166**	$ (6,802)
Deferred tax liability:				
Property, plant and equipment	**(234,741)**	(213,571)	**(21,170)**	
	$ (63,306)	$ (55,302)	**$ (8,004)**	$ (6,802)

14. Cost of operations

	2014	**2013**
Plant operation expenses	**$ 868,316**	$ 889,223
Materials and supplies	**437,088**	468,541
Insurance	**219,028**	214,358
Leasing of land and equipment (Note 16)	**166,206**	143,036
Plant maintenance	**149,352**	63,252
Professional services	**62,533**	80,521
Public utilities	**41,805**	104,747
Crane maintenance	**50,509**	34,370
Taxes other than income tax	**99,851**	32,050
Vehicles	**38,064**	30,031
Donations	**29,000**	17,853
Travel	**16,979**	16,155
Other	**80,614**	24,824
	$ 2,259,345	$ 2,118,961

Most of the plant operation expenses derive from the services rendered by CR Operaciones y Mantenimiento, S.A. (Note 10).

15. Administrative expenses

	2014	**2013**
Professional services	**$ 890,815**	$ 925,994
Plant operation expenses	**157,051**	160,832
Materials and supplies	**18,370**	52,060
Travel	**3,071**	2,922
Other	**14,580**	4,490
	$ 1,083,887	$ 1,146,298

Most of the plant operation expenses derive from the services provided by TCR Holdings, S.A. (Note 10).

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16. Operating leases Company as lessee

Plantas Eólicas has entered into operating leases of lands. These contracts are for an initial period of 35 years. These lease agreements expire in 2035. Quarterly payments are determined as three percent of income generated from wind energy; therefore, future payments on these agreements cannot be precisely estimated by the Company.

The lease expense incurred by the Company in 2014 amounted to US$166,206 (2013: $143,036) (Note 14).

17. Financial risk management objectives and policies

The Company s main financial instruments are cash, accounts receivable, accounts payable and accrued expenses. The main purpose of these financial instruments is to manage cash flows and raise financing for the Company s capital needs.

Plantas Eólicas is exposed to market, credit, and liquidity risks. The Company s senior Management oversees the management of these risks.

17.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The relevant market risk affecting the Company s financial statements is the foreign currency risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Plantas Eólicas exposure to the risk of changes in foreign exchange rates relates primarily to the Company s operating activities (when revenue or expense is denominated in a different currency from the Company s presentation currency).

The Costa Rican colon is the main foreign currency used by the Company in its transactions. The Costa Rican Central Bank is the entity responsible for managing the national banking system and regulating the Costa Rican colon s parity to other currencies. Sell and buy rates are established by authorized financial institutions, according to market supply and demand. As of December 31, 2014, sell and buy rates for US dollars were ¢545.53 and ¢533.31, respectively (2013: ¢507.80 and ¢495.01).

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The following table summarizes assets and liabilities denominated in foreign currencies and expressed in US dollars:

	2014	2013
Assets:		
Cash	**$ 469,213**	$ 108,801
Accounts receivable	**126**	2,150
Prepaid expenses	**1,546**	2,471
Other financial assets	**11,857**	14,660
Income tax prepaid		112,682
	482,742	240,764
Liabilities:		
Accounts payable	**(39,760)**	(12,100)
Accounts payable with related parties	**(72,280)**	(83,545)
Accrued expenses	**(87,704)**	(44,781)
Income tax payable	**(291,090)**	
	(490,834)	(140,426)
Net exposure to foreign currency	$ (8,092)	$ 100,338

Sensitivity analysis:

The effect of an exchange rate variation of in a range of +8% / -8% (+1 / -1 % in 2013) on the monetary assets and liabilities as of December 31, 2014 and 2013, assuming that the remaining variables are held constant, would impact the period results by US$648 (2013: US$1,272).

17.2 Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Plantas Eolicas sole customer is ICE. Under the Power Purchase Agreement, credit terms are 30 days, and receivable balances with ICE are current as of December 31, 2014 and 2013. An impairment analysis is performed at each reporting date on an individual basis for major customers; however an impairment allowance has not been recognized as customers balances are not past due.

With regards to credit risk on other financial assets, the maximum exposure to this risk is represented by the balances recorded for each financial asset. Exposure to credit risk is monitored constantly in accordance with the debtors payment behavior.

17.3 Liquidity risk

The Company monitors its liquidity on a daily basis, maintaining greater liquid assets than liquid liabilities, considering the maturity of its financial assets. It performs cash flow projections on a periodic basis in order to timely detect potential cash shortages or excesses to support its operations.

The Company s financial liabilities, based on contractual terms, mature within six months from the date of the statement of financial position.

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18. Capital management

The Company s main objective on capital management is to ensure that it maintains a solid credit ratio and healthy financial capital ratios to support its business and maximize profits. The Company manages its capital structure and timely requests quotaholders for any adjustment to this capital considering the economic environment in which the Company operates. To maintain or adjust its capital structure, it may request quotaholders for variations to dividends and capital returns previously agreed on, as well as for increases in capital contributions if necessary. These policies had no significant changes in 2014 and 2013.

19. Fair value of financial instruments

As indicated in Note 17, the Company s main financial instruments are comprised of cash, accounts receivable, accounts payable and accrued expenses. Management believes that the carrying amounts of cash, accounts receivable, and accounts payable approach their fair market value due to their short-term nature.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of its financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Techniques that use inputs different from quoted prices that are observable for the asset or liability, whether directly or indirectly.

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As of December 31, 2014 and 2013 the Company did not have financial instruments measured at fair value, thus the classification in levels of said instruments is not presented in these financial statements.

20. Subsequent events

On June 12, 2015, a Stock Purchase Agreement (SPA) was signed between Globeleq Holdings (Americas Renewables) Limited and Mesoamerica Power Limited as sellers and an affiliate of SunEdison as purchaser, for the sale of a 100% interest in the Company s upstream shareholder, Globeleq Mesoamerica Energy (Wind) Limited. The SPA is subject to various conditions, not all of which have been met as of the date of these financial statements. There is no guarantee that such transaction will be consummated.

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INDEPENDENT AUDITORS REPORT

To the Board of Directors and Shareholders of

Energía Eólica de Honduras, S.A.

We have audited the accompanying restated financial statements of Energía Eólica de Honduras, S.A., which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the financial statements.

Management s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor s judgment, including the assessment of the risks 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 and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 restated financial statements referred to above present fairly, in all material respects, the financial position of Energía Eólica de Honduras, S.A. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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To the Board of Directors and Shareholders of

Energía Eólica de Honduras, S.A.

Restatement of financial statements

As discussed in Note 3.2, the financial statements have been restated for the correction of errors in the accounting for decommissioning and restoration provisions, depreciation of property, plant and equipment, deferred income taxes and the classification of the restricted cash. This restatement has also resulted in the disclosure of the January 1, 2013 statement of financial position. Our opinion is not modified with respect to this matter.

/s/ Ernst & Young, S.A.

Ernst & Young, S.A.

San Jose, Costa Rica

June 13, 2015

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Energía Eólica de Honduras, S.A.

(A Honduran Entity)

Statements of Financial Position

As of December 31, 2014 and 2013, and January 1, 2013

(expressed in US dollars)

	Notes	December 31, 2014	December 31, 2013 Restated (Note 3.2)	January 1, 2013
ASSETS				
Current assets:				
Cash	6	**$ 4,468,345**	$ 3,135,050	$ 2,773,027
Restricted cash	6	**15,197,262**	14,944,204	28,572,623
Accounts receivable	7	**12,396,177**	5,878,148	4,648,682
Spare parts inventory		**3,030,477**	2,273,008	2,312,326
Prepaid expenses and other current assets		**235,671**	493,743	1,330,112
Total current assets		**35,327,932**	26,724,153	39,636,770
Non-current assets:				
Restricted cash	6	**18,171,075**	18,188,292	21,517,835
Accounts receivable	7	**2,430,661**	3,107,508	3,884,401
Intangible assets	8	**13,389,592**	10,532,819	11,125,370
Property, plant and equipment	9	**228,513,010**	194,561,410	195,776,959
Deferred financing costs	10		1,277,712	
Deferred income tax, net	18	**182,916**	317	15,953
Derivative financial instruments	13	**826,034**	2,118,788	787,456
Other financial assets		**13,798**	14,967	20,153
Total assets		**$ 298,855,018**	$ 256,525,966	$ 272,764,897
LIABILITIES AND EQUITY				
Current liabilities:				
Notes and loans payable	10	**$ 10,303,543**	$ 8,481,330	$ 8,926,318
Accrued interest payable	10	**5,987,891**	5,377,002	5,639,250
Accounts payable and accrued expenses	11	**9,254,830**	655,260	2,133,343
Total current liabilities		**25,546,264**	14,513,592	16,698,911
Non-current liabilities:				
Long-term notes and loans payable	10	**206,686,501**	183,099,772	191,710,019
Derivative financial instruments	13	**4,536,571**	5,093,068	6,556,345
Decommissioning and restoration provisions	14	**792,588**	467,971	558,908
Total liabilities		**237,561,924**	203,174,403	215,524,183

Equity:

Share capital	15	**48,000,856**	48,000,856	38,512,248
Contributed capital	15	**2,465,909**		17,902,664
Legal reserve	15	**679,873**	248,692	
Other equity components	15	**(3,548,591)**	(3,412,977)	(5,421,411)
Retained earnings		**13,695,047**	8,514,992	6,247,213
Total equity		**61,293,094**	53,351,563	57,240,714
Total liabilities and equity		**$ 298,855,018**	$ 256,525,966	$ 272,764,897

The accompanying notes are part of the financial statements.

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Energía Eólica de Honduras, S.A.

(A Honduran Entity)

Statements of Comprehensive Income

Years ended December 31, 2014 and 2013

(expressed in US dollars)

	Notes	2014	2013 Restated (Note 3.2)
Income:			
Sale of electric power and capacity		**$ 48,159,766**	$ 40,057,315
Net revenue from availability, liquidated damages			302,738
Total income		**48,159,766**	40,360,053
Operating costs and expenses:			
Cost of operations	16	**6,845,413**	6,023,452
General and administrative	17	**405,821**	482,973
Depreciation and amortization of non-financial assets	8-9	**10,964,769**	10,645,813
Total operating costs and expenses		**18,216,003**	17,152,238
Operating income		**29,943,763**	23,207,815
Other income (expenses):			
Interest income		**62,913**	40,900
Finance costs from loans and notes payable		**(15,975,471)**	(15,791,655)
Finance costs from decommissioning provisions		**(42,262)**	(42,142)
Change in fair value of derivative financial instruments		**(678,689)**	686,306
Exchange rate differences		**(265,641)**	19,541
Other income, net		**271,509**	292,559
Total other income (expenses)		**(16,627,641)**	(14,794,491)
Income before income tax		**13,316,122**	8,413,324
Income tax	18	**164,681**	(15,636)
Net income		**13,480,803**	8,397,688
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Net movement on cash flow hedge	13	**(153,532)**	2,008,434
Income tax effect	18	**17,918**	

Other comprehensive income, net of income tax	**(135,614)**	2,008,434
Total comprehensive income	**$ 13,345,189**	$ 10,406,122

The accompanying notes are part of the financial statements.

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Energía Eólica de Honduras, S.A.

(A Honduran Entity)

Statements of Changes in Equity

Years ended December 31, 2014 and 2013

(expressed in US dollars)

	Notes	Share capital	Contributed capital	Legal reserve	Hedging reserve	Retained earnings Restated (Note 3.2)	Total equity
As of January 1, 2013		$ 38,512,248	$ 17,902,664	$	$ (5,421,411)	$ 6,247,213	$ 57,240,714
Net income						8,397,688	8,397,688
Other comprehensive income	13				2,008,434		2,008,434
Total comprehensive income					2,008,434	8,397,688	10,406,122
Capital contributed	15		11,242,824				11,242,824
Capital withdrawn			(27,926,846)				(27,926,846)
Share capital	15	9,488,608	(1,218,642)				8,269,966
Legal reserve	15			248,692		(248,692)	
Dividends	15					(5,881,217)	(5,881,217)
As of December 31, 2013		48,000,856		248,692	(3,412,977)	8,514,992	53,351,563
Net income						**13,480,803**	**13,480,803**
Other comprehensive income	13				**(135,614)**		**(135,614)**
Total comprehensive income					**(135,614)**	**13,480,803**	**13,345,189**
Capital contributed	15		**6,392,546**				**6,392,546**
Capital withdrawn	15		**(3,926,637)**				**(3,926,637)**
Legal reserve	15			**431,181**		**(431,181)**	
Dividends	15					**(7,869,567)**	**(7,869,567)**
As of December 31, 2014		**$ 48,000,856**	**$ 2,465,909**	**$ 679,873**	**$ (3,548,591)**	**$ 13,695,047**	**$ 61,293,094**

The accompanying notes are part of the financial statements.

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Energía Eólica de Honduras, S.A.

(A Honduran Entity)

Statements of Cash Flows

Years ended December 31, 2014 and 2013

(expressed in US dollars)

	Notes	2014	2013 Restated (Note 3.2)
Operating activities:			
Income before income tax		**$ 13,316,122**	$ 8,413,324
Adjustments to reconcile income before income tax to cash flows from operating activities:			
Interest income		**(62,913)**	(40,900)
Finance costs from loans and notes payable		**15,975,471**	15,791,655
Finance costs from provisions		**42,462**	42,142
Decommissioning and environmental provisions		**(510,405)**	(135,158)
Change in fair value of derivative financial instruments		**678,689**	(686,306)
Depreciation expense	9	**10,460,187**	10,041,997
Amortization expense	8	**504,581**	603,815
(Gain) loss on disposal of property, plant and equipment		**(8,508)**	5,795
		40,395,686	34,036,364
Changes in operating assets and liabilities:			
Accounts receivable		**(5,841,182)**	(452,573)
Spare parts inventory		**(757,469)**	39,318
Prepaid expenses		**258,072**	836,369
Other assets		**1,170**	5,186
Accounts payable and accrued expenses		**9,392,127**	(1,478,083)
Net cash provided by operating activities		**43,448,404**	32,986,581
Investing activities:			
Additions to property, plant and equipment	9	**(44,415,810)**	(8,832,243)
Additions to intangible assets	8	**(3,361,354)**	(11,264)
Proceeds from sale of property, plant and equipment		**12,532**	
Interest received		**62,913**	40,900
Net cash used in investing activities		**(47,701,719)**	(8,802,607)
Financing activities:			
(Increase) decrease in restricted cash accounts designated for financing activities		**(235,841)**	16,957,962
New loans		**36,773,582**	

Loan settlements		**(8,074,213)**	(9,229,016)
Finance costs paid		**(17,473,260)**	(17,257,703)
Dividends	15	**(7,869,567)**	(5,881,217)
Contributed capital		**6,392,546**	19,512,790
Capital withdrawn		**(3,926,637)**	(27,926,846)
Net cash provided by (used in) financing activities		**5,586,610**	(23,824,030)
Net increase in cash		**1,333,295**	359,944
Cash at beginning of year		**3,135,050**	2,775,106
Cash at end of year		**$ 4,468,345**	$ 3,135,050

The accompanying notes are part of the financial statements.

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Energía Eólica de Honduras, S.A. (A Honduran Entity)

Notes to Financial Statements

December 31, 2014 and 2013

(amounts expressed in US dollars)

1. Corporate information

Energía Eólica de Honduras, S.A. (Energía Eólica or the Company) was organized as a corporation on June 10, 2005 under the laws of the Republic of Honduras, where the Company is domiciled. As of December 31, 2014 the Company is a 99.9% subsidiary of Globeleq Mesoamerica Energy (Wind) Limited (GME Wind), a company incorporated in Bermuda, and Energía Eólica s ultimate parent company is Actis Infrastructure Fund 2LP.

The Company s main activity is the operation of a 126 megawatt wind park called Cerro de Hula and the sale of energy to the Honduran National Electric Energy Company (ENEE) through the power purchase agreement signed between the parties. Energy sales began in October 2011. This activity is regulated by Honduras electricity law No. 158-94 of November 1994 (Honduran Law Electricity Sub-sector).

On October 1, 2008 Energía Eólica entered into a 20-year power purchase agreement (PPA) with the Honduran National Electric Energy Company (ENEE) to operate a 102 megawatt wind park (Cerro de Hula Project or the Project). The Company was granted the commercial operation status (as defined in the PPA) by ENEE on December 21, 2011. On December 20, 2012, the PPA was amended to contemplate that: a) the Company would increase the wind park s capacity by 24 megawatts to reach a total of 126 megawatts, and b) the PPA s term would increase from 20 to 25 years starting on December 21, 2011 and ending on December 2036. Construction of the 24 megawatt expansion (the Project Expansion) began on November 22, 2013. Acceptance of compliance by ENEE with the Project Expansion s technical requirements was granted on November 13, 2014. The Project Expansion started generating power in November 2014.

The Project was registered as a Clean Development Mechanism (CDM) Project under the United Nations Framework Convention on Climate Change on April 24, 2012 and for a 10 years crediting period, from April 24 2012 through April 23 2022. The Project is therefore eligible to issue Certified Emission Reductions (CERs) starting on April 24, 2012.

The Company does not have traded debt or equity in the public markets. The accompanying financial statements have been prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 23.

2. Regulations governing autonomous private or parallel generation of electricity

As per Honduran regulation, either public, private, or mixed companies subject to Law No. 158-94 of November 1994 will have the following options to sell the electricity produced: a) sell directly to a large consumer or distributing company; in these cases they must build the lines necessary to do so; and b) sell their electricity to ENEE. In the latter case, if the sale is by initiative of a private or mixed entity, ENEE will guarantee the purchase of the production if it is sold at a price equal to or less than the short-term marginal cost. If the sale/purchase is promoted by ENEE, the rate will be that resulting from the corresponding tender and the terms of the contract. The purchase of Energía Eólica s energy is promoted by ENEE.

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3. Basis of preparation of the financial statements

3.1 Statement of compliance

The Company s financial statements as of December 31, 2014 and 2013 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The Company s financial statements as of December 31, 2014 were first approved for issuance by the Company s Chief Executive Officer and Chief Financial Officer on January 8, 2015, and were subsequently approved by the Company s shareholders. The accompanying restated financial statements have been prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 23. They have also been restated for the correction of certain errors as explained in Note 3.2. The Company s Chief Executive Officer and Chief Financial Officer approved these financial restated statements for issuance on June 13, 2015 and subsequent events have been considered through that later date.

3.2 Restatement of financial statements

During its preparation of the accompanying restated financial statements for the purpose described in Note 3.1, the Company identified certain accounting errors that are being retrospectively corrected herein. They are explained as follows:

The Company previously accounted for restricted cash as a component of cash in its statement of cash flows. It has corrected that classification to now exclude those amounts. The Company also modified the current versus non-current classification of restricted cash to correspond with contractual terms.

The Company has identified the need for a decommissioning and restoration provisions in the accompanying financial statements given obligations that it believes exist under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Disclosure of such provisions are presented in Note 14.

The Company has determined residual values for its wind turbines which resulted in a change in the depreciation expense.

The aforementioned matters have an impact on deferred income tax.

Certain accounting disclosures have been expanded from those previously presented.

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These corrections have impacted the accompanying financial statements as follows (amounts in US dollars):

	Balance as of or for the year ended December 31, 2014 as previously reported	Retrospective adjustments	Balance as of or for the year ended December 31, 2014 as restated	Balance as of or for the year ended December 31, 2013 as previously reported	Retrospective adjustments	Balance as of or for the year ended December 31, 2013 as restated	Balance as of January 1, 2013 as previously reported	Retrospective adjustments	Balance as of January 1, 2013 as restated
atement of nancial osition:									
urrent assets	53,499,007	(18,171,075)	35,327,932	44,912,445	(18,188,292)	26,724,153	61,154,605	(21,517,835)	39,636,770
on-current sets	243,673,148	19,853,938	263,527,086	210,666,777	19,135,036	229,801,813	210,763,537	22,364,590	233,128,127
otal assets	297,172,155	1,682,863	298,855,018	255,579,222	946,744	256,525,966	271,918,142	846,755	272,764,897
urrent abilities	25,521,153	25,111	25,546,264	14,513,592		14,513,592	16,698,911		16,698,911
on-current abilities	211,338,658	677,002	212,015,660	188,359,492	301,319	188,660,811	198,344,513	480,759	198,825,272
otal liabilities	236,859,811	702,113	237,561,924	202,873,084	301,319	203,174,403	215,043,424	480,759	215,524,183
quity	60,312,344	980,750	61,293,094	52,706,138	645,425	53,351,563	56,874,718	365,996	57,240,714
atement of omprehensive come:									
evenues	48,138,011	21,755	48,159,766	40,432,360	(72,307)	40,360,053			
perating penses	35,025,681	(182,037)	34,843,644	32,225,598	(278,869)	31,946,729			
come before come taxes	13,112,330	203,792	13,316,122	8,206,762	206,562	8,413,324			
come taxes	33,148	131,533	164,681	(88,503)	72,867	(15,636)			
et income	13,145,478	335,325	13,480,803	8,118,259	279,429	8,397,688			
atement of ash flows:									
ash flows om operating tivities	43,080,739	367,665	43,448,404	31,804,781	1,181,800	32,986,581			
ash flows om investing tivities	(47,334,054)	(367,665)	(47,701,719)	(8,896,440)	93,833	(8,802,607)			
ash flows om financing tivities	5,822,451	(235,841)	5,586,610	(39,504,280)	15,680,250	(23,824,030)			
ash at eginning of	36,267,546	(33,132,496)	3,135,050	52,863,485	(50,088,379)	2,775,106			

ear						
ash at end of ear	37,836,682	(33,368,337)	4,468,345	36,267,546	(33,132,496)	3,135,050

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3.3 Basis of valuation and presentation currency

The financial statements as of December 31, 2014 and 2013 were prepared on a historical cost basis, except for certain items that are measured in accordance with the accounting policies described in Note 4. The financial statements are expressed in US dollars (US$ or $).

3.4 Changes in accounting policies

The accounting policies adopted by the Company to prepare its financial statements as of December 31, 2014 are consistent with those used to prepare its financial statements as of December 31, 2013.

The Company adopted for the first time the following amendments to standards and interpretations, which are effective for annual periods beginning on or after January 1, 2014. These amendments and interpretations had no material impact on the Company s financial statements as of December 31, 2014.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

Offsetting Financial Assets and Financial Liabilities Amendments to IAS 32

These amendments clarify the meaning of currently has a legally enforceable right to set-off and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively.

Novation of Derivatives and Continuation of Hedge Accounting Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required.

IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21.

Recoverable Amount Disclosures for Non-Financial Assets Amendments to IAS 36 Impairment of Assets

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units for which impairment loss has been recognized or reversed during the period.

Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at January 1, 2014 and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

Annual Improvements 2011-2013 Cycle

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 *First-time Adoption of* International *Financial Reporting Standards*. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity s first IFRS financial statements.

4. Summary of significant accounting policies

4.1 Currency and foreign currency transactions

4.1.1 Functional and presentation currency of the financial statements

The Company adopted the US dollar (US$ or $) as the functional and presentation currency since it better reflects the events and transactions performed by the Company. Adoption of the US dollar as functional currency was based on the following facts: income from energy sales is generated in dollars, debt obligations are denominated in dollars, capital contributions are made in dollars, and certain operating costs and expenses are also incurred in that currency. Information relating to exchange regulations and rates is included in Note 20.

Considering that the Company s accounting records are kept in Honduran lempiras, and that the US dollar was adopted as the functional currency, assets and liabilities denominated in foreign currency were translated into the financial statements functional currency using the exchange rate ruling on the date of the statement of financial position. Non-monetary items measured on a historical cost basis were converted on the date of the statement of financial position using the exchange rate ruling on the original transaction date. Income and expenses are converted at the exchange rate in effect on the transaction date.

4.1.2 Transactions in foreign currency

Transactions in foreign currency, any currency other than the functional currency, are recorded at the exchange rate ruling on the transaction date. In determining its financial situation and operating results, the Company appraises and adjusts its assets and liabilities denominated in foreign currency at the exchange rate ruling on the date of this valuation and determination. Exchange rate differences resulting from the application of these procedures are recognized in the results of the period in which they occur.

4.2 Cash

Cash is comprised of cash on-hand and in banks.

4.3 Restricted Cash

Restricted bank account balances are not considered either unrestricted cash balances or cash equivalent balances for the purpose of the statement of cash flows. They are presented in the accompanying statements of financial position as restricted cash , and are presented as current or non-current assets given management s expectation that they will be withdrawn for their defined purposes within the coming twelve-month period or otherwise. Net changes in such restricted cash balances are classified as a financing activity in the statement of cash flows based on the requirement for them under the debt agreements.

4.4 Financial instruments

The valuation of the Company s financial instruments is determined using the fair value or amortized cost, as defined below:

Fair value The fair value of a financial instrument negotiated in an organized financial market is determined using as reference the prices quoted in that financial market for negotiations performed as of the date of the statement of financial position. With respect to financial instruments for which there is no active financial market, the fair value is determined using valuation and other techniques.

Amortized cost The amortized cost is calculated using the effective interest method less any allowance for impairment. The calculation takes into consideration any award or discount in the acquisition and includes the transaction costs and fees which are an integral part of the effective interest rate.

These techniques include recent market transactions between interested, fully informed parties who act independently; references to the fair value of another substantially similar financial instrument; and discounted cash flows or other valuation methods.

4.5 Financial assets

4.5.1 Initial recognition and measurement of financial assets

Financial assets within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. The Company only has accounts receivable and derivative financial instruments, which are described in Note 4.7.

The Company initially recognizes all of its financial assets at fair value plus costs directly attributable to the transaction, except for financial assets valued at fair value through profit or loss in which these costs are not considered.

The Company recognizes the purchase or sale of financial assets on the date of each transaction, which is the date on which the Company commits to buy or sell a financial asset.

4.5.2 Subsequent measurement of accounts receivable

Accounts receivable are non-derivative financial assets with fixed or determined payments that are not quoted in active markets, and are initially recognized at the corresponding invoiced amounts. After initial recognition, accounts receivable are recorded by the Company at amortized cost using the effective interest rate method less the allowance for impairment. Gains or losses are recognized in results when the accounts receivable are derecognized or impaired, as well as through the amortization process.

4.5.3 Impairment of financial assets

The Company assesses on the date of the statement of financial position whether there is any objective evidence that a financial asset or group of assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the financial asset, and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing

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significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows due to defaults on contracts.

Impairment of financial assets recorded at amortized cost

When the Company determines that it has incurred in an impairment loss in the value of its financial assets carried at amortized cost, it estimates the loss amount as the difference between the asset s carrying amount and the present value of future cash flows discounted at the financial asset s original effective interest rate; it deducts the loss from the asset s carrying amount and recognizes such loss in the results of the year in which it occurs. If, in a subsequent period, the amount of the loss due to impairment decreases and may be objectively related to an event subsequent to the recognition of impairment, the impairment loss is reversed. Once the reversal is recorded, the carrying amount of the financial asset cannot exceed the original amortized amount. The amount of the reversal is recognized in the results of the year in which it occurs.

4.5.4 Derecognition of financial assets

Financial assets are derecognized by the Company when the rights to receive cash flows from the asset have expired, or when the financial asset is transferred along with its inherent risks and benefits and contractual rights to receive cash flows from the asset are surrendered, or when the Company retains the contractual rights to receive cash flows and assumes the obligation to pay them to one or more parties.

4.6 Financial liabilities

4.6.1 Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. Energía Eólica recognizes all financial liabilities initially at fair value on the date of acceptance or contracting of the liability, plus, in the case of loans and borrowings, directly attributable transaction costs.

The Company s financial liabilities include notes and accounts payable, accrued expenses and derivative financial instruments (Note 4.7).

4.6.2 Subsequent measurement of notes and accounts payable, and accrued expenses

After initial recognition, these financial instruments are subsequently measured at amortized cost using the effective interest method. The Company recognizes gains or losses in the statement of comprehensive income when the financial liability is derecognized as well as through the amortization process.

4.6.3 Derecognition

Financial liabilities are derecognized when the obligation has been paid, cancelled or expires. When a financial liability is replaced by another, the Company derecognizes the original and recognizes a new liability. Differences that may result from these financial liability replacements are recognized through profit or loss when incurred.

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4.7 Derivative financial instruments and hedge accounting

4.7.1 Initial recognition and subsequent measurement

The Company uses derivative financial instruments, interest rate swaps and caps, to hedge the risk of interest rate fluctuations, and does not hold or issue derivative financial instruments for trading purposes. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is obtained, and are subsequently re-measured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The fair value of an interest rate swap/cap is the estimated amount that the Company would receive or pay to terminate the swap/cap on the date of the statement of financial position, taking into account current interest rates and the payment capacity of the counterparties.

Changes in fair value of the Company s derivative financial instruments that qualify for hedge accounting are recognized as follows: changes in the time value of instruments and any ineffectiveness are taken directly to the income statement while changes in the intrinsic value are recognized as part of other comprehensive income.

For hedge accounting purposes, the Company s interest rate swaps/caps are classified as cash flow hedges. At the beginning date of a hedge agreement, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the entity will assess the hedging instrument s effectiveness in offsetting the exposure to changes in the hedged item s cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on a quarterly basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges which meet the strict criteria for hedge accounting are recorded as follows: a) the effective portion of the gain or loss on the hedging instrument is recognized directly in equity, within other comprehensive income, while any ineffective portion is recognized immediately in the income statement; b) amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then the hedge accounting is discontinued. The cumulative gain or loss previously recognized in equity remains there until the forecast transactions occurs.

4.7.2 Current versus non-current classification

Derivative instruments that are designated as hedges, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and a non-current portion only if a reliable allocation can be made.

4.8 Inventory

4.8.1 Spare parts inventory

Inventories are valued at the lower of cost and net realizable value on a weighted average basis.

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4.8.2 Certified Emission Reductions (CERs)

The Company recognizes CERs in accordance with IAS 2 *Inventory* because they are held for sale in the ordinary course of business. CERs are measured, initially and subsequently, at fair value.

4.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, as necessary. The Company records the intangible assets generated internally as expenses in the year in which they are incurred, except for development costs that are capitalized.

The useful lives of intangible assets are assessed to be either finite or indefinite. Energía Eólica only has intangible assets with finite useful lives, which are amortized under the straight-line method over the assets estimated useful lives, which are periodically reviewed by Management.

Gains or losses from the derecognition of an intangible asset are determined by the Company as the difference between the proceeds from sale or disposal and the net carrying amount of the intangible asset, recognizing them in the results of the year in which they are incurred.

4.9.1 Connectivity rights

As part of the obligations set forth in PPA with ENEE, the Company had to build, at its own cost, an electrical substation on behalf of ENEE. Because the Company does not own the physical asset, the respective cost was considered a right to be able to operate the wind park and therefore recognized as an intangible asset. Connectivity rights are amortized on a straight-line basis over the PPA term.

4.9.2 Research and development costs

Research costs are expensed as incurred.

Development activities involved a plan or design for the construction of new wind power generation projects. An intangible asset arising from the development phase of a project is recognized if the Company can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; its intention to complete the asset and use it or sell it; its ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical and financial resources to complete the development and to use or sell the asset, and its ability to reliably measure the expenditure attributable to the intangible asset during its development.

Useful life for intangible assets arising from development costs is determined based on the PPA term and amortization occurs on a straight-line basis.

4.9.3 Software

Software represents the cost of accounting software licenses. Software is amortized over a useful life between one and three years, on a straight-line basis.

4.10 Property, plant and equipment

Property, plant, and equipment are stated at acquisition cost less accumulated depreciation and losses due to impairment, if any. These costs include the cost of replacing the components of plant or equipment

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when the cost is incurred, if it meets the requirements for recognition. Depreciation and those disbursements for repair and maintenance which do not meet the conditions for recognition as assets are recognized as expenses in the year in which they are incurred.

Depreciation is calculated on a straight-line basis over the useful life of each type of asset. The remaining value of the depreciating assets, the estimated useful life, and depreciation methods are periodically reviewed by Management and adjusted when necessary, at the end of each financial year.

The estimated useful lives for productive assets is established by the Company as the difference between the date from which the assets are available for their intended use and the PPA expiration date or the assets own estimated useful life, whichever is shorter.

A breakdown of estimated useful lives is as follows:

	Useful life
Buildings	17-20 years
Machinery and equipment (primarily wind turbines)	20 years
Furniture and equipment	3-10 years
Vehicles and crane	5-20 years

Construction and installation costs are charged to temporary accounts and subsequently transferred to the respective asset accounts once the works are completed. These works in process include all disbursements directly related to the design, development and construction of buildings and others, plus financial costs attributable to the works.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

A component of property, plant, and equipment is derecognized when it is sold or when the Company does not expect future economic benefits from its use. Any loss or gain from the disposal of the asset, calculated as the difference between the net carrying amount and the sales proceeds, is recognized in income in the year in which it occurs.

4.11 Impairment of non-financial assets

The Company assesses the carrying amounts of its non-current assets at each reporting date to determine reductions in value when events or circumstances indicate that recorded values may not be recovered. If any such indication exists, and the carrying amount exceeds the recoverable amount, the Company measures the assets or cash-generating units at their recoverable amounts, defined as the greater of fair value less selling costs or the value in use. Resulting adjustments are recorded in the results of the year in which they are determined.

4.12 Revenue recognition

The Company measures its revenue from ordinary activities using the fair value of the benefit received or to be received, derived from revenue.

4.12.1 Revenue from energy sales

Revenue from energy sales is recognized in the period in which energy is delivered to the Company customer. Revenue from the electricity generating capacity is recognized in the period in which such

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capacity is made available to its customer ENEE, in conformity with the terms specified in the PPA. No revenue is recognized if there are significant uncertainties regarding recovery of the amount or its associated costs.

4.12.2 Interest income from financial instruments

Revenue arising from financial instruments is recognized in relation to the passage of time, calculated over the average monthly balances for the invested principal, applying the effective interest method. Interest income is included in finance income in the statement of comprehensive income.

4.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. Borrowing costs include interest, exchange differences and other borrowing costs. Borrowing costs that do not meet the criteria for capitalization are recorded in the results of the year in which they are incurred.

Borrowing costs, including transaction costs, related to notes and loans payable for the financing of qualifying assets under construction are initially recognized as a non-current asset and subsequently reclassified to the balance of notes and loans payable when the funds from the financing have been substantially withdrawn by the Company.

4.14 Benefits for termination of employment contracts

According to Decree No. 150-2008 of November 5, 2008 employees that are terminated without justified cause are entitled to a severance benefit equivalent to one month of salary for each year of service, up to a maximum of 25 months. The Company is obligated to pay 35% of the severance benefit to those employees with more than 15 years of service at the Company, if they decide to voluntarily terminate the labor relationship. Also, the Company has to pay 75% of the severance benefit to the beneficiaries of deceased employees who have six months or more of service at the Company.

4.15 Taxes

The Company offsets its current and deferred tax assets with current and deferred tax liabilities, respectively, if a legally enforceable right exists to set off the amounts recognized before the same taxation authority and when it has the intention to liquidate them for the net amount or to realize the asset and settle the liability simultaneously.

4.15.1 Current income tax

The Company calculates income tax by applying adjustments from certain items, affected by or subject to income tax, in conformity with current tax regulations. Current tax, corresponding to present and prior periods, is recognized by the Company as a liability to the extent that it is not settled. If the amount already paid, which corresponds to present and prior periods, exceeds the amount payable for those periods, the excess is recognized as an asset.

The Company recognizes current income tax related to items of other comprehensive income directly in these items and not in the results of the period.

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4.15.2 Deferred income tax

Deferred income tax is determined by applying the liability method to all temporary differences existing between the asset, liability, and net equity tax base and the amounts recorded for financial purposes as of the date of the statement of financial position. Deferred income tax is calculated using the tax rate expected to apply on the period when the asset is realized or the liability is settled. Deferred tax assets are recognized only when there is reasonable probability of their realization.

The carrying amount of deferred income tax assets is reviewed on the date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Likewise, on the closing date of each financial period, the Company reassesses the unrecognized deferred tax assets to the extent that it is probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred taxes related to items of other comprehensive income are recognized directly in those items and not in the results of the period.

4.15.3 Sales tax

Revenue from sales is recorded by the Company net of sales tax, and a liability is recognized in the statement of financial position for the related sales tax amount. Expenses and assets acquired are recorded by the Company net of sales tax if the tax authorities credit these taxes to the Company, recognizing the accumulated amount receivable in the statement of financial position. When the sales tax incurred is not recoverable the Company includes within the expense or asset, as applicable.

4.16 Operating leases

The Company holds certain productive assets under lease agreements with third parties. Leases in which the Company, as lessee, does not substantially retain all risks and benefits incidental to asset ownership are considered operating leases. Payments on these leases, according to rates established in the respective contracts, are recognized as expenses over the lease term.

4.17 Significant accounting judgments, estimates, and assumptions

Financial statement preparation requires management to make judgments, estimates and assumptions affecting reported amounts of revenue, expenses, assets and liabilities, and to disclose contingent liabilities as of the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

4.17.1 Judgments

In applying the Company s accounting policies, management has used the following judgment, apart from those implied in the estimates, which has a significant effect on the amounts recognized in the financial statements:

Classification of derivative financial instruments (interest rate swaps and caps) as cash flow hedges

The Company has classified its derivative financial instruments as cash flow hedges, and has adopted hedge accounting under the assumption that the hedge relationship is highly effective.

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4.17.2 Estimates and assumptions

The main assumptions related to future events and other sources of estimates subject to variations as of the reporting date, which due to their nature carry a risk of causing adjustments to the asset and liability amounts in next year s financial statements, are presented below:

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these variables could affect the reported fair value of financial instruments.

Impairment of non-financial assets

The Company estimates that there are no indicators of impairment for any of its non-financial assets as of the reporting date.

Operating leases

The Company s commercial activities include the lease of land on which the project was established. Based on an evaluation of the terms and conditions of the signed lease contracts, the Company has determined that it does not retain the risks and rewards of the leased properties; therefore, it has classified the lease contracts as operating leases.

Development costs

The Group capitalizes development costs for a project in accordance with the accounting policy. Initial capitalization of costs is based on management s judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

5. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, as of December 31, 2014 are disclosed below. The Company intends to adopt these standards, if applicable to its activities, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. IFRS 14 is effective for annual periods beginning on or after January 1, 2016.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016 with early adoption permitted.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after July 1, 2014.

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Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016 with early adoption permitted.

Annual improvements from the 2010-2012 and 2011-2013 Cycles

The following list of improvements to standards is effective from July 1, 2014:

- *IFRS 2 Share-based Payment.* This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions.

- *IFRS 3 Business Combinations.* The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

- *IFRS 3 Business Combinations.* The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that: a) joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and b) this scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- *IFRS 8* Operating *Segments.* The amendments are applied retrospectively and clarifies that: a) an entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are similar ; and b) the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- *IFRS 13 Fair Value Measurement.* The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

- *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.* The amendment is applied *retrospectively* and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to

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observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. IAS 24 Related Party Disclosures.

IAS 24 Related Party Disclosures. The amendment is applied retrospectively and clarifies that a *management* entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

IAS 40 Investment *Property.* The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

The Company has not yet evaluated the impact that the aforementioned new accounting standards will have on its financial statements.

6. Cash and restricted cash

	2014	**2013**
Unrestricted cash:		
Banks	**$ 4,463,157**	$ 3,129,324
Petty cash	**5,188**	5,726
	$ 4,468,345	$ 3,135,050
Restricted cash in banks:		
Current	**15,197,262**	14,944,204
Non-current	**18,171,075**	18,188,292
	$ 33,368,337	$ 33,132,496

Cash deposited in bank accounts earns interest based on daily rates determined by the corresponding banks.

Cash balances for US$33,368,337 and US$33,132,496 as of December 31, 2014 and 2013, respectively, are restricted under the financing documents between Energía Eólica and the Lenders (Note 10). Under the terms of its debt agreements, the Company has a series of restricted bank accounts both on-shore in Honduras, and also off-shore. Cash receipts from operations are initially deposited directly into these restricted accounts and then based on contractually agreed provisions are allocated into a series of sub-accounts, restricted for specific operational and other purposes including, but not limited to, construction, debt service, major maintenance, insurance, and shareholders distributions. Except as expressly provided in those debt agreements, the restricted bank accounts are under the control of a trustee and the Company has the right to withdraw or transfer funds only as expressly provided in those debt agreements.

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7. Accounts receivable

	2014	2013
Empresa Nacional de Energía Eléctrica (ENEE)	**$ 12,293,184**	$ 5,660,657
Value added taxes (VAT) related to the Project s construction	**2,430,661**	3,107,508
Crane rental services receivable	**25,947**	161,187
Others	**77,046**	56,304
	14,826,838	8,985,656
Less non-current portion (VAT)	**(2,430,661)**	(3,107,508)
	$ 12,396,177	$ 5,878,148

The outstanding balances due from ENEE correspond to trade receivables for the sale of electric power. Terms of these accounts receivable extend to 18 days for ENEE from the corresponding invoice issue dates; are not subject to early-payment discounts, and do not generate interest except for late charges.

The outstanding balance of VAT relates to funds reimbursed to the main Project s subcontractors, Gamesa and Iberdrola, who were obligated to pay VAT on the acquisition of certain equipment and materials during the construction phase of the Project. Nonetheless, the Company was exempted from such VAT. The VAT receivable is denominated in Lempiras. The Honduran Tax Authority has been recognizing the Company s right to such VAT, however its reimbursement depends on the timing of the review of the documentation by the Tax Authority. Reimbursement of such amounts occurs through credit notes issued by the Tax Authority. Those credit notes can be traded in the local market, although normally with a discount ranging from 15% to 20%. The Company believes that such VAT is fully recoverable in credit notes from the Tax Authority. VAT balances as presented above reflect the anticipated discount that will be realized upon collection.

8. Intangible assets

	Connectivity rights (a)	Development costs (b)	Software	Total
Cost:				
As of December 31, 2012	$ 11,309,448	$ 549,350	$ 18,245	$ 11,877,043
Additions			11,264	11,264
As of December 31, 2013	11,309,448	549,350	29,509	11,888,307
Additions	**3,343,309**		**18,045**	**3,361,354**
As of December 31, 2014	**$ 14,652,757**	**$ 549,350**	**$ 47,554**	**$ 15,249,661**
Accumulated amortization:				
As of December 31, 2012	$ 706,794	$ 34,381	$ 10,498	$ 751,673
Amortization	565,435	27,505	10,875	603,815
As of December 31, 2013	1,272,229	61,886	21,373	1,355,488
Amortization	**436,778**	**44,000**	**23,803**	**504,581**
As of December 31, 2014	**$ 1,709,007**	**$ 105,886**	**$ 45,176**	**$ 1,860,069**

Carrying amounts:				
As of December 31, 2012	$ 10,602,654	$ 514,969	$ 7,747	$ 11,125,370
As of December 31, 2013	$ 10,037,219	$ 487,464	$ 8,136	$ 10,532,819
As of December 31, 2014	**$ 12,943,750**	**$ 443,464**	**$ 2,378**	**$ 13,389,592**

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a) Under the PPA terms with ENEE, the Company had to build, at its own cost, the high voltage section of the electrical substation on behalf of ENEE. Because the Company has to transfer ownership of such section to ENEE, the corresponding construction costs were considered as a right to be able to operate the wind project and therefore recognized as an intangible asset. The increase in 2014 is also related to the high voltage section of the substation built for the Project Expansion.

b) Correspond to certain costs incurred in relation to wind projects in the development phase, for which the Company believes that it has achieved both technological feasibility and has committed funding for completion.

9. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Major spare parts	Furniture and equipment	Vehicles	Construction in progress	Total
Cost:								
As of December 31, 2012	$ 1,344,304	$ 20,595,574	$ 178,483,088	$ 3,383,159	$ 197,650	$ 3,834,735	$ 298,686	$ 208,137,196
Additions	68,361	451,365	(60,517)		148,783	48,000	8,176,251	8,832,243
Retirements			(526)		(15,838)			(16,364)
Reclassifications		607,036			118,252		(725,288)	
As of December 31, 2013	1,412,665	21,653,975	178,422,045	3,383,159	448,847	3,882,735	7,749,649	216,953,075
Additions and reclassifications	**170,979**	**5,437,002**	**45,216,252**	**1,016,036**	**219,062**	**67,707**	**(7,711,228)**	**44,415,810**
Retirements			**(163)**		**(4,569)**	**(19,000)**		**(23,732)**
As of December 31, 2014	**$ 1,583,644**	**$ 27,090,977**	**$ 223,638,134**	**$ 4,399,195**	**$ 663,340**	**$ 3,931,442**	**$ 38,421**	**$ 261,345,153**
Accumulated depreciation:								
As of December 31, 2012	$	$ 1,292,395	$ 10,773,792	$	$ 58,117	$ 235,915	$	$ 12,360,219
Depreciation		1,035,923	8,686,589		34,240	285,245		10,041,997
Retirements			(209)		(10,341)			(10,550)
As of December 31, 2013		2,328,318	19,460,172		82,016	521,160		22,391,666
Depreciation		**1,105,145**	**9,003,891**		**58,472**	**292,679**		**10,460,187**
Retirements			**(164)**		**(2,141)**	**(17,405)**		**(19,710)**
As of December 31, 2014	**$**	**$ 3,433,463**	**$ 28,463,899**	**$**	**$ 138,347**	**$ 796,434**	**$**	**$ 32,832,143**
Carrying amounts:								
As of December 31, 2012	$ 1,344,304	$ 19,303,179	$ 167,709,296	$ 3,383,159	$ 139,533	$ 3,598,820	$ 298,686	$ 195,776,977
As of December 31, 2013	$ 1,412,665	$ 19,325,657	$ 158,961,873	$ 3,383,159	$ 366,831	$ 3,361,575	$ 7,749,649	$ 194,561,409
As of December 31, 2014	**$ 1,583,644**	**$ 23,657,514**	**$ 195,174,235**	**$ 4,399,195**	**$ 524,993**	**$ 3,135,008**	**$ 38,421**	**$ 228,513,010**

The Company s property, plant and equipment is pledged as fiduciary guarantee under the third-party borrowing arrangements (Note 10).

Construction in progress is mainly comprised of advances to subcontractors (mainly Gamesa and Iberdrola) for the construction of the Project Expansion (Note 1).

Finance costs of US$756,928 were capitalized in 2014 (2013: US$0) with respect to the Project Expansion (Note 1) based on an average effective interest rate of 7.47% (2013: 0%) of the corresponding loans obtained to finance such expansion.

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The Company has recognized decommissioning and restoration provisions related to its wind farm as described in Note 14.

10. Notes and loans payable

Notes and loans payable are denominated in US dollars and were as follows:

	Interest rate	Maturity date	2014	2013
Export-Import Bank of the United States	7% fixed	Feb-2029	**$ 141,632,725**	$ 147,626,103
Central American Bank for Economic Integration (CABEI)	Libor 6 months + +5.75%(*)	Aug-2025	**47,587,689**	50,075,642
Export-Import Bank of the United States	3.72% fixed (**)	Aug-2031	**23,091,223**	
Central American Bank for Economic Integration (CABEI)	Libor 6 months +5.75%(*)	Aug-2028	**13,682,358**	
Principal			**225,993,995**	197,701,745
Less Deferred finance costs			**(9,003,951)**	(6,120,643)
			216,990,044	191,581,102
Less Maturity of one year or less			**(10,303,543)**	(8,481,330)
Principal			**$ 206,686,501**	$ 183,099,772

(*) CABEI s rate will change to Libor 6 months + 6.10% after November 2023.

(**) Ex-Im s rate will increase to 6.72% after construction of the Project Expansion.

A summary of the maturities of the long-term notes and loans payable is presented below:

	2014	2013
As of December 31, 2015	**$**	$ 9,603,746
As of December 31, 2016	**11,039,418**	10,281,890
As of December 31, 2017	**12,443,205**	10,997,458
As of December 31, 2018	**13,844,749**	11,768,611
As of December 31, 2019 and thereafter	**178,363,080**	146,568,710
	215,690,452	189,220,415
Less Deferred finance costs	**(9,003,951)**	(6,120,643)
	$ 206,686,501	$ 183,099,772

The balances of the notes payable above derived from secured loans obtained in November 2010 from Export Import Bank of the United States (Ex-Im) and Central American Bank for Economic Integration (CABEI) for the financing the Cerro de Hula Project. Ex-Im and CABEI provided financing for a total of US$154,867,635 and US$53,564,360, respectively. To protect the security interest of Ex-Im and CABEI, the Company entered into arrangements typical of financing projects of this nature, including the pledge of Company assets (Notes 8 and 9).

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On November 22, 2013 the Company entered into secured loans with Ex-Im and CABEI to finance the Project Expansion for a total of US$53,733,675 (Note 1). Overall terms of these secured loans are:

	Ex-Im	**CABEI**
Available credit facility	$29,633,675	$24,100,000
Interest rate	CIRR*	Libor + 5.75%
Period	August 2031	August 2028
Guarantee	Security Package with all Company assets and share pledge	

As of December 31, 2013, the Company had not made any withdrawals from credit facilities obtained to finance the Project Expansion. Therefore, the balance of deferred finance costs associated with the financing of the Project Expansion amounted to US$1,277,712 as of that date and was presented as an asset in the accompanying statement of financial position. When withdrawals occurred in 2014, this deferred financing cost was reclassified as an offset to the outstanding liability balance.

Refer to a discussion of restricted cash conditions under the credit agreement as explained in Note 6 above.

Debt agreements contained the following financial covenants. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings.

Distribution requirements	
Debt service coverage ratio (historical)	1.25x
Debt service coverage ratio (projected)	1.25x
Debt to equity ratio (+ definition)	2016: 82:18 2017: 81:19 2018: 80:20 2019: 78:22 2020: 76:24 2021 onwards: 75:25 *Total debt less DSRA, to* *Total equity less other equity components*
Financial maintenance covenants	
Debt service coverage ratio	
Debt to equity ratio	
Minimum capital	$48,000,000 (only CABEI loans)

As of December 31, 2014, The Company was in compliance with these restrictive covenants.

As of December 31, 2014 accrued interest and fees on notes and loans payable amount to US$5,987,891 (2013: US$5,377,002).

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11. Accounts payable and accrued expenses

	2014	2013
Engineering and procurement costs payable	**$ 6,636,496**	$ 6,753
Commercial vendors	**2,447,656**	538,821
Rent of land	**85,847**	21,401
Christmas and other employee bonuses	**51,061**	37,282
Social security withholdings payable	**8,659**	7,210
Related parties (Note 12)		12,793
Other	**25,111**	31,000
	$ 9,254,830	$ 655,260

The engineering and procurement costs accrual correspond to payables related to the Cerro de Hula Project for which sub-contractor invoices had not been received as of the statements of financial position date.

Maturity terms for accounts payable with commercial vendors extend up to 30 days from the corresponding invoices issue dates, are not subject to any discounts for early payment and do not generate interest except for late charges.

Accrued expenses and other accounts payable are interest free, are not subject to any discount for early payment, do not generate late charges, and their maturity terms are less than one year.

12. Balances and transactions with related parties

The related parties with whom the Company maintains balances and performs transactions are entities under the common control of the parent company, Globeleq Mesoamerica Energy (Wind), Limited. A breakdown of these balances and the respective terms and conditions is as follows:

	2014	2013
Accounts payable:		
Administración de Energías Renovables, S.A. (Note 11)	**$**	$ 12,793

Maturity terms for accounts receivable and payable extend up to 30 days from the corresponding invoices issue dates, and are not subject to any discounts for early-payment.

A breakdown of transactions performed with related parties is summarized below:

	2014	2013
Professional services expenses:		
Administración de Energías Renovables, S.A. **a/**	**$ 799,188**	$ 632,103
TCR Holdings, S.A.	**36,648**	
CR Operaciones y Mantenimiento, S.A.	**13,088**	
	$ 848,924	$ 632,103

a/ Professional services provided by Administración de Energías Renovables, S.A. are in relation to the development, operation and construction of the Expansion Project of the wind farm. Professional services for US$799,188 were capitalized (under property, plant and equipment) by Energía Eólica in 2014.

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Compensation to key management personnel

The Company does not directly incur in compensation for key personnel because Administración de Energías Renovables, S.A. provides those management services, however the allocation of key personnel compensation at Administración de Energías Renovables, S.A. that is attributable to the Company amounts to US$254,682 in 2014 (2013: US$253,302).

13. Fair value of derivative instruments

The Company uses interest rate swaps and interest rate caps to hedge its variable interest rate exposure on a portion of the Company s loans with CABEI (Note 10). Under the interest rate swaps/caps agreements the Company receives a fixed rate of interest as disclosed below and pays interest at a variable rate on the notional amounts. These derivative financial instruments have been designated as hedging instruments and have been assessed to be highly effective as of the financial statements dates. The effects of the above derivative instruments in the Company s financial statements are summarized as follows:

	2014	**2013**
Statements of Financial Position:		
Assets:		
Cap agreement of November 2010	**$ 484,884**	$ 1,402,665
Cap agreement of December 2013	**341,150**	716,123
	$ 826,034	$ 2,118,788
Liabilities:		
Swap agreement of November 2010	**$ 3,148,111**	$ 4,174,901
Swap agreement of December 2013	**1,388,460**	918,167
	$ 4,536,571	$ 5,093,068

	2014	**2013**
Statements of Comprehensive Income gain / (loss):		
Change in time value of derivative instruments Profit and loss:		
Cap agreement of November 2010	**$ (826,621)**	$ 524,049
Cap agreement of December 2013	**171,204**	169,945
	$ (655,417)	$ 693,994
Ineffectiveness of derivative instruments Profit and loss:		
Swap agreement of November 2010	**$ (12,830)**	$ (683)
Swap agreement of December 2013	**(10,442)**	(7,005)
	$ (23,272)	$ (7,688)
Change in intrinsic value of derivative instruments Other comprehensive income:		
Cap agreement of November 2010	**$ (91,160)**	$ 91,160
Cap agreement of December 2013	**(546,178)**	546,177
Swap agreement of November 2010	**973,199**	2,282,214
Swap agreement of December 2013	**(466,121)**	(918,805)
Ineffectiveness recycled to profit or loss	**(23,272)**	7,688

Subtotal	**(153,532)**	2,008,434
Deferred income tax (Note 18)	**17,918**	
	$ (135,614)	$ 2,008,434

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The main characteristics of the derivative instruments are as follows:

	Swap Transactions		Cap Transactions	
	Nov. 2010	**Dec. 2013**	**Nov. 2010**	**Dec. 2013**
Effective date	29-Nov-2010	25-Feb-2014	25-Feb-2018	25-Feb-2021
Termination date	25-Feb-2018	25-Feb-2021	25-Aug-2025	25-Aug-2028
Current notional amount	US$51,887,761	US$10,991,597		
Maximum notional amount	US$56,732,737	US$19,410,815	US$39,289,122	US$11,652,389
Fixed interest rate	3.63%	3.36%	4.75%	3.36%
Variable interest rate	US Libor-6 months	US Libor-6 months	US Libor-6 months	US Libor-6 months

14. Decommissioning and restoration provisions

The Company has recognized a provision for decommissioning obligations associated with its wind farm. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the wind farm from the site and the expected timing of those costs. Energía Eólica estimates that the decommissioning costs would be realized in 22 years time upon the expiration of the PPA. The Company calculates the provision using the discounted cash flow method based on the following assumptions: a) current estimated range of cost per wind turbine, and b) discount rate.

The restoration provision reflects the costs estimated by the Company to comply with the environmental reforestation plan described in Note 19.2. The Company also calculates the provision using the discounted cash flow method.

The roll-forward of the decommissioning and restoration provisions is as follows:

	2014	**2013**
Balance at beginning of year	**$ 467,971**	$ 558,908
Unwinding of discount and changes in the discount rate	**324,617**	(90,937)
Balance at year end	**$ 792,588**	$ 467,971

15. Equity

Share capital

As of December 31, 2014 and 2013 the number of authorized common shares was 13,190,969 with a par value of L100 each. As of December 31, 2014 and 2013 the authorized, registered and paid share capital amounts to US$48,000,856 that is represented by 7,277,516 common shares.

As of December 31, 2014 and 2013 the totality of share capital is securing the loan agreements between the Company, Ex-Im Bank and CABEI (Note 10).

Contributed capital

Contributed capital is comprised of contributed cash, in addition to the share capital, received from the shareholders. Shareholders have increased or decreased their capital contributions depending on the capital needs to develop the Company s projects.

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Legal reserve

In accordance with Honduran legislation, all corporations must record a legal reserve equal to 5% of the net income of the year, until it reaches 20% of the common share capital. In 2013 the company increased the legal reserve to 5% of the common share capital. The reserve amount of US$431,181 established in 2014 (2013: US$248,692) was based on 5% of the net income earned in Lempiras, the Honduran official currency.

Equity transactions

During the year ended December 31, 2013 the Company issued share capital with a stated amount of US$9,488,608 in exchange for US$8,269,966. The difference of US$1,218,642 was recorded as a reduction of contributed capital.

During the years ended December 31, 2014 and 2013, capital contributions were made by Company shareholders in the amount of US$6,392,546 and US$11,242,824, respectively. Furthermore, during the years ended December 31, 2014 and 2013, capital withdrawals were taken by Company shareholders in the amount of US$3,926,637 and US$27,926,846, respectively.

Dividends

Dividends for a total of US$7,869,567 were declared by the Company s shareholders in 2014, equivalent US$1.08 per share (2013: US$5,881,217, equivalent to US$0.81 per share).

Distributions to Company shareholders, including dividends or any reduction of capital, are considered restricted payments as per the loan agreements with Ex-Im and CABEI. Therefore, the Company must comply with certain requirements before such distributions can be made.

Hedging reserve (other equity components)

This reserve includes the portion of gains or losses of the hedge instruments that the Company has determined to be effective cash flow hedges.

16. Cost of operations

	2014	2013
Repair and maintenance of equipment	**$ 2,299,587**	$ 1,245,878
Professional services	**1,020,697**	1,267,327
Insurance	**948,617**	730,939
Donations	**809,113**	473,623
Employee salaries and benefits	**476,278**	520,229
Leasing of land and equipment (Note 19.5)	**337,687**	326,196
Travel	**204,607**	211,795
Environmental costs	**172,858**	67,944
Public utilities	**97,777**	97,119
Operating permits	**87,435**	703,468
Certified emission reductions costs	**20,253**	87,824
Materials and supplies	**18,611**	55,743
Others	**351,893**	235,367
	$ 6,845,413	$ 6,023,452

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17. General and administrative expenses

	2014	2013
Employee salaries and benefits	**$ 204,119**	$ 192,413
Professional services	**89,280**	214,479
Materials and supplies	**69,613**	30,016
Marketing	**18,563**	28,349
Public utilities	**3,485**	
Others	**20,761**	17,716
	$ 405,821	$ 482,973

18. Income tax

The Honduran income tax rate in effect for the fiscal years ending December 31, 2014 and 2013 is 25%. In addition, entities are obligated to pay a temporary solidary contribution of 5% on their taxable income after deducting a fixed deductible amount of 1,000,000 lempiras. However, as part of the PPA, the Company was granted a corporate income tax holiday of 10 years starting on the date of commercial operations, which was December 21, 2011 (Note 1). As of the date of these financial statements, the Company has not incurred current income tax liabilities due to this exemption.

The components of the deferred tax assets and liabilities are presented below:

	Statement of Financial Position		Statement of Comprehensive Income	
	2014	**2013**	**2014**	**2013**
Deferred tax assets:				
Decommissioning and restoration provisions	**$ 204,424**	$ 116,993	**$ 87,431**	$ (22,734)
Property, plant and equipment	**94,078**	49,976	**44,102**	95,601
Deferred tax liabilities:				
Derivative financial instruments **a/**	**(115,586)**	(166,652)	**33,148**	(88,503)
Net deferred taxes	**$ 182,916**	$ 317	**$ 164,681**	$ (15,636)

a/ The deferred tax corresponding to the change in intrinsic value of derivative financial instruments recognized in other comprehensive income amounted to US$17,918 in 2014 (2013: US$0) (Note 13).

19. Agreements and commitments

19.1 Guarantees

As required under the original PPA with ENEE, the Company has provided a bank compliance guarantee of US$4,500,000, which is backstopped by Globeleq Mesoamerica Energy (Wind) Limited and not by the Company. The Company has also provided a performance bond of US$122,200 to the Secretariat of Natural Resources (Secretaría de Recursos Naturales y Ambiente SERNA) as required by the operating agreement with SERNA.

These performance bonds must be maintained during the PPA term and are not funded, thus the Company has engaged a commercial bank to issue them based on a commission fee. In October 2013 the Company also provided a performance bond of US$1,125,000 to ENEE as required by the amended PPA.

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19.2 Environmental commitments

As part of the Environmental License for the Project granted by SERNA, the Company committed to certain requirements during the construction and operation phases of the Project. Those requirements contemplate: establishment of a reforestation plan, maintaining a log of environmental incidents, proper management of waste materials, and submission of environmental compliance reports periodically to SERNA, among others. The Company has complied with the environmental laws and SERNA requirements as of the dates of the financial statements.

19.3 Cerro de Hula s wind park expansion

The Company entered into a Turnkey Engineering, Procurement and Construction Agreement (EPC) with Gamesa Wind US LLC. (Gamesa) and Iberdrola Ingeniería y Construcción Mexico S.A. de C.V. (Iberdrola) to construct the Project Expansion. The EPC was signed on April 24 2013 for a total price of US$51,594,145. As of December 31, 2014 Energía Eólica had already advanced an amount of US$43,934,121 to Gamesa and Iberdrola, which is included under property, plant and equipment.

19.4 Wind park maintenance

The Company, Gamesa and Iberdrola entered into a Maintenance and Service Agreement on June 24, 2010 that was subsequently amended on April 24, 2012, to ensure that the Project will operate as technically designed after its construction. Under this agreement, Gamesa and Iberdrola guarantee that the Project will meet an average availability on the turbine equipment of no less than 97% beginning on the second anniversary of the Project s substantial completion, which occurred on April 24, 2014. Maintenance services began on April 24, 2012 and the total fee was US$1,726,520.

The result of the plant availability below the guaranteed value was recognized in the 2013 statement of comprehensive income as net revenue from availability, liquidated damages (as a component of other revenue) for US$302,738 (2014: US$0). This resulted from Gamesa s commitment that the wind park would reach a measured average availability of no less than 95% during the first year and 97% during the second year of the warranty period (from April 24, 2012 to April 24, 2014) as defined in the Engineering, Procurement and Construction Agreement (EPC) signed between the Company and Gamesa and Iberdrola. When the guaranteed average availability was not met, Gamesa compensated Energía Eólica with liquidated damages based on the formula established in the EPC.

A Maintenance and Service Agreement was also signed by the Company, Gamesa, and Iberdrola on April 24, 2013 for the Project Expansion. This agreement will take effect upon substantial completion, which is being agreed in 2015 to retroactively take place on December 14, 2014.

19.5 Operating leases Company as lessee

The Company has entered into several operating lease contracts as lessee for the rental of land on which a significant portion of the wind park is located. The lease terms extend up to 25 years, renewable upon maturity for an additional 20-year term. Most of the lease agreements have been established in Lempiras, although some are in US dollars, and the rental fee is paid on a quarterly basis. Rental fees are subject to an inflation adjustment, based on the Honduran inflation as published by Banco de Honduras, after the second year of commencement of the agreement.

The Company also has entered into other minor lease agreements for offices and equipment.

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The lease expense incurred by the Company in 2014 amounted to US$337,687 (2013: US$326,196) (Note 16). The Company believes that future annual lease commitments cost should approximate 2014 lease expense amounts (exclusion of the aforementioned inflation adjustments) through the expiration of the PPA discussed above.

20. Financial risk management objectives and policies

The Company s main financial instruments are cash, accounts receivable, notes and loans payable, accounts payable and accrued expenses, and derivative financial instruments. The main purpose of these financial instruments is to manage cash flows and raise financing for the Company s capital needs.

Energía Eólica is exposed to market, credit and liquidity risks. The Company s senior Management oversees the management of these risks.

20.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Significant market risks affecting the Company s financial statements are foreign currency risk and interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Energía Eólica s exposure to the risk of changes in foreign exchange rates relates primarily to the Company s operating activities (when revenue or expense is denominated in a different currency from the Company s presentation currency).

The Honduran Lempira is the main foreign currency used by the Company in its transactions. The Honduran Central Bank is the entity responsible for managing the national banking system and regulating the currency s parity to other currencies. Buy and sell rates are established by authorized financial institutions, according to market supply and demand. As of December 31, 2014 and 2013, buy and sell rates for US dollars were L21.51 and L21.66 (2013: L20.59 and L20.74), respectively.

Below is a summary of monetary assets and liabilities in foreign currencies, expressed in US dollars:

	2014	2013
Assets:		
Cash	**$ 63,268**	$ 4,076,230
Accounts receivable	**2,432,716**	3,158,791
	2,495,984	7,235,021
Liabilities:		
Accounts payable and accrued expenses	**(135,094)**	(320,234)
Net monetary assets	**$ 2,360,890**	$ 6,914,787

Sensitivity analysis:

The effect of a reasonable exchange rate variation between the Lempira and the US$ of +4% / -4% on the monetary assets and liabilities as of December 31, 2014 (2013: +3% / -3%), assuming that the remaining variables are held constant, would imply the recognition of gains or losses from exchange rate differences of US$104,726 in 2014 (2013: US$220,172).

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Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Energía Eólica s exposure to the risk of changes in market interest rates relates primarily to the Company s long-term debt obligations with floating interest rates. Energía Eólica s exposure to the risk of changes in market interest rates is primarily related to the Company s debt obligations with floating interest rates. To manage this, the Company enters into interest rate swaps/caps (Note 13), in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As of the date of the statement of financial position, the interest rate profile of the Company s interest-bearing financial instruments was as follows:

	2014	2013
Fixed rate instruments:		
Financial liabilities	**$ (164,723,948)**	$ (147,626,103)
Variable rate instruments:		
Financial assets	**$ 37,831,494**	$ 36,261,820
Financial liabilities	**(61,270,047)**	(50,075,642)
	$ (23,438,553)	$ (13,813,822)

20.2 Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Energía Eólica s sole customer is ENEE. Under the PPA, credit terms are 18 days, and receivable balances with ENEE are current as of December 31, 2014 and 2013.

With regards to credit risk on other financial assets, the maximum exposure to this risk is represented by the balances recorded for each financial asset. Exposure to credit risk is monitored constantly in accordance with the debtors payment behavior.

20.3 Liquidity risk

The Company monitors its liquidity on a daily basis, attempting to maintain greater liquid assets than liquid liabilities, considering the maturity of its financial assets. It performs cash flow projections on a periodic basis in order to timely detect potential cash shortages or excesses to support its operations.

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The following table summarizes the maturity of the Company s financial liabilities, based on payment commitments:

As of December 31, 2014:

	0 to 6 Months	6 to 12 months	More than 1 year	Total
Notes and loans payable	**$ 5,011,836**	**$ 5,291,707**	**$ 206,686,501**	**$ 216,990,044**
Account payable and accrued expenses	**9,178,658**	**76,172**		**9,254,830**
Accrued interest payable	**5,987,891**			**5,987,891**
Decommissioning and restoration provisions			**792,588**	**792,588**
	$ 20,178,385	**$ 5,367,879**	**$ 207,479,089**	**$ 233,025,353**

As of December 31, 2013:

	0 to 6 Months	6 to 12 months	More than 1 year	Total
Notes and loans payable	$ 4,422,984	$ 4,058,346	$ 183,099,772	$ 191,581,102
Accrued interest payable	5,377,002			5,377,002
Accounts payable and accrued expenses	655,260			655,260
Decommissioning and restoration provisions			467,971	467,971
	$ 10,455,246	$ 4,058,346	$ 183,567,743	$ 198,081,335

21. Capital management

The Company s main objective on capital management is to ensure that it maintains a solid credit ratio and healthy financial capital ratios to support its business and maximize profits. The Company manages its capital structure and timely requests shareholders for any adjustment to this capital considering the economic environment in which the Company operates. To maintain or adjust its capital structure, it may request shareholders for variations to dividends and capital returns previously agreed on, as well as for increases in capital contributions if necessary. These policies had no significant changes in 2014 and 2013.

The Company is financed through third-party debt and shareholders equity. The Company s capital management is focused on maximizing shareholders returns through the optimization of the debt to equity gearing ratio. As of December 31, the Company s gearing ratio was as follows:

	2014	2013
Notes and loans payable	**$ 216,990,044**	$ 191,581,102
Accounts payable and accrued expenses	**9,254,830**	655,260
Accrued interest payable	**5,987,891**	5,377,002
Less cash and restricted cash	**(37,836,682)**	(36,267,546)
Net liabilities	**194,396,083**	161,345,818
Total capital	**61,293,094**	53,351,563

Capital and net liabilities	**$ 255,689,177**	$ 214,697,381
Gearing ratio	**76%**	75%

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22. Fair value of financial instruments

As indicated in Note 20, the Company s main financial instruments are comprised of cash, accounts receivable, notes and loans payable, accounts payable and accrued expenses, and derivative financial instruments. Management believes that the carrying values of cash, accounts receivable, and accounts payable approach their fair market value due to their short-term nature. Derivative financial instruments have been measured at fair value.

In considering the fair value of loans payable with variable interest rates the Company has considered that LIBOR based borrowings reset periodically and the LIBOR spread on those outstanding approximate those obtained by affiliates in recent financings. In evaluating the fair value of loans payable at fixed rates the Company has considered country risks, market conditions existing both at the date of the loans and those at the statement of financial position dates, and that there are not a significant number of comparable financings in this market. As of December 31 2014 and 2013, the fair value of the loans, taking into account current market interest rates, are the following:

			(Level 3)	
	Carrying amount		**Fair value**	
	2014	**2013**	**2014**	**2013**
Ex-Im Loan 1	**$ 141,632,725**	$ 147,626,103	**$ 143,337,646**	$ 149,500,382
Ex-Im Loan 2	**23,091,223**		**23,891,784**	
CABEI Loan 1	**47,587,689**	50,075,642	**48,215,006**	50,787,070
CABEI Loan 2	**13,682,358**		**13,920,137**	
	$ 225,993,995	$ 197,701,745	**$ 229,364,573**	$ 200,287,452

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of its financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Techniques that use inputs different from quoted prices that are observable for the asset or liability, whether directly or indirectly.

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The inputs used in the fair value disclosure of loans payable are categorized within Level 3 of the fair value hierarchy

As of December 31, 2014 and 2013 classification in levels of instruments measured at fair value is as follows (Note 13):

	2014	**Level 1**	**Level 2**	**Level 3**
Interest rate cap asset	**$ 826,034**	$	**$ 826,034**	$
Interest rate swap liability	**$ 4,536,571**	$	**$ 4,536,571**	$

	2013	**Level 1**	**Level 2**	**Level 3**
Interest rate cap asset	$ 2,118,788	$	$ 2,118,788	$
Interest rate swap liability	$ 5,093,068	$	$ 5,093,068	$

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23. Subsequent events

On June 12, 2015, a Stock Purchase Agreement (SPA) was signed between Globeleq Holdings (Americas Renewables) Limited and Mesoamerica Power Limited as sellers and an affiliate of SunEdison as purchaser, for the sale of a 100% interest in the Company s upstream shareholder, Globeleq Mesoamerica Energy (Wind) Limited. The SPA is subject to various conditions, not all of which have been met as of the date of these financial statements. There is no guarantee that such transaction will be consummated.

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Independent auditors report

To the Board of Directors and Shareholders of Eolo de Nicaragua, S.A.

We have audited the accompanying restated financial statements of Eolo de Nicaragua, S.A., which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the financial statements.

Management s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor s judgment, including the assessment of the risks 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 and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 restated financial statements referred to above present fairly, in all material respects, the financial position of Eolo de Nicaragua, S.A. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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To the Board of Directors and Shareholders of

Eolo de Nicaragua, S.A.

Restatement of financial statements

As discussed in Note 3.2, the financial statements have been restated for the correction of errors in the accounting for decommissioning provisions, depreciation of property, plant and equipment, deferred income taxes and the classification of the restricted cash. This restatement has also resulted in the disclosure of the January 1, 2013 statement of financial position. Our opinion is not modified with respect to this matter.

/s/ Ernst & Young, S.A.

Ernst & Young, S.A.

San Jose, Costa Rica

June 13, 2015

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Eolo de Nicaragua, S.A.

(A Nicaraguan Entity)

Statements of financial position

As of December 31, 2014 and 2013 and January 1, 2013

(expressed in US dollars)

	Notes	December 31, 2014	December 31, 2013	January 1, 2013
				Restated (Note 3.2)
ASSETS				
Current assets:				
Cash	6	**$ 961,156**	$ 4,088,911	$ 18,106,279
Restricted cash	6	**5,202,845**	6,988,114	2,301,900
Accounts receivable	7	**5,133,648**	3,946,370	2,742,759
Accounts receivable from related parties	9		997	18,135
Spare parts inventory		**375,912**	406,909	395,987
Prepaid expenses and other current assets	8	**552,628**	1,568,770	1,363,663
Total current assets		**12,226,189**	17,000,071	24,928,723
Non-current assets:				
Restricted cash	6	**5,373,044**	4,879,867	
Held-to-maturity investments			40,226	40,226
Prepaid expenses	8		334,373	1,337,490
Guarantee deposits	20.1	**538,591**	497,547	904,769
Notes receivable with related parties	9	**3,395,540**	3,216,257	3,025,842
Property, plant and equipment	10	**71,520,238**	75,193,168	78,708,356
Intangible assets	11	**3,177,481**	3,358,681	3,541,727
Other financial assets		**1,560**	1,560	1,560
Total assets		**$ 96,232,643**	$ 104,521,750	$ 112,488,693
LIABILITIES AND EQUITY				
Current liabilities:				
Notes and loans payable	12	**$ 4,395,670**	$ 2,740,993	$ 254,085
Accounts payable	13	**684,174**	265,987	149,409
Accrued expenses and other accounts payable	14	**404,109**	1,333,138	26,584,956
Accrued interest payable	12	**318,268**	342,403	271,093
Total current liabilities		**5,802,221**	4,682,521	27,259,543
Non-current liabilities:				
Long-term notes and loans payable	12	**79,440,447**	83,388,144	71,640,522
Deferred income tax, net	16	**2,568,436**	1,352,757	102,841
Decommissioning provision	15	**319,728**	238,184	270,750
Total liabilities		**88,130,832**	89,661,606	99,273,656

Equity:				
Share capital	17	**3,000**	3,000	3,000
Contributed capital	17	**9,942,084**	22,758,446	22,758,446
Accumulated deficit		**(1,843,273)**	(7,901,302)	(9,546,409)
Total equity		**8,101,811**	14,860,144	13,215,037
Total liabilities and equity		**$ 96,232,643**	$ 104,521,750	$ 112,488,693

The accompanying notes are part of the financial statements.

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Eolo de Nicaragua, S.A.

(A Nicaraguan Entity)

Statements of comprehensive income

Years ended December 31, 2014 and 2013

(expressed in US dollars)

	Notes	2014	2013 Restated (Note 3.2)
Income:			
Sale of electric power and capacity		**$ 24,354,801**	$ 18,828,069
Operating cost and expenses:			
Costs of operations	18	**4,536,924**	3,733,954
General and administrative	19	**353,311**	561,645
Depreciation and amortization of non-financial assets	10-11	**4,035,697**	4,035,414
Total operating costs and expenses		**8,925,932**	8,331,013
Operating income		**15,428,869**	10,497,056
Other income (expenses):			
Interest income		**25,019**	50,992
Finance costs from loans and notes payable		**(7,939,811)**	(7,537,464)
Finance costs from decommissioning provision		**(21,961)**	(21,768)
Finance income from receivables from related parties	9	**179,282**	190,416
Exchange rate differences		**(225,771)**	(159,446)
Other expenses, net		**(171,919)**	(124,763)
Total other income (expenses)		**(8,155,161)**	(7,602,033)
Income before income tax		**7,273,708**	2,895,023
Income tax	16	**(1,215,679)**	(1,249,916)
Total comprehensive income		**$ 6,058,029**	$ 1,645,107

The accompanying notes are part of the financial statements.

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Eolo de Nicaragua, S.A.

(A Nicaraguan Entity)

Statements of changes in equity

Years ended December 31, 2014 and 2013

(expressed in US dollars)

	Notes	Share capital	Contributed capital	Accumulated deficit	Total equity Restated (Note 3.2)
As of January 1, 2013		$ 3,000	$ 22,758,446	$ (9,546,409)	$ 13,215,037
Comprehensive income				1,645,107	1,645,107
As of December 31, 2013		3,000	22,758,446	(7,901,302)	14,860,144
Capital withdrawn	17		**(12,816,362)**		**(12,816,362)**
Comprehensive income				**6,058,029**	**6,058,029**
As of December 31, 2014		**$ 3,000**	**$ 9,942,084**	**$ (1,843,273)**	**$ 8,101,811**

The accompanying notes are part of the financial statements.

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Eolo de Nicaragua, S.A.

(A Nicaraguan Entity)

Statements of cash flows

Years ended December 31, 2014 and 2013

(expressed in US dollars)

	Notes	2014	2013 Restated (Note 3.2)
Operating activities:			
Income before income tax		**$ 7,273,708**	2,895,023
Adjustments to reconcile income before income tax to cash flows from operating activities:			
Financing costs from loans and notes payable		**7,939,811**	7,537,464
Finance income from notes receivable with related parties	9	**(179,282)**	(190,416)
Decommissioning provision		**21,961**	21,768
Depreciation expense	10	**3,851,278**	3,850,215
Amortization expense	11	**184,419**	185,199
Loss in disposal of property, plant and equipment		**7,147**	2,668
Interest income		**(25,019)**	(50,992)
		19,074,023	14,250,929
Changes in operating assets and liabilities:			
Accounts receivable		**(1,187,278)**	(1,203,611)
Accounts receivable from related parties		**997**	17,138
Prepaid expenses		**1,350,515**	798,010
Spare parts inventory		**30,997**	(10,922)
Accounts payable to related parties			(2,502,294)
Accounts payable		**418,187**	116,578
Accrued expenses		**(869,446)**	(22,803,858)
Net cash provided by (used in) operating activities		**18,817,995**	(11,338,030)
Investing activities:			
Additions to property, plant and equipment	10	**(185,496)**	(337,694)
Additions to intangible assets	11	**(3,219)**	(2,153)
Investments		**40,226**	
Interest received		**25,019**	50,992
Net (payments) proceeds from guarantee deposits		**(41,044)**	407,222
Net cash (used in) provided by investing activities		**(164,514)**	118,367
Financing activities:			
Increase (decrease) in restricted cash accounts designated for financing activities		**1,292,092**	(9,566,081)
New loans			14,492,891
Loan settlements		**(2,740,982)**	(258,361)

Capital withdrawn	17	**(12,816,362)**	
Financing costs paid		**(7,515,984)**	(7,466,154)
Net cash used in financing activities		**(21,781,236)**	(2,797,705)
Net decrease in cash		**(3,127,755)**	(14,017,368)
Cash at beginning of year		**4,088,911**	18,106,279
Cash at end of year		**$ 961,156**	$ 4,088,911

The accompanying notes are part of the financial statements.

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Eolo de Nicaragua, S.A.

(A Nicaraguan Entity)

Notes to financial statements

December 31, 2014 and 2013

(amounts expressed in US dollars)

1. Corporate information

Eolo de Nicaragua, S.A. (Eolo or the Company) was organized as a corporation on July 1, 2008 under the laws of the Republic of Nicaragua. Eolo is domiciled in Rivas, Nicaragua. The Company is a wholly-owned subsidiary of Globeleq Mesoamerica Energy (Wind) Limited (GME Wind), a company incorporated in Bermuda, and Eolo s ultimate parent company is Actis Infrastructure Fund 2LP.

The Company s main activity is the generation of electricity from its 44 megawatt wind electric power-generating park located in Rivas, Nicaragua (the Project). This activity is regulated by Nicaraguan Law No. 272 of June 23, 1998. Eolo was granted the commercial operation status on December 1, 2012 by the Instituto Nicaragüense de Energía. Energy sales began in December 2012.

The Company has entered into two power purchase agreements (PPAs) with Distribuidora de Electricidad del Sur, S.A. (Dissur) and Distribuidora de Electricidad del Norte, S.A. (Disnorte) to sell the Project s energy.

The Project was registered as a Clean Development Mechanism (CDM) project under the United Nations Framework Convention on Climate Change on June 18, 2012 and for a crediting period from January 1, 2013 through December 31, 2019. The Project is therefore eligible for Certified Emission Reductions (CERs) starting on January 1, 2013.

The Company does not have traded debt or equity in the public markets. The accompanying financial statements have been prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 24.

2. Power purchase agreements and regulations governing autonomous private or parallel generation of electricity in Nicaragua

As per Nicaraguan regulation, public, private and mixed companies are subject to Law No. 272 of June 23, 1998. According to this law, economic agents dedicated to energy generation activities can subscribe contracts for the purchase-sale of electricity with distributors and large consumers, and can sell their production fully or partially in the spot market and can export electricity as well.

3. Basis of preparation of the financial statements

3.1 Statement of compliance

The Company s financial statements as of December 31, 2014 and 2013 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The Company s financial statements as of December 31, 2014 were first approved for issuance by the Company s Chief Executive Officer and Chief Financial Officer on January 8, 2015, and were subsequently approved by the Company s shareholders. The accompanying restated financial statements have been

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prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 24. They have also been restated for the correction of certain errors as explained in Note 3.2 below. The Company s Chief Executive Officer and Chief Financial Officer approved these restated financial statements for issuance on June 13, 2015 and subsequent events have been considered through that later date.

3.2 Restatement of financial statements

During its preparation of the accompanying restated financial statements for the purpose described in Note 3.1, the Company identified certain accounting errors that are being retrospectively corrected herein. They are explained as follows:

The Company previously accounted for restricted cash as a component of cash in its statement of cash flows. It has corrected that classification to now exclude those amounts. The Company also modified the current versus non-current classification of restricted cash to correspond with contractual terms.

The Company has identified the need for a decommissioning provision in the accompanying financial statements given obligations that it believes exist under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Disclosure of such provision is presented in Note 15.

The Company has determined residual values for its wind turbines which resulted in a change in the depreciation expense.

The aforementioned matters have an impact on deferred income tax.

Certain accounting disclosures have been expanded from those previously presented.

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These corrections have impacted the accompanying financial statements as follows (amounts in US dollars):

	Balance as of or for the year ended December 31, 2014 as previously reported	Retrospective adjustments	Balance as of or for the year ended December 31, 2014 as restated	Balance as of or for the year ended December 31, 2013 as previously reported	Retrospective adjustments	Balance as of or for the year ended December 31, 2013 as restated	Balance as of January 1, 2013 as previously reported	Retrospective adjustments	Balance as of January 1, 2013 as restated
Statement of financial position:									
Current assets	18,137,824	(5,911,635)	12,226,189	22,377,485	(5,377,414)	17,000,071	25,833,492	(904,769)	24,928,723
Non-current assets	77,568,202	6,438,252	84,006,454	81,798,301	5,723,378	87,521,679	86,375,971	1,183,999	87,559,970
Total assets	95,706,026	526,617	96,232,643	104,175,786	345,964	104,521,750	112,209,463	279,230	112,488,693
Current liabilities	5,802,221		5,802,221	4,682,521		4,682,521	27,259,543		27,259,543
Non-current liabilities	81,949,449	379,162	82,328,611	84,692,828	286,257	84,979,085	71,843,476	170,637	72,014,113
Total liabilities	87,751,670	379,162	88,130,832	89,375,349	286,257	89,661,606	99,103,019	170,637	99,273,656
Equity	7,954,356	147,455	8,101,811	14,800,437	59,707	14,860,144	13,106,444	108,593	13,215,037
Statement of comprehensive income:									
Revenues	24,327,668	27,133	24,354,801	18,855,202	(27,133)	18,828,069			
Operating expenses	(17,153,069)	71,976	(17,081,093)	(16,059,479)	126,433	(15,933,046)			
Income before income taxes	7,174,599	99,109	7,273,708	2,795,723	99,300	2,895,023			
Income taxes	(1,204,318)	(11,361)	(1,215,679)	(1,101,730)	(148,186)	(1,249,916)			
Comprehensive income	5,970,281	87,748	6,058,029	1,693,993	(48,886)	1,645,107			
Statement of cash flows:									
Cash flows from operating activities	18,758,411	59,584	18,817,995	(11,283,695)	(54,335)	(11,338,030)			
Cash flows from investing activities	(145,156)	(19,358)	(164,514)	64,032	54,335	118,367			
Cash flows from financing activities	(23,073,328)	1,292,092	(21,781,236)	6,768,376	(9,566,081)	(2,797,705)			
	15,997,118	(11,908,207)	4,088,911	20,448,405	(2,342,126)	18,106,279			

Cash at beginning of year						
Cash at end of year	11,537,045	(10,575,889)	961,156	15,997,118	(11,908,207)	4,088,911

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3.3 Basis of valuation and presentation currency

The financial statements as of December 31, 2014 and 2013 were prepared on a historical cost basis, except for certain items that are measured in accordance with the accounting policies described in Note 4. The financial statements are expressed in US dollars ($ or US$).

3.4 Changes in accounting policies

The accounting policies adopted by the Company to prepare its financial statements as of December 31, 2014 are consistent with those used to prepare its financial statements as of December 31, 2013.

The Company adopted for the first time the following amendments to standards and interpretations, which are effective for annual periods beginning on or after January 1, 2014. These amendments and interpretations had no material impact on the Company s financial statements as of December 31, 2014.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

Offsetting Financial Assets and Financial Liabilities Amendments to IAS 32

These amendments clarify the meaning of currently has a legally enforceable right to set-off and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively.

Novation of Derivatives and Continuation of Hedge Accounting Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required.

IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21.

Recoverable Amount Disclosures for Non-Financial Assets Amendments to IAS 36 Impairment of Assets

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units for which impairment loss has been recognized or reversed during the period.

Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at January 1, 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

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Annual Improvements 2011-2013 Cycle

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at January 1, 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity s first IFRS financial statements.

4. Summary of significant accounting policies

4.1 Currency and foreign currency transactions

4.1.1 Functional and presentation currency of the financial statements

The legal currency in Nicaragua is the Cordoba (C$); however, the Company has adopted the US dollar (US$ or $) as the functional and presentation currency since it better reflects the events and transactions performed by the Company. Adoption of the US dollar as functional currency was based on the following facts: income from energy sales is generated in dollars, debt obligations are denominated in dollars, capital contributions are made in dollars, investments in intangible assets and property, plant and equipment were mostly made in said currency and certain operating costs and expenses are also incurred in that currency. Information relating to exchange regulations and rates is included in Note 21.1.

Considering that the Company s accounting records are kept in the legal currency of its domicile, Nicaraguan Cordobas, and that the US dollar was adopted as the functional currency, monetary assets and liabilities denominated in Cordobas were translated into the financial statements functional currency using the exchange rate ruling on the date of the statement of financial position. Non-monetary items measured on a historical cost basis were converted on the date of the statement of financial position using the exchange rate ruling on the original transaction date. Income and expenses are converted at the exchange rate in effect on the transaction date.

4.1.2 Transactions in foreign currency

Transactions in foreign currency, any currency other than the functional currency, are recorded at the exchange rate ruling on the transaction date. In determining its financial situation and operating results, the Company appraises and adjusts its assets and liabilities denominated in foreign currency at the exchange rate ruling on the date of this valuation and determination. Exchange rate differences resulting from the application of these procedures are recognized in the results of the period in which they occur.

4.2 Cash

Cash is comprised of cash on-hand and in banks.

4.3 Restricted cash

Restricted bank account balances are not considered either unrestricted cash balances or cash equivalent balances for the purpose of the statement of cash flows. They are presented in the accompanying statements of financial position as restricted cash , and are presented as current or non-current assets given management s expectation that they will be withdrawn for their defined purposes within the coming twelve-month period or otherwise. Net changes in such restricted cash balances are classified as a financing activity in the statement of cash flows based on the requirement for them under the debt agreements.

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4.4 Financial instruments

The valuation of the Company s financial instruments is determined using the fair value or amortized cost, as defined below:

Fair value - The fair value of a financial instrument negotiated in an organized financial market is determined using as reference the prices quoted in that financial market for negotiations performed as of the date of the statement of financial position. With respect to financial instruments for which there is no active financial market, the fair value is determined using valuation techniques.

Amortized cost - The amortized cost is calculated using the effective interest method less any allowance for impairment. The calculation takes into consideration any award or discount in the acquisition and includes the transaction costs and fees which are an integral part of the effective interest rate.

These techniques include recent market transactions between interested, fully informed parties who act independently; references to the fair value of another substantially similar financial instrument; and discounted cash flows or other valuation models.

4.5 Financial assets

4.5.1 Initial recognition and measurement of financial assets

Financial assets within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. The Company only has notes and accounts receivable.

The Company initially recognizes all of its financial assets at fair value plus costs directly attributable to the transaction, except for financial assets valued at fair value through profit or loss in which these costs are not considered.

The Company recognizes the purchase or sale of financial assets on the date of each transaction, which is the date on which the Company commits to buy or sell a financial asset.

4.5.2 Subsequent measurement of notes and accounts receivable

Notes and accounts receivable are non-derivative financial assets with fixed or determined payments that are not quoted in active markets, and are initially recognized at the corresponding invoiced amounts. After initial recognition, notes and accounts receivable are recorded by the Company at amortized cost using the effective interest rate method less the allowance for impairment. Gains or losses are recognized in results when the accounts receivable are derecognized or impaired, as well as through the amortization process.

4.5.3 Impairment of financial assets

The Company assesses on the date of the financial statements whether there is any objective evidence that a financial asset or group of assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the financial asset, and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows due to defaults on contracts.

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Impairment of financial assets recorded at amortized cost

When the Company determines that it has incurred in an impairment loss in the value of its financial assets carried at amortized cost, it estimates the loss amount as the difference between the asset s carrying amount and the present value of future cash flows discounted at the financial asset s original effective interest rate; it deducts the loss from the asset s carrying amount and recognizes such loss in the results of the year in which it occurs. If, in a subsequent period, the amount of the loss due to impairment decreases and may be objectively related to an event subsequent to the recognition of impairment, the impairment loss is reversed. Once the reversal is recorded, the carrying amount of the financial asset cannot exceed the original amortized amount. The amount of the reversal is recognized in the results of the year in which it occurs.

4.5.4 Derecognition of financial assets

Financial assets are derecognized by the Company when the rights to receive cash flows from the asset have expired, or when the financial asset is transferred along with its inherent risks and benefits and contractual rights to receive cash flows from the asset are surrendered, or when the Company retains the contractual rights to receive cash flows and assumes the obligation to pay them to one or more parties.

4.6 Financial liabilities

4.6.1 Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. Eolo recognizes all financial liabilities initially at fair value on the date of acceptance or contracting of the liability, plus, in the case of loans and borrowings, directly attributable transaction costs.

The Company s financial liabilities include notes and accounts payable, and accrued expenses.

4.6.2 Subsequent measurement of notes and accounts payable, and accrued expenses

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. The Company recognizes gains or losses in the statement of comprehensive income when the financial liability is derecognized as well as through the amortization process.

4.6.3 Derecognition

Financial liabilities are derecognized when the obligation has been paid, cancelled or expires. When a financial liability is replaced by another, the Company derecognizes the original and recognizes a new liability. Differences that may result from these financial liability replacements are recognized through profit or loss when incurred.

4.7 Inventory

4.7.1 Spare parts inventory

Inventories are valued at the lower of cost and net realizable value on a weighted average basis.

4.7.2 Certified Emission Reductions (CERs)

The Company recognizes CERs in accordance with IAS 2 *Inventory* because they are held for sale in the ordinary course of business. CERs are measured, initially and subsequently, at fair value.

4.8 Property, plant and equipment

Property, plant, and equipment are stated at acquisition cost less accumulated depreciation and losses due to impairment, if any. These costs include the cost of replacing the components of plant or equipment when the cost is incurred, if it meets the requirements for recognition. Depreciation and those disbursements for repair and maintenance which do not meet the conditions for recognition as assets are recognized as expenses in the year in which they are incurred.

Depreciation is calculated on a straight-line basis over the useful life of each type of asset. The remaining value of the depreciating assets, the estimated useful life, and depreciation methods are periodically reviewed by Management and adjusted when necessary, at the end of each financial year. The estimated useful lives for productive assets is established by the Company as the difference between the date from which the assets are available for their intended use and the power purchase agreement expiration date or the assets own estimated useful life, whichever is shorter.

A breakdown of estimated useful lives is as follows:

	Useful life
Buildings	20 years
Machinery and equipment (primarily wind turbines)	20 years
Furniture and equipment	2-5 years
Vehicles	5-8 years

Construction and installation costs are charged to temporary accounts and subsequently transferred to the respective asset accounts once the works are completed. These works in process include all disbursements directly related to the design, development and construction of buildings and others, plus financial costs attributable to the works.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

A component of property, plant, and equipment is derecognized when it is sold or when the Company does not expect future economic benefits from its use. Any loss or gain from the disposal of the asset, calculated as the difference between the net carrying amount and the sales proceeds, is recognized in income in the year in which it occurs.

4.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, as necessary. The Company records the intangible assets generated internally as expenses in the year in which they are incurred, except for development costs that are capitalized.

The useful lives of intangible assets are assessed to be either finite or indefinite. Eolo only has intangible assets with finite useful lives, which are amortized under the straight-line method over the assets estimated useful lives, which are periodically reviewed by Management.

Gains or losses from the derecognition of an intangible asset are determined by the Company as the difference between the proceeds from sale or disposal and the net carrying amount of the intangible asset, recognizing them in the results of the year in which they are incurred.

4.9.1 Research and development costs

Research costs are expensed as incurred.

Development activities involved a plan or design for the construction of new wind power generation projects. An intangible asset arising from the development phase of a project is recognized if the Company can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; its intention to complete the asset and use it or sell it; its ability to use or sell the asset; how the intangible asset will generate probable future economic benefits; the availability of adequate technical and financial resources to complete the development and to use or sell the asset, and its ability to reliably measure the expenditure attributable to the intangible asset during its development.

The useful life for intangible assets arising development costs is determined based on the PPA term of 20 years and amortization occurs on a straight-line basis.

4.9.2 Land usufruct rights

Land usufruct rights relate to the non-refundable prepayment made by Eolo to third parties to be able to occupy the farms where the Project is located (Note 20.2). The useful life assigned to these rights corresponds to 20 years in accordance with the PPA term, and amortization occurs on a straight-line basis.

4.9.3 Software

Software represents the cost of accounting software licenses. Software is amortized over a useful life between one and three years, on a straight-line basis.

4.10 Impairment of non-financial assets

The Company assesses the carrying amounts of its non-financial assets at each reporting date to determine reductions in value when events or circumstances indicate that recorded values may not be recovered. If any indication exists, and the carrying amount exceeds the recoverable amount, the Company measures the assets or cash-generating units at their recoverable amounts, defined as the higher of fair value less costs to sell and its value in use. Resulting adjustments are recorded in the results of the year in which they are determined.

4.11 Revenue recognition

The Company measures its revenue from ordinary activities using the fair value of the benefit received or to be received, derived from revenue.

4.11.1 Revenue from energy sales

Revenue from energy sales is recognized in the period in which energy is delivered to the Company´s customers. Revenue from the electricity generating capacity is recognized in the period in which such capacity is made available to Company customers in conformity with the terms specified in the Power Purchase Agreements. No revenue is recognized if there are significant uncertainties regarding recovery of the amount or its associated costs.

4.11.2 Interest income from financial instruments

Revenue arising from financial instruments is recognized in relation to the passage of time, calculated over the average monthly balances for the invested principal, applying the effective interest method. Interest income is included in finance income in the statement of comprehensive income.

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4.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. Borrowing costs include interest, exchange differences and other borrowing costs. Borrowing costs that do not meet the criteria for capitalization are recorded in the results of the year in which they are incurred.

4.13 Benefits for termination of employment contracts

The post-employment benefits liability is recognized by the Company in the period results to cover the payment of the seniority premium for personnel who resign, retire or are dismissed without cause, which is required by Nicaragua s Labor Code as follows: one month of salary for each year worked for the first three years of service, and twenty days of salary for each additional year. However, no compensation shall be less than one month or greater than five months of salary. Eolo records a liability on a monthly basis to cover future disbursements for this concept. The Company has not established a pension benefit plan after retirement.

4.14 Taxes

The Company offsets its current and deferred tax assets with current and deferred tax liabilities, respectively, if a legally enforceable right exists to set off the amounts recognized before the same taxation authority and when it has the intention to liquidate them for the net amount or to realize the asset and settle the liability simultaneously.

4.14.1 Current income tax

The Company calculates income tax by applying adjustments from certain items, affected by or subject to income tax, in conformity with current tax regulations. Current tax, corresponding to present and prior periods, is recognized by the Company as a liability to the extent that it is not settled. If the amount already paid, which corresponds to present and prior periods, exceeds the amount payable for those periods, the excess is recognized as an asset.

The Company recognizes current income tax related to items of other comprehensive income directly in these items and not in the results of the period.

4.14.2 Deferred income tax

Deferred income tax is determined by applying the liability method to all temporary differences existing between the asset, liability, and net equity tax base and the amounts recorded for financial purposes as of the date of the statement of financial position. Deferred income tax is calculated using the tax rate expected to apply on the period when the asset is realized or the liability is settled. Deferred tax assets are recognized only when there is reasonable probability of their realization.

The carrying amount of deferred income tax assets is reviewed on the date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Likewise, on the closing date of each financial period, the Company reassesses the unrecognized deferred tax assets to the extent that it is probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred taxes related to items of other comprehensive income are recognized directly in those items and not in the results of the period.

4.14.3 Sales tax

Revenue from sales is recorded by the Company net of sales tax, and a liability is recognized in the statement of financial position for the related sales tax amount. Expenses and assets acquired are recorded by the Company net of sales tax if the tax authorities credit these taxes to the Company, recognizing the accumulated amount receivable in the statement of financial position. When the sales tax incurred is not recoverable, the Company includes it within the expense or asset, as applicable.

4.15 Operating leases

The Company holds lands for the Project under lease agreements with third parties. Leases in which the Company, as lessee, does not substantially retain all risks and benefits incidental to asset ownership are considered operating leases. Payments on these leases, according to rates established in the respective contracts, are recognized as expenses over the lease term.

4.16 Significant accounting judgments, estimates, and assumptions

Financial statement preparation requires Management to make judgments, estimates and assumptions affecting reported amounts of revenue, expenses, assets and liabilities, and to disclose contingent liabilities as of the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of the asset or liability affected in future periods.

4.16.1 Judgments

In applying the Company s accounting policies, management has used the following judgment, apart from those implied in the estimates, which has an effect on the amounts recognized in the financial statements:

Operating leases

The Company s commercial activities include the lease of land on which the Project was established. Based on an evaluation of the terms and conditions of the signed lease contracts, the Company has determined that it does not retain the risks and rewards of the leased properties; therefore, it has classified the lease contracts as operating leases.

Development costs

The Company capitalizes development costs for a project in accordance with the accounting policy. Initial capitalization of costs is based on management s judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

4.16.2 Estimates and assumptions

The main assumption related to future events and other sources of estimates subject to variations as of the reporting date, which due to their nature carry a risk of causing adjustments to the asset and liability amounts in next year s financial statements, is presented below:

Impairment of non-financial assets

The Company estimates that there are no indicators of impairment for any of its non-financial assets as of the reporting date.

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5. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, as of December 31, 2014 are disclosed below. The Company intends to adopt these standards, if applicable to its activities, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. IFRS 14 is effective for annual periods beginning on or after January 1, 2016.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer

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plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after July 1, 2014.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

Annual improvements from the 2010-2012 and 2011-2013 Cycles

The following list of improvements to standards is effective from July 1, 2014:

- *IFRS 2 Share-based Payment.* This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions.

- *IFRS 3 Business Combinations.* The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

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- *IFRS 3 Business Combinations.* The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that: a) joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and b) this scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- *IFRS 8 Operating Segments.* The amendments are applied retrospectively and clarifies that: a) an entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are similar ; and b) the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- *IFRS 13 Fair Value Measurement.* The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

- *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.* The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. IAS 24 Related Party Disclosures.

- *IAS 24 Related Party Disclosures.* The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

- *IAS 40 Investment Property.* The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

The Company has not yet evaluated the impact that the aforementioned new accounting standards will have on its financial statements.

6. Cash and restricted cash

	2014	2013
Unrestricted cash:		
Banks	**$ 961,156**	$ 4,086,509
Petty cash		2,402
	$ 961,156	$ 4,088,911
Restricted cash in banks:		
Current	**$ 5,202,845**	$ 6,988,114
Non-current	**5,373,044**	4,879,867
	$ 10,575,889	$ 11,867,981

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Cash deposited in bank accounts earns interest based on daily rates determined by the corresponding banks.

Cash balances for US$10,575,889 and US$11,867,981 as of December 31, 2014 and 2013, respectively, are restricted under the financing documents between Eolo and the Lenders (Note 12). Under the terms of its debt agreements, the Company has a series of restricted bank accounts both on-shore in Nicaragua, and also off-shore. Cash receipts from operations are initially deposited directly into these restricted accounts and then based on contractually agreed provisions are allocated into a series of sub-accounts, restricted for specific operational and other purposes including, but not limited to, construction, debt service, major maintenance, insurance, and shareholders distributions. Except as expressly provided in those debt agreements, the restricted bank accounts are under the control of a trustee and the Company has the right to withdraw or transfer funds only as expressly provided in those debt agreements.

7. Accounts receivable

	2014	2013
Distribuidora de Electricidad del Sur, S.A. (Dissur)	**$ 2,488,061**	$ 1,961,102
Distribuidora de Electricidad del Norte, S.A. (Disnorte)	**2,488,061**	1,961,102
Advance payments to vendors	**148,618**	22,934
Others	**8,908**	1,232
	$ 5,133,648	$ 3,946,370

The outstanding balances due from Dissur and Disnorte correspond to trade receivables for the sale of electric power. Terms of these accounts receivable extend to 30 days from the corresponding invoice s issue dates; are not subject to early-payment discounts, and do not generate interest except for late charges. As of December 31, 2014 and 2013 receivable balances were not past due. Based on the collection analysis performed by Management, it has been determined that no impairment existed as of those dates.

8. Prepaid expenses and other current assets

	2014	2013
Prepaid Project maintenance	**$ 334,372**	$ 1,671,863
CERs		27,133
Others	**218,256**	204,147
	552,628	1,903,143
Less Non-current portion of the prepaid maintenance		(334,373)
	$ 552,628	$ 1,568,770

The Engineering, Procurement and Construction agreement with Gamesa Eólica, S.L. (Note 20.3) contemplated a maintenance and repair service fee for the wind park equipment that was prepaid, which was based on US$60,795 per wind turbine for a total of US$2,674,980 that covered the first two years of operations starting on April 1, 2013.

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9. Balances and transactions with related parties

The related parties with whom the Company maintains balances and performs transactions are entities under the common control of the parent company, Globeleq Mesoamerica Energy (Wind) Limited. A breakdown of these balances and the respective terms and conditions is as follows:

	2014	2013
Accounts receivable (current):		
Administración de Energías Renovables, S.A.	$	$ 997
Notes receivable (non-current):		
Globeleq Mesoamerica Energy (Wind) Limited	**3,395,540**	3,216,257
	$ 3,395,540	$ 3,217,254

As explained in Note 1, the Company is controlled Globeleq Mesoamerica Energy (Wind) Limited, which in turn is controlled by Globeleq Holdings (Americas Renewables) Limited. The note receivable from Globeleq Mesoamerica Energy (Wind) Limited originated on May 23, 2012. The note did not bear interest until March 2013 when it was amended to incorporate a fixed interest rate of 6.21% paid semi-annually, is unsecured and full collection of principal shall occur no later than December 31, 2032.

As explained in Note 24, on June 12, 2015 a Stock Purchase Agreement (SPA) was signed between Globeleq Holdings (Americas Renewables) Limited and Mesoamerica Power Limited as sellers and an affiliate of SunEdison as purchaser.

A breakdown of transactions performed with related parties is summarized below:

	2014	2013
Globeleq Mesoamerica Energy (Wind) Limited:		
Finance income from note receivable	**$ 179,282**	$ 190,416
Administración de Energías Renovables, S.A. (AER):		
Professional services related to the construction of the Project		
(capitalized under property, plant and equipment in 2013)	**$ 602,487**	$ 780,000
CR Operaciones y Mantenimiento, S.A.:		
Professional services	**$ 10,576**	$

(*) The Company and AER, a related party under common control, entered into a Management Services Agreement on March 1, 2012 whereby Eolo engaged AER to perform certain management activities such as preparing and maintaining the accounting records, treasury, tax and legal matters, among others. The Agreement is for an indefinite period unless terminated by a party upon written notice to the other party.

Compensation to key management personnel

The Company does not directly incur compensation for key personnel because Administración de Energías Renovables, S.A. provides the required management services, however the allocation of key personnel compensation at Administración de Energías Renovables, S.A. that is attributable to the Company amounts to US$145,401 in 2014 (2013: US $119,239).

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10. Property, plant and equipment

	Buildings	Machinery and equipment	Major spare parts	Furniture and equipment	Vehicles	Construction in progress	Total
Cost:							
As of December 31, 2012	$ 10,148,637	$ 67,834,807	$ 895,712	$ 81,556	$ 92,174	$	$ 79,052,886
Additions	105,792	176,269		52,133	3,500		337,694
Retirements				(8,996)			(8,996)
As of December 31, 2013	10,254,429	68,011,076	895,712	124,693	95,674		79,381,584
Additions		**114,508**		**10,988**		**60,000**	**185,496**
Retirements		**(10,751)**					**(10,751)**
As of December 31, 2014	**$ 10,254,429**	**$ 68,114,833**	**$ 895,712**	**$ 135,681**	**$ 95,674**	**$ 60,000**	**$ 79,556,329**
Accumulated depreciation:							
As of December 31, 2012	$ 42,286	$ 272,869	$	$ 21,310	$ 8,065	$	$ 344,530
Depreciation	509,744	3,288,341		40,292	11,838		3,850,215
Retirements				(6,329)			(6,329)
As of December 31, 2013	552,030	3,561,210		55,273	19,903		4,188,416
Depreciation	**512,721**	**3,299,017**		**27,318**	**12,222**		**3,851,278**
Retirements		**(3,603)**					**(3,603)**
As of December 31, 2014	**$ 1,064,751**	**$ 6,856,624**	**$**	**$ 82,591**	**$ 32,125**	**$**	**$ 8,036,091**
Carrying amounts:							
As of December 31, 2012	$ 10,106,351	$ 67,561,938	$ 895,712	$ 60,246	$ 84,109	$	$ 78,708,356
As of December 31, 2013	$ 9,702,399	$ 64,449,866	$ 895,712	$ 69,420	$ 75,771	$	$ 75,193,168
As of December 31, 2014	**$ 9,189,678**	**$ 61,258,209**	**$ 895,712**	**$ 53,090**	**$ 63,549**	**$ 60,000**	**$ 71,520,238**

The agreement with Empresa Nacional de Transmisión Eléctrica of Nicaragua (Enatrel), the Nicaraguan public transmission company, contemplates the transfer of certain components of the substation built by the Company to Enatrel, who will reimburse Eolo for the cost of such components. Eolo had communicated to Enatrel that the costs associated with the elements to be transferred are US$3,215,684. Enatrel, however, has not notified Eolo of the acceptance of this amount. Eolo will continue to classify the substation as property, plant and equipment until an agreement between the two parties is reached because the substation is being used in its own operations.

The Company has recognized a decommissioning provision related to its wind farm as described in Note 15.

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11. Intangible assets

	Development costs a/	Land usufruct rights b/	Software c/	Total
Cost:				
As of December 31, 2012	$ 2,668,578	$ 900,000	$ 11,790	$ 3,580,368
Additions			2,153	2,153
As of December 31, 2013	2,668,578	900,000	13,943	3,582,521
Additions			**3,219**	**3,219**
As of December 31, 2014	**$ 2,668,578**	**$ 900,000**	**$ 17,162**	**$ 3,585,740**
Accumulated Amortization:				
As of December 31, 2012	$ 11,119	$ 26,250	$ 1,272	$ 38,641
Amortization	133,429	45,000	6,770	185,199
As of December 31, 2013	144,548	71,250	8,042	223,840
Amortization	**133,429**	**45,000**	**5,990**	**184,419**
As of December 31, 2014	**$ 277,977**	**$ 116,250**	**$ 14,032**	**$ 408,259**
Carrying amounts:				
As of December 31, 2012	$ 2,657,459	$ 873,750	$ 10,518	$ 3,541,727
As of December 31, 2013	$ 2,524,030	$ 828,750	$ 5,901	$ 3,358,681
As of December 31, 2014	**$ 2,390,601**	**$ 783,750**	**$ 3,130**	**$ 3,177,481**

a/ Project development costs mainly include a fee of US$2,500,000 paid in 2012 to Globeleq Mesoamerica Energy (Wind) Limited, EOLO s parent company, for certain services such as the negotiation of the letter of agreement with Gamesa Eólica, S.L. (the wind park s constructor), negotiation of the non-recourse project finance with lenders, and the negotiation of the political risk insurance policy for the Project. Amortization of development costs began in December 2012 when the Project started selling energy and the amortization period is 20 years based on the PPA term.

b/ Land usufruct rights relate to the land where the Project is located and are amortized over a 20-year period.

c/ Software is amortized over a two-year period.

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12. Notes and loans payable

To finance the development, construction and completion of the Project, the Company entered into four loan agreements on April 20, 2012 for a total aggregate principal amount up to US$91,500,000. Notes and loans payable are denominated in US dollars and were as follows:

	Interest rate prevailing on December 31 2014	December 31 2013	2014	2013
Nederlandse Financierings-Maatschappij Voor Ntwikkelingslanden N.V. (FMO Senior)	**7.28%**	7.53%	**$ 26,758,615**	$ 27,592,710
Société de Promotion et de Participation pour la Coopération Économique (PROPARCO)	**7.21%**	7.34% - 8.27%	**25,325,117**	26,114,530
Deutsche Investitions-und Entwicklungsgesellschaft MBH (DEG)	**8.17%**	8.42%	**23,891,620**	24,636,349
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO Subordinated)	**12.50%**	12.50%	**11,471,796**	11,844,540
Principal			**87,447,148**	90,188,129
Less Deferred finance costs			**(3,611,031)**	(4,058,992)
			83,836,117	86,129,137
Less Maturity of one year or less			**(4,395,670)**	(2,740,993)
Principal			**$ 79,440,447**	$ 83,388,144

FMO acted as the Lead Arranger in the project financing. The provisions of the loans are included in the Common Terms Agreement , the Master Accounts Agreement , the Equity Contribution and Share Retention Agreement , and the four Loan Agreements . The loan documents establish affirmative, negative and financial covenants for the Company.

The loans are secured by the Project and all its assets, with Citibank, N.A. acting as offshore security trustee and Banco de América Central, S.A. (BAC) acting as onshore security trustee.

Refer to a discussion of restricted cash conditions under the credit agreement as explained in Note 6 above.

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Debt agreements contained the following financial covenants. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings.

Distribution requirements	
Debt service coverage ratio (historical)	Senior: 1.20x Total: 1.15x
Debt service coverage ratio (projected)	Senior: 1.30x Total: 1.15x
Debt to equity ratio (+ definition)	70:30:00
	Senior debt divided by: Capital + RE + sub debt + intangibles + $8,577,282 + $3,000,000 (until 30/6/2016)
Financial maintenance covenants	
Debt service coverage ratio	Same as above (only historical)
Debt to equity ratio	Same as above

As of December 31, 2014, the Company was in compliance with these restrictive covenants.

As of December 31, 2014 accrued interest and fees payable on the loan agreements amount to US$318,268 (December 31, 2013: US$342,403).

A summary of the maturities of the long-term notes and loans payable as of December 31, is presented below:

	2014	2013
December 31, 2015	**$**	$ 4,395,670
December 31, 2016	**5,279,973**	5,279,973
December 31, 2017	**6,072,199**	6,072,199
December 31, 2018	**6,254,368**	6,254,368
December 31, 2019 and thereafter	**65,444,938**	65,444,926
	83,051,478	87,447,136
Less Deferred finance cost	**(3,611,031)**	(4,058,992)
	$ 79,440,447	$ 83,388,144

13. Accounts payable

Maturity terms for accounts payable with third-party vendors for US$684,174 as of December 31, 2014 (2013: US$265,987) extend up to 30 days from the corresponding invoices issue dates, are not subject to any discounts for early payment and do not generate interest except for late charges.

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14. Accrued expenses and other accounts payable

	2014	2013
Sales tax	**$ 282,535**	$ 705,700
Social security withholdings payable	**75,986**	46,804
Employee bonus entitlements	**40,409**	
Engineering, procurement and construction contract accrual (Note 20.3)		504,226
Others	**5,179**	76,408
	$ 404,109	$ 1,333,138

Accrued expenses and other accounts payable are interest free, are not subject to any discount for early payment, do not generate late charges, and their maturity terms are generally less than one year.

Engineering, procurement and construction contract accrual were payables related to of the Project for which contractor invoices had not been received as of December 31, 2013.

15. Decommissioning provision

The Company has recognized a provision for decommissioning obligations associated with its wind farm. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. Eolo estimates that the decommissioning costs would be realized in 18 years time upon the expiration of the PPA. The Company calculates the provision using the discounted cash flow method based on the following assumptions: a) estimated range of cost per wind turbine, and b) discount rate.

The rollforward of the decommissioning and restoration provisions is as follows:

	2014	2013
Balance at beginning of year	**$ 238,184**	$ 270,750
Unwinding of discount and changes in the discount rate	**81,544**	(32,566)
Balance at year end	**$ 319,728**	$ 238,184

16. Income tax

The Company is subject to the payment of income tax. Therefore, it annually prepares and files its tax return with the corresponding authorities. The income tax rate in effect for the fiscal years ended December 31, 2014 and 2013 was 30%. The annual income tax shall be subject to a minimum definite payment that shall be made through advance payments equal to 1% of the gross monthly income. The income tax payment shall be the greater of the minimum definite payment or 30% applicable to the taxable base. However, Eolo was granted a seven-year exemption on corporate income taxes starting on November 12, 2012.

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The components of the deferred tax assets and liabilities are presented below:

	Statement of Financial Position		Statement of Comprehensive Income	
	2014	2013	**2014**	2013
Deferred tax asset:				
Decommissioning provision	**$ 95,918**	$ 71,455	**$ 24,463**	$ (9,770)
Deferred tax liabitiy:				
Property, plant and equipment	**(2,664,354)**	(1,424,212)	**(1,240,142)**	(1,240,146)
	$ (2,568,436)	$ (1,352,757)	**$ (1,215,679)**	$ (1,249,916)

17. Equity

Share capital

As of December 31, 2014 and 2013, the authorized, registered and paid share capital amounts to US$3,000, represented by 60 common shares with a value of C$1,000 each.

As of December 31, 2014 and 2013 the totality of share capital is securing the loan agreements detailed in Note 12.

Contributed capital

Contributed paid-in capital is comprised of additional contributions made by shareholders.

Equity transactions

During the years ended December 31, 2014 capital withdrawals were taken by Company shareholders in the amount of US$12,816,362.

Dividends

Distributions to Company shareholders, including dividends or any reduction of capital, are considered restricted payments as per the loan agreements described in Note 12. Therefore, the Company must comply with certain requirements before such distributions can be made.

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18. Costs of operations

	2014	2013
Repair and maintenance of equipment	**$ 1,771,822**	$ 1,059,775
Insurance	**810,165**	638,487
Professional services	**598,305**	740,952
Employee compensation	**433,712**	453,808
Lease of land and equipment	**353,827**	317,077
Tax and permits	**109,379**	77,878
Environmental costs	**84,937**	77,240
Public utilities	**81,950**	152,601
Travel expenses	**81,329**	127,575
Donations	**58,772**	26,454
Certified emission reductions costs	**9,670**	20,000
Facility and supplies	**4,899**	8,251
Others	**138,157**	33,856
	$ 4,536,924	$ 3,733,954

19. General and administrative expenses

	2014	2013
Professional services	**$ 178,714**	$ 221,323
Employee compensation	**115,290**	120,632
Facility and supplies	**22,317**	37,587
Travel expenses	**16,658**	26,130
Public utilities	**9,106**	16,956
Marketing	**9,830**	138,675
Others	**1,396**	342
	$ 353,311	$ 561,645

20. Agreements, commitments and contingencies

20.1 Guarantee deposits

	2014	2013
Distribuidora de Electricidad del Sur, S.A. (Dissur)	**$ 215,625**	$ 215,625
Distribuidora de Electricidad del Norte, S.A. (Disnorte)	**215,625**	215,625
Empresa Nacional de Transmisión Eléctrica (Enatrel)	**58,907**	56,407
Others	**48,434**	9,890
	$ 538,591	$ 497,547

In connection with the PPAs signed with Dissur and Disnorte (Note 1) the Company is required to maintain guarantees of compliance with PPAs terms. Those guarantees are supported by performance bonds for US$215,625 each that are renewed on an annual basis.

Eolo has provided a performance bond to Enatrel of Nicaragua to guarantee the future payment of the electricity transmission covenant. The bond is renewed on an annual basis and its balance as of December 31, 2014 is US$58,907 (2013: US$56,407).

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20.2 Land usufruct and lease agreements

The Company entered into land usufruct agreements with Ganadería El Limón, S.A. and Corporación Ganadera Interamericana, S.A., Nicaraguan entities who allow the Company to develop the Project in their farms, with a total area of approximately 2,200 hectares. The term of the usufruct agreements is for 20 years starting when the Project began commercial operations (December 1, 2012). As compensation, Ganadería El Limón will receive the higher of 0.75% of energy sales or an annual amount of US$55,000, which will increase 3% on an annual basis. Corporación Ganadera Interamericana will receive 2.00% of energy sales. All utility and tax expenses over the farms are assumed by Eolo.

In addition, the Company had to pay a non-refundable amount of US$900,000 to Ganadería El Limón as a security deposit. The Company recognized such payment as an intangible asset, which is amortized in 20 years (Note 11).

The Company also signed lease agreements with Ganadería El Limón and Corporación Ganadera Interamericana over the farms for a period of 10 years that will commence upon finalization of the land usufruct agreements. The rent charge for Ganadería El Limón s farms will be the higher of 0.75% of energy sales or an annual amount of US$55,000, which will increase by 3% on an annual basis. The rent charge for Corporación Ganadera Interamericana s farms will be equivalent to 2% of energy sales.

20.3 Wind farm construction and maintenance

The Company entered into an Engineering, Procurement and Construction Agreement with Gamesa Eólica, S.L. through which Gamesa designed, engineered, procured, installed and constructed the wind farm of 44 MW as a turnkey project including the construction and installation of 22 wind turbines. The total contract price amounted to US$78,746,608 and the Company has paid the total amount to Gamesa as of December 31, 2014 (2013: US$78,242,322 with a remaining balance of US$504,226 Note 14.), which is included under the item of property, plant and equipment in the statement of financial position.

The Company and Gamesa also entered into an Operation and Maintenance Agreement on December 31, 2011 to ensure that the Project will operate as technically designed after its construction. Under this agreement, Gamesa guarantees that the Project will meet an average availability on the turbine equipment of no less than 97% beginning on the second anniversary of the Project s commissioning completion (April 1, 2015). The maintenance service began in April 2013 and the annual fee is equivalent to US$60,795 per wind turbine, for total of US$1,337,496 a year, which includes the cost of corrective maintenance.

20.4 Contingencies

In January 2014 Eolo was notified by the Municipality of Rivas, Nicaragua, of a tax assessment of property taxes on land and equipment corresponding to the 2013 fiscal period. The property taxes claimed by the Municipality amounts to a total of US$137,321. Eolo has responded that it should not bear those taxes because it does not own the lands (the lands on which the wind farm operates is leased) and its equipment does not fall under the fixtures definition of the tax law on which the property taxes are levied. On May 28, 2014, Eolo filed a lawsuit against the Municipality of Rivas at the Contentious Administrative Court. This process is expected to take between one or two years. In the meantime, the Municipality is precluded from enforcing the tax assessment because Eolo rendered a guarantee of US$14,739 as part of the contentious process. The Company, after consultation with its legal advisors, considers that there are strong arguments to revert the tax assessment claimed and that any ultimate payment is not probable. Therefore, as of December 31, 2014 the financial statements do not contain a provision for this matter.

21. Financial risk management and policies

The Company s main financial instruments are cash, notes and accounts receivable, notes and loans payable, accounts payable and accrued expenses. The main purpose of these financial instruments is to manage cash flows and raise financing for the Company s capital needs.

Eolo is exposed to market, credit and liquidity risks. The Company s senior Management oversees the management of these risks.

21.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The most relevant market risks affecting the Company s financial statements is the foreign currency risk. The Company is not exposed to interest rate risks as its debt, fully related to the construction of the Project (Note 12) bears fixed interest rates once the Project was completed.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Eolo s exposure to the risk of changes in foreign exchange rates relates primarily to the Company s operating activities (when revenue or expense is denominated in a different currency from the Company s presentation currency).

The Nicaraguan Cordoba is the main foreign currency used by the Company in its transactions. The Central Bank of Nicaragua is the entity responsible for managing the national banking system and regulating the currency s parity to other currencies. Buy and sell rates are established by authorized financial institutions, according to market supply and demand. As of December 31, 2014 and 2013, buy and sell rates for US dollars were C$26.59 and C$26.91 (2013: C$25.33 and C$24.12) per $1.00 respectively.

Below is a summary of monetary assets and liabilities in foreign currencies, expressed in US dollars:

	2014	**2013**
Assets:		
Cash	**$ 427,188**	$ 235,058
Accounts receivable	**1,227**	1,001
	428,415	236,059
Liabilities:		
Accounts payable	**18,236**	34,598
Accrued expenses and other accounts payable	**75,610**	47,606
	93,846	82,204
Net monetary assets	**$ 334,569**	$ 153,855

Sensitivity analysis:

The effect of a reasonable exchange rate variation between the Cordoba and the US dollar of +5% / -5% on the monetary assets and liabilities as of December 31, 2014 (2013: +5% / -5%), assuming that the remaining variables are held constant, would imply the recognition of gains or losses from exchange rate differences of US$16,643 in 2014 (2013: US$7,718).

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21.2 Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Eolo s sole customers are Disnorte and Dissur. Under the Power Purchase Agreement, credit terms are 30 days, and receivable balances with Disnorte and Dissur are current as of December 31, 2014 and 2013. An impairment analysis is performed at each reporting date on an individual basis for major clients; however an impairment allowance has not been recognized as customers balances are not past due.

With regards to credit risk on other financial assets, the maximum exposure to this risk is represented by the balances recorded for each financial asset. Exposure to credit risk is monitored constantly in accordance with the debtors payment behavior.

21.3 Liquidity risk

The Company monitors its liquidity on a daily basis, attempting to maintain greater liquid assets than liquid liabilities, considering the maturity of its financial assets. It performs cash flow projections on a periodic basis in order to timely detect potential cash shortages or excesses to support its operations.

The following table summarizes the maturity of the Company s financial liabilities, based on payment commitments:

As of December 31, 2014:

	0 to 6 months	6 to 12 months	More than 1 year	Total
Accounts payable	**$ 684,174**	**$**	**$**	**$ 684,174**
Notes and loans payable	**3,956,104**	**439,566**	**79,440,447**	**83,836,117**
Accrued interest payable	**318,268**			**318,268**
Accrued expenses	**404,109**			**404,109**
Decommissioning provision			**319,728**	**319,728**
	$ 5,362,655	**$ 439,566**	**$ 79,760,175**	**$ 85,562,396**

As of December 31, 2013:

	0 to 6 months	6 to 12 months	More than 1 year	Total
Accounts payable	$ 265,987	$	$	$ 265,987
Notes and loans payable	1,096,393	1,644,600	83,388,144	86,129,137
Accrued interest payable	342,403			342,403
Accrued expenses	1,333,138			1,333,138
Decommissioning provision			238,184	238,184
	$ 3,037,921	$ 1,644,600	$ 83,626,328	$ 88,308,849

22. Capital management

The Company s main objective regarding capital management is to ensure that it maintains a solid credit ratio and healthy financial capital ratios to support its business and maximize profits.

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The Company manages its capital structure and timely requests shareholders for any adjustment to this capital considering the economic environment in which the Company operates. To maintain or adjust its capital structure, it may request shareholders for variations to dividends and capital returns previously agreed on, as well as for increases in capital contributions if necessary. These policies had no significant changes in 2014 and 2013.

The Company monitors capital using a gearing ratio, which is net liabilities divided by total equity plus net liabilities. The Company s policy is to keep the gearing ratio between 50% and 90%. The Company includes within net liabilities, notes and loans payable, accounts payable and accrued expenses, less cash.

The Company is financed through third-party debt and shareholders equity. The Company s capital management is focused on maximizing shareholders returns through the optimization of the debt to equity gearing ratio. As of December 31, the Company s gearing ratio was as follows:

	2014	2013
Notes and loans payable	**$ 83,836,117**	$ 86,129,137
Accounts payable	**684,174**	265,987
Accrued expenses	**404,109**	1,333,138
Accrued interest payable	**318,268**	342,403
Decommissioning provision	**319,728**	238,184
Less cash and restricted cash	**(11,537,045)**	(15,956,892)
Net liabilities	**74,025,351**	72,351,957
Total equity	**8,101,811**	14,860,144
Equity and net liabilities	**$ 82,127,162**	$ 87,212,101
Gearing ratio	**90%**	83%

23. Fair value of financial instruments

As indicated in Note 21, the Company s main financial instruments are comprised of cash, notes and accounts receivable, notes and loans payable, accounts payable and accrued expenses. Management believes that the carrying amounts of cash, accounts receivable, and accounts payable approach their fair market value due to their short-term nature.

In evaluating the fair value of loans payable at fixed rates the Company has considered the country risks, market conditions existing both at the date of the loans and those at the statement of financial position dates, and that there are not a significant number of comparable financings in its market. As of December 31, 2014 and 2013 the fair value of the loans, taking into account current market interest rates, are the following:

	Carrying amount		(Level 3) Fair value	
	2014	**2013**	**2014**	**2013**
FMO	**$ 26,758,615**	$ 27,592,710	**$ 26,296,130**	$ 27,140,700
DEG	**23,891,620**	24,636,349	**24,559,599**	25,442,385
Proparco	**25,325,117**	26,114,530	**24,797,292**	25,585,888
FMO Subordinated	**11,471,796**	11,844,540	**12,503,838**	12,672,986
	$ 87,447,148	$ 90,188,129	**$ 88,156,859**	$ 90,841,959

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	Carrying amount		(Level 3) Fair value	
	2014	**2013**	**2014**	**2013**
Loan to GME	**$ 3,395,540**	$ 3,216,257	**$ 3,399,090**	$ 3,232,338

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of its financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

- Level 2: Techniques that use inputs different from quoted prices that are observable for the asset or liability, whether directly or indirectly.

- Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The inputs used in the fair value disclosure of loans payable are categorized within Level 3 of the fair value hierarchy.

24. Subsequent events

On March 23, 2015, the Company declared a cash dividend of US$7,007,000, equivalent to US$0.96 per share.

On June 12, 2015, a Stock Purchase Agreement (SPA) was signed between Globeleq Holdings (Americas Renewables) Limited and Mesoamerica Power Limited as sellers and an affiliate of SunEdison as purchaser, for the sale of a 100% interest in the Company s upstream shareholder, Globeleq Mesoamerica Energy (Wind) Limited. The SPA is subject to various conditions, not all of which have been met as of the date of these financial statements. There is no guarantee that such transaction will be consummated.

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INDEPENDENT AUDITORS REPORT

To the Board of Directors and Shareholders of

Inversiones Eólicas de Orosí Dos, S.A.

We have audited the accompanying restated financial statements of Inversiones Eólicas de Orosí Dos, S.A., which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the financial statements.

Management s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor s judgment, including the assessment of the risks 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 and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 restated financial statements referred to above present fairly, in all material respects, the financial position of Inversiones Eólicas de Orosí Dos, S.A. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Restatement of financial statements

As discussed in Note 3.2, the financial statements have been restated for the correction of errors in the accounting for restoration provisions, and the classification of the restricted cash. Also the previously issued financial statements were restated to reflect the change in the current balance of prepaid sales tax to reflect information known to the Company subsequent to the statement of financial position date. This restatement has also resulted in the disclosure of the January 1, 2013 statement of financial position. Our opinion is not modified with respect to this matter.

/s/ Ernst & Young, S.A.

Ernst & Young, S.A.

San Jose, Costa Rica

June 13, 2015

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Inversiones Eólicas de Orosí Dos, S.A.

(A Costa Rican Entity)

Statements of Financial Position

As of December 31 2014 and 2013 and January 1, 2013

(expressed in US dollars)

	Notes	December 31, 2014	December 31, 2013 Restated (Note 3.2)	January 1, 2013
ASSETS				
Current assets:				
Cash	6	**$ 6,314,132**	$ 5,696,826	$ 1,103,261
Restricted cash	6	**228,323**		
Accounts receivable		**17,364**	20,457	7,385
Prepaid expenses		**3,950**		
Prepaid sales tax	7	**409,626**		
Total current assets		**6,973,395**	5,717,283	1,110,646
Non-current assets:				
Prepaid sales tax	7	**6,743,445**		
Intangible assets	8	**99,506,733**	18,945,663	
Project equipment	9	**437,595**	94,659	
Derivative financial instruments	10	**426,296**		
Deferred income tax, net	20	**1,529,119**	1,597,423	
Deferred financing costs	11		2,354,062	
Other financial assets		**25,660**	7,369	220,025
Total assets		**$ 115,642,243**	$ 28,716,459	$ 1,330,671
LIABILITIES AND EQUITY				
Current liabilities:				
Notes and loans payable	11	**$ 2,385,238**	$ 130,000	$
Accounts payable	12	**123,044**	305,939	981,455
Restoration provision	15	**46,959**		
Accrued expenses and other accounts payable	13	**10,991,136**	229,976	37,297
Accrued interest payable	11	**693,229**		
Total current liabilities		**14,239,606**	665,915	1,018,752
Non-current liabilities:				
Restoration provision	15	**187,834**		
Notes and loans payable	11	**88,634,232**	3,414,600	
Total liabilities		**103,061,672**	4,080,515	1,018,752

Equity:				
Share capital	16	**20**	20	20
Contributed capital		**17,687,469**	29,425,953	4,170,545
Accumulated deficit		**(5,106,918)**	(4,790,029)	(3,858,646)
Total equity		**12,580,571**	24,635,944	311,919
Total liabilities and equity		**$ 115,642,243**	$ 28,716,459	$ 1,330,671

The accompanying notes are part of the financial statements.

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Inversiones Eólicas de Orosí Dos, S.A.

(A Costa Rican Entity)

Statements of Comprehensive Income

Years ended December 31, 2014 and 2013

(expressed in US dollars)

	Notes	2014	2013 Restated (Note 3.2)
Construction revenue	8	**$ 94,519,373**	$ 4,752,567
Construction costs	8	**93,787,828**	4,718,125
Construction margin		**731,545**	34,442
Research expenses	17		2,352,577
Operating costs and expenses:			
Cost of operations	18	**1,171,107**	104,755
General and administrative	19	**115,767**	91,055
Depreciation and amortization of non-financial assets	9	**49,653**	345
Total operating costs and expenses		**1,336,527**	2,548,732
Operating loss		**(604,982)**	(2,514,290)
Other income (expenses):			
Interest income		**1,387**	
Change in fair value of derivative financial instruments	10	**426,296**	
Exchange rate differences, net		**(61,459)**	(9,592)
Other expenses		**(9,827)**	(4,924)
Loss before income tax		**(248,585)**	(2,528,806)
Income tax	20	**(68,304)**	1,597,423
Comprehensive loss		**$ (316,889)**	$ (931,383)

The accompanying notes are part of the financial statements.

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Inversiones Eólicas de Orosí Dos, S.A.

(A Costa Rican Entity)

Statements of Changes in Equity

Years ended December 31, 2014 and 2013

(expressed in US dollars)

	Notes	Share capital	Contributed capital	Accumulated deficit Restated (Note 3.2)	Total equity
As of January 1, 2013		$ 20	$ 4,170,545	$ (3,858,646)	$ 311,919
Comprehensive loss				(931,383)	(931,383)
Contributed capital	16		25,255,408		25,255,408
As of December 31 2013		20	29,425,953	(4,790,029)	24,635,944
Comprehensive loss				**(316,889)**	**(316,889)**
Contributed capital	16		**5,492,467**		**5,492,467**
Capital withdrawn	16		**(17,230,951)**		**(17,230,951)**
As of December 31 2014		**$ 20**	**$ 17,687,469**	**$ (5,106,918)**	**$ 12,580,571**

The accompanying notes are part of the financial statements.

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Inversiones Eólicas de Orosí Dos, S.A.

(A Costa Rican Entity)

Statements of Cash Flows

Years ended December 31, 2014 and 2013

(expressed in US dollars)

	Notes	2014	2013 Restated (Note 3.2)
Operating activities:			
Loss before income tax		**$ (248,585)**	$ (2,528,806)
Adjustments to reconcile loss before income tax to cash flows from operating activities:			
Depreciation expense	9	**49,653**	345
Finance cost			4,924
Interest income		**(1,387)**	
Change in fair value of derivative financial instruments	10	**(426,296)**	
Loss on disposal of project equipment		**75**	
		(626,540)	(2,523,537)
Changes in operating assets and liabilities:			
Accounts receivable		**3,093**	(13,072)
Prepaid expenses		**(3,950)**	
Prepaid sales tax		**(7,153,071)**	
Other financial assets		**(18,291)**	212,656
Accounts payable		**(182,895)**	(675,516)
Accrued expenses and other accounts payable		**10,995,954**	192,679
Net cash provided by (used in) operating activities		**3,014,300**	(2,806,790)
Investing activities:			
Additions to intangible assets		**(80,561,070)**	(15,401,063)
Additions to project equipment	9	**(392,664)**	(95,004)
Interest income received		**1,387**	
Net cash used in investing activities		**(80,952,347)**	(15,496,067)
Financing activities:			
New loans		**96,578,999**	
Increase in restricted cash accounts designated for financing activities		**(228,323)**	
Loan settlements		**(3,414,600)**	
Financing cost paid		**(2,642,239)**	(4,924)
Borrowing cost			(2,354,062)
Contributed capital	16	**5,492,467**	25,255,408
Capital withdrawn	16	**(17,230,951)**	
Net cash provided by financing activities		**78,555,353**	22,896,422

Net increase in cash	**617,306**	4,593,565
Cash at beginning of year	**5,696,826**	1,103,261
Cash at end of year	**$ 6,314,132**	$ 5,696,826

The accompanying notes are part of the financial statements.

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Inversiones Eólicas de Orosí Dos, S.A.

(A Costa Rican Entity)

Notes to Financial Statements

December 31, 2014 and 2013

(amounts expressed in US dollars)

1. Corporate information

Inversiones Eólicas de Orosí Dos, S.A. (Orosí or the Company) was organized as a corporation on August 13, 2008 under the laws of the Republic of Costa Rica. Orosí is domiciled in Quebrada Grande de Liberia, Guanacaste, Costa Rica. The Company is a 100% owned subsidiary of Inversiones Eólicas de Costa Rica, S.A., which in turn is controlled by Globeleq Mesoamerica (Wind) Limited (GME Wind) an entity domiciled in Bermuda and Orosí s ultimate parent is Actis Infrastructure Fund 2LP.

The Company s main activity relates to the construction and future operation of a 50 megawatt wind farm (the Project) in the province of Guanacaste, Costa Rica. On August 1, 2013 Orosí entered into a Power Purchase Agreement (PPA) with Instituto Costarricense de Electricidad (ICE) to build, operate and transfer the wind farm, which is comprised of 25 wind turbine generators of 2 megawatts each. Orosí began the Project s construction in December 2013 and it is expected that energy generation will start during the third quarter of 2015. The approximate total investment in the construction of the Project is US$119 million, and it is being financed with the Company s own capital and through third-party borrowings (Note 11).

As previously indicated, the PPA with ICE was agreed under the build-operate-transfer (BOT) modality with the following significant terms:

The purpose of the PPA is for Orosí to undertake the financing, construction, operation, and maintenance of the wind park. The wind park has to be transferred to ICE free of any and all encumbrances at the end of the PPA period.

The PPA period is 20 years, which enter into effect upon notice from ICE of the Order to Proceed (a term defined in the PPA), which happened on October 24, 2013.

Orosí will generate power under the operational and quality standards established by ICE in the PPA, and has to deliver all power generated to ICE, with the exception of that which is required to supply the power plant s own needs.

The initial tariff is established in the PPA and a portion is adjusted for inflation on a semi-annual basis.

On November 22, 2013 the Company signed a turnkey Engineering, Procurement and Construction agreement (EPC) with Gamesa Wind US LLC (Gamesa) by which Gamesa, as the main sub-contractor, committed to design, engineer, manufacture, procure, install, start-up, construct and test the wind farm. The total EPC price is US$97,220,640, including subsequent change orders for a net amount of USD$1,500,000. The EPC contract includes design-defect and performance warranties in favor of Orosí which are supported by a stand-by letter of credit for US$14,358,096.

The Company does not have traded debt or equity in the public markets. The accompanying financial statements have been prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 25.

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2. Law on Autonomous or Parallel Generation of Electric Power

The Company is bound to the Costa Rican Law N° 7200 dated September 28 1990, and the amendments thereto through Law N° 7508 of 30, April 1995, which define autonomous or parallel generation of electric power as energy produced by limited capacity power plants owned by private companies or cooperatives that can be integrated into the national electric power grid.

3. Basis of preparation of the financial statements

3.1 Statement of compliance

The Company s financial statements as of December 31, 2014 and 2013 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The Company s financial statements as of December 31, 2014 were first approved for issuance by the Company s Chief Executive Officer and Chief Financial Officer on January 8, 2015, and were subsequently approved by the Company s shareholders. The accompanying restated financial statements have been prepared for use in a securities filing in connection with the acquisition of the Company as explained in Note 25. They have also been restated for the correction of certain errors as explained in Note 3.2 below. The Company s Chief Executive Officer and Chief Financial Officer approved these financial restated statements for issuance on June 13, 2015 and subsequent events have been considered through that later date.

3.2 Restatement of financial statements

During its preparation of the accompanying restated financial statements for the purpose described in Note 3.1, the Company identified certain accounting errors that are being retrospectively corrected herein. They are explained as follows:

The Company previously accounted for restricted cash as a component of cash in its statement of cash flows. It has corrected that classification to now exclude those amounts. The Company also modified the current versus non-current classification of restricted cash to correspond with contractual terms.

The Company has identified the need for a restoration provision in the accompanying financial statements given obligations that it believes exist under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Disclosure of such provision is presented in Note 15.

The Company has also retrospectively adjusted the current and non-current classification of prepaid sales taxes to reflect information existing as of the date of the re-approval of these restated financial statements.

The aforementioned matters have an impact on deferred income tax.

Certain accounting disclosures have been expanded from those previously presented.

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These corrections have impacted the accompanying financial statements as follows (amounts in US dollars):

	Balance as of or for the year ended December 31, 2014 as previously reported	Retro-spective adjust-ments	Balance as of or for the year ended December 31, 2014 as restated	Balance as of or for the year ended December 31, 2013 as previously reported	Retro-spective adjust-ments	Balance as of or for the year ended December 31, 2013 as restated	Balance as of January 1, 2013 as previously reported	Retro-spective adjust-ments	Balance as of January 1, 2013 as restated
Statement of financial position:									
Current assets	8,186,361	(1,212,966)	6,973,395	5,717,283		5,717,283	1,110,646		1,110,646
Non-current assets	107,150,651	1,518,197	108,668,848	21,401,753	1,597,423	22,999,176	220,025		220,025
Total assets	115,337,012	305,231	115,642,243	27,119,036	1,597,423	28,716,459	1,330,671		1,330,671
Current liabilities	14,192,647	46,959	14,239,606	665,915		665,915	1,018,752		1,018,752
Non-current liabilities	88,634,232	187,834	88,822,066	3,414,600		3,414,600			
Total liabilities	102,826,879	234,793	103,061,672	4,080,515		4,080,515	1,018,752		1,018,752
Equity	12,510,133	70,438	12,580,571	23,038,521	1,597,423	24,635,944	311,919		311,919
Statement of comprehensive income:									
Revenues	94,519,373		94,519,373	4,752,567		4,752,567			
Operating expenses	94,767,958		94,767,958	7,281,373		7,281,373			
Loss before income taxes	(248,585)		(248,585)	(2,528,806)		(2,528,806)			
Income taxes	(138,742)	70,438	(68,304)		1,597,423	1,597,423			
Comprehensive loss	(387,327)	70,438	(316,889)	(2,528,806)	1,597,423	(931,383)			
Statement of cash flows:									
Cash flows from operating activities	2,779,507	234,793	3,014,300	(5,160,852)	2,354,062	(2,806,790)			
Cash flows from investing activities	(80,717,554)	(234,793)	(80,952,347)	(15,500,991)	4,924	(15,496,067)			
Cash flows from financing activities	78,783,676	(228,323)	78,555,353	25,255,408	(2,358,986)	22,896,422			

Cash at beginning of year	5,696,826		5,696,826	1,103,261		1,103,261
Cash at end of year	6,542,455	(228,323)	6,314,132	5,696,826		5,696,826

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3.3 Basis of valuation and presentation currency

The financial statements as of December 31, 2014 and 2013 were prepared on a historical cost basis, except for certain items that are measured in accordance with the accounting policies described in Note 4. The financial statements are expressed in US dollars (US$ or $).

3.4 Changes in accounting policies

The accounting policies adopted by the Company to prepare its financial statements as of December 31, 2014 are consistent with those used to prepare its financial statements as of December 31, 2013.

The Company adopted for the first time the following amendments to standards and interpretations, which are effective for annual periods beginning on or after January 1, 2014. These amendments and interpretations had no material impact on the Company s financial statements as of December 31, 2014.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated* Financial *Statements* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

Offsetting Financial Assets and Financial Liabilities Amendments to IAS 32

These amendments clarify the meaning of currently has a legally enforceable right to set-off and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively.

Novation of Derivatives and Continuation of Hedge Accounting Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required.

IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21.

Recoverable Amount Disclosures for Non-Financial Assets Amendments to IAS 36 Impairment of Assets

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units for which impairment loss has been recognized or reversed during the period.

Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at January 1, 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

Annual Improvements 2011-2013 Cycle

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at January 1, 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity s first IFRS financial statements.

4. Summary of significant accounting policies

4.1 Currency and foreign currency transactions

4.1.1 Functional and presentation currency of the financial statements

Orosí adopted the US dollar ($) as the functional and presentation currency since it better reflects the events and transactions performed by the Company. Adoption of the US dollar as functional currency was based on the following facts: that the capital was contributed in US$ dollars, capital expenditures were mostly paid in said currency, future revenue from energy will be earned in dollars, debt obligations are denominated in dollars, capital contributions are made in dollars, and certain operating costs and expenses are also incurred in that currency. Information relating to exchange regulations and rates is included in Note 22.

Considering that the accounting records are kept in Costa Rican colons (¢), and that the US dollar was adopted as the functional currency, assets and liabilities denominated in foreign currency were translated into the financial statements functional currency using the exchange rate ruling on the date of the statement of financial position. Non-monetary items measured on a historical cost basis were converted on the date of the statement of financial position using the exchange rate ruling on the original transaction date. Income and expenses are converted at the exchange rate in effect on the transaction date.

4.1.2 Transactions in foreign currency

Transactions in foreign currency, any currency other than the functional currency, are recorded at the exchange rate ruling on the transaction date. In determining its financial position and income, the Company appraises and adjusts its assets and liabilities denominated in foreign currency at the exchange rate ruling on the date of this valuation and determination. Exchange differences resulting from the application of these procedures are recognized in the results of the period in which they occur.

4.2 Cash

Cash is comprised of cash on-hand and in banks.

4.3 Restricted Cash

Restricted bank account balances are not considered either unrestricted cash balances or cash equivalent balances for the purpose of the statement of cash flows. They are presented in the accompanying statements of financial position as restricted cash , and are presented as current or non-current assets given management s expectation that they will be withdrawn for their defined purposes within the coming twelve-month period or otherwise. Net changes in such restricted cash balances are classified as a financing activity in the statement of cash flows based on the requirement for them under the debt agreements.

4.4 Financial instruments

The valuation of the Company s financial instruments is determined using the fair value or amortized cost method, as defined below:

Fair value The fair value of a financial instrument negotiated in an organized financial market is determined using as reference the prices quoted in that financial market for negotiations performed as of the date of the statement of financial position. For financial instrument for which there is no active financial market, the fair value is determined using valuation techniques.

Amortized cost The amortized cost is calculated using the effective interest method less any allowance for impairment. The calculation takes into consideration any award or discount in the acquisition and includes the transaction costs and fees which are an integral part of the effective interest rate.

These techniques include recent market transactions between interested, fully informed parties who act independently; references to the fair value of other substantially similar financial instrument; and discounted cash flows or other valuation models.

4.5 Financial assets

4.5.1 Initial recognition and measurement of financial assets

Financial assets within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. The Company only has accounts receivable and derivate financial instruments, which are described in Note 4.6.

The Company initially recognizes all of its financial assets at fair value plus costs directly attributable to the transaction, except for financial assets valued at fair value through changes in profit or loss in which these costs are not considered.

The Company recognizes the purchase or sale of financial assets on the date of each transaction, which is the date on which the Company commits to buy or sell a financial asset.

4.5.2 Subsequent measurement of accounts receivable

Accounts receivable are non-derivative financial assets with fixed or determined payments that are not quoted in active markets, and are initially recognized at the corresponding invoiced amounts. After initial recognition, notes and accounts receivable are recorded by the Company at amortized cost using the effective interest rate method less the allowance for impairment. Gains or losses are recognized in results when the accounts receivable are derecognized or impaired, as well as through the amortization process.

4.5.3 Impairment of financial assets

The Company assesses on the date of the statement of financial position whether there is any objective evidence that a financial asset or group of assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the financial asset, and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows due to defaults on contracts.

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Impairment of financial assets recorded at amortized cost

When the Company determines that it has incurred in an impairment loss in the value of its financial assets carried at amortized cost, it estimates the loss amount as the difference between the asset s carrying amount and the present value of future cash flows discounted at the financial asset s original effective interest rate; it deducts the loss from the asset s carrying amount and recognizes such loss in the results of the year in which it occurs. If, in a subsequent period, the amount of the loss due to impairment decreases and may be objectively related to an event subsequent to the recognition of impairment, the impairment loss is reversed. Once the reversal is recorded, the carrying amount of the financial asset cannot exceed the original amortized amount. The amount of the reversal is recognized in the results of the year in which it occurs.

4.5.4 Derecognition of financial assets

Financial assets are derecognized by the Company when the rights to receive cash flows from the asset have expired, or when the financial asset is transferred along with its inherent risks and benefits and contractual rights to receive cash flows from the asset are surrendered, or when the Company retains the contractual rights to receive cash flows and assumes the obligation to pay them to one or more parties.

4.6 Financial liabilities

4.6.1 Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. Orosí recognizes all financial liabilities initially at fair value on the date of acceptance or contracting of the liability, plus, in the case of loans and borrowings, directly attributable transaction costs.

The Company s financial liabilities include notes and accounts payable and accrued expenses.

4.6.2 Subsequent measurement of notes and accounts payable, and accrued expenses

After initial recognition, these financial instruments are subsequently measured at amortized cost using the effective interest method. The Company recognizes gains or losses in the statement of comprehensive income when the financial liability is derecognized as well as through the amortization process.

4.6.3 Derecognition

Financial liabilities are derecognized when the obligation has been paid, cancelled or expires. When a financial liability is replaced by another, the Company derecognizes the original and recognizes a new liability. Differences that may result from these financial liability replacements are recognized through profit or loss when incurred.

4.7 Derivative financial instruments and hedge accounting

4.7.1 Initial recognition and subsequent measurement

The Company uses derivative financial instruments, interest rate caps, to hedge the risk of interest rate fluctuations, and does not hold or issue derivative financial instruments for trading purposes. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is obtained, and are subsequently re-measured at fair value.

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Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The fair value of an interest rate cap is the estimated amount that the Company would receive or pay to terminate the cap on the date of the statement of financial position, taking into account current interest rates and the payment capacity of the counterparties.

Changes in fair value of the Company s derivative financial instruments that qualify for hedge accounting are recognized as follows: changes in the time value of instruments and any ineffectiveness are taken directly to the income statement while changes in the intrinsic value are recognized as part of other comprehensive income.

For hedge accounting purposes, the Company s interest rate caps are classified as cash flow hedges. At the beginning date of a hedge agreement, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the entity will assess the hedging instrument s effectiveness in offsetting the exposure to changes in the hedged item s cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on a quarterly basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges which meet the strict criteria for hedge accounting are recorded as follows: a) the effective portion of the gain or loss on the hedging instrument is recognized directly in equity, within other comprehensive income, while any ineffective portion is recognized immediately in the income statement; b) amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then the hedge accounting is discontinued. The cumulative gain or loss previously recognized in equity remains there until the forecast transactions occurs.

4.7.2 Current versus non-current classification

Derivative instruments that are designated as hedges, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and a non-current portion only if a reliable allocation can be made.

4.8 Project equipment

Project equipment is stated at acquisition cost less accumulated depreciation and losses due to impairment, if any. These costs include the cost of replacing the components of project equipment when the cost is incurred, if it meets the requirements for recognition. Depreciation and those disbursements for repair and maintenance which do not meet the conditions for recognition as assets are recognized as expenses in the year in which they are incurred.

Depreciation is calculated on a straight-line basis over the useful life of each type of asset. The remaining value of the depreciating assets, the estimated useful life, and depreciation methods are periodically reviewed by Management and adjusted when necessary, at the end of each financial year. The estimated useful lives for productive assets is established by the Company as the difference between the date from which the assets are available for their intended use and the power purchase agreement expiration date or the assets own estimated useful life, whichever is shorter.

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A breakdown of estimated useful lives is as follows:

	Useful life
Machinery and equipment (primarily wind turbines)	20 Years
Furniture and equipment	5-10 years
Vehicles	10 years

A component of project equipment is derecognized when it is sold or when the Company does not expect future economic benefits from its use. Any loss or gain from the disposal of the asset, calculated as the difference between the net carrying amount and the sales proceeds, is recognized in income in the year in which it occurs.

4.9 Intangible assets

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, as necessary. The Company records as expenses the intangible assets generated internally in the year in which they are incurred, except for development costs that are capitalized.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Company s intangible assets have finite useful lives only. Intangible assets with finite lives are amortized under the straight-line method over the assets estimated useful lives, which are periodically reviewed by the Company. Expenses for the amortization of intangible assets are recognized in the income statement of the year in which they are incurred.

Gains or losses from the derecognition of an intangible asset are determined by the Company as the difference between the proceeds from sale or disposal and the net carrying amount of the intangible asset, recognizing them in the results of the year in which they are incurred.

4.9.1 Research and development costs

Research costs are expensed as incurred.

Development activities involved a plan or design for the construction of new wind power generation projects. An intangible asset arising from the development phase of a project is recognized if the Company can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; its intention to complete the asset and use it or sell it; its ability to use or sell the intangible asset; how the intangible asset will generate probable future economic benefits; the availability of adequate technical and financial resources to complete the development and to use or sell the asset, and its ability to reliably measure the expenditure attributable to the asset during its development. Useful life for intangible assets arising development costs is determined based on the PPA term and amortization occurs on a straight-line basis.

4.9.2 Service concession arrangement

The Company, as operator under the PPA, recognizes an intangible asset equivalent to the consideration receivable for the construction of the wind farm (Note 8). This recognition is based on the premises of IFRIC Interpretation 12 *Service Concession Arrangements* by which Orosí does not have an unconditional contractual right to receive cash or another financial asset in return for the public service provided.

During the construction phase of the Project, the intangible asset is comprised of advances made to sub-contractors as well as the construction revenue for the construction services performed by Orosí, which are measured in accordance with International Accounting Standard 11 *Construction Contracts*. The intangible asset will be amortized over the PPA term once the wind park is available for its intended use.

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4.10 Impairment of non-financial assets

The Company assesses the carrying amounts of its non-current assets at each reporting date to determine reductions in value when events or circumstances indicate that recorded values may not be recovered. If any such indication exists, and the carrying amount exceeds the recoverable amount, the Company measures the assets or cash-generating units at their recoverable amounts, defined as the greater of fair value less selling costs or the value in use. Resulting adjustments are recorded in the results of the year in which they are determined.

4.11 Revenue recognition

The Company measures its revenue from ordinary activities using the fair value of the benefit received or to be received, derived from revenue.

4.11.1 Revenue from construction services

The Company records revenue from construction activities using the percentage of completion method, recognizing revenue in relation to the physical progress of the Project.

4.11.2 Interest income from financial instruments

Revenue arising from financial instruments is recognized in relation to the passage of time, calculated over the average monthly balances for the invested principal, applying the effective interest method. Interest income is included in finance income in the statement of comprehensive income.

4.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. Borrowing costs include interest, exchange differences and other borrowing costs. Borrowing costs that do not meet the criteria for capitalization are recorded in the results of the year in which they are incurred.

Borrowing costs, including transaction costs, related to notes and loans payable for the financing of qualifying assets under construction are initially recognized as a non-current asset and subsequently reclassified to the balance of notes and loans payable when the funds from the financing have been substantially withdrawn by the Company.

4.13 Benefits for termination of employment contracts

In accordance with Costa Rica s Labor Code, severance compensations accumulated on behalf of employees shall be reimbursed in the event of death, retirement or unjustified termination. Compensation is determined as 8.33% of average monthly salaries earned by the employee during the last six months of work for each year worked, for a maximum of 8 years. The Company transfers 3% of employees monthly salaries to the Complementary Pension Fund established by law.

Any severance paid by the Company during termination in excess of amounts transferred and the definite severance calculated based on the labor rights mentioned is recognized as an expense in the year in which it occurs. Given the limited number of employees, the Company believes that any potential future liability related to current employees is immaterial to the accompanying financial statements.

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4.14 Taxes

The Company offsets its current and deferred tax assets with current and deferred tax liabilities, respectively, if a legally enforceable right exists to set off the amounts recognized before the same taxation authority and when it has the intention to liquidate them for the net amount or to realize the asset and settle the liability simultaneously.

4.14.1 Current income tax

The Company calculates income tax by applying adjustments from certain items, affected by or subject to income tax, in conformity with current tax regulations. Current tax, corresponding to present and prior periods, is recognized by the Company as a liability to the extent that it is not settled. If the amount already paid, which corresponds to present and prior periods, exceeds the amount payable for those periods, the excess is recognized as an asset.

The Company recognizes current income tax related to items of other comprehensive income directly in these items and not in the results of the period.

4.14.2 Deferred income tax

Deferred income tax is determined by applying the liability method to all temporary differences existing between the asset, liability, and net equity tax base and the amounts recorded for financial purposes as of the date of the statement of financial position. Deferred income tax is calculated using the tax rate expected to apply on the period when the asset is realized or the liability is settled. Deferred tax assets are recognized only when there is reasonable probability of their realization.

The carrying amount of deferred income tax assets is reviewed on the date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Likewise, on the closing date of each financial period, the Company reassesses the unrecognized deferred tax assets to the extent that it is probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred taxes related to items of other comprehensive income are recognized directly in those items and not in the results of the period.

4.14.3 Sales tax

Revenue from sales is recorded by the Company net of sales tax, and a liability is recognized in the statement of financial position for the related sales tax amount. Expenses and assets acquired are recorded by the Company net of sales tax if the tax authorities credit these taxes to the Company, recognizing the accumulated amount receivable in the statement of financial position. When the sales tax incurred is not recoverable, the Company includes it within the expense or asset, as applicable.

4.15 Significant accounting estimates and assumptions

Financial statement preparation requires management to make judgments, estimates and assumptions affecting reported amounts of revenue, expenses, assets and liabilities, and to disclose contingent liabilities as of the reporting date.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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4.15.1 Estimates and assumptions

The main assumptions related to future events and other sources of estimates subject to variations as of the reporting date, which due to their nature carry a risk of causing adjustments to the asset and liability amounts in next year s financial statements, are presented below:

Revenue recognition for projects in progress

The Company records revenue from construction activities using the percentage of completion method, recognizing revenue in relation to the progress of the Project. This method emphasizes the importance of having accurate estimates of the progress of the works until their completion. Management constantly monitors the estimates involved in these construction activities, and adjusts them when required.

Impairment of non-financial assets

The Company estimates that there are no indicators of impairment for any of its non-financial assets as of the reporting date.

5. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, as of December 31, 2014 are disclosed below. The Company intends to adopt these standards, if applicable to its activities, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. IFRS 14 is effective for annual periods beginning on or after January 1, 2016.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted.

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Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after July 1, 2014.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

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The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

Annual improvements from the 2010-2012 and 2011-2013 Cycles

The following list of improvements to standards is effective from July 1, 2014:

IFRS 2 Share-based Payment. This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions.

IFRS 3 Business Combinations. The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 3 Business Combinations. The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that: a) joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and b) this scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

IFRS 8 Operating Segments. The amendments are applied retrospectively and clarifies that: a) an entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are similar ; and b) the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IFRS 13 Fair Value Measurement. The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

IAS 16 Property, Plant and Equipment and IAS 38 Intangible *Assets.* The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. IAS 24 Related Party Disclosures.

IAS 24 Related Party Disclosures. The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

IAS 40 Investment Property. The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

The Company has not yet evaluated the impact that the aforementioned new accounting standards will have on its financial statements.

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6. Cash

	2014	2013
Banks	**$ 6,312,107**	$ 5,696,136
Petty cash	**2,025**	690
	$ 6,314,132	$ 5,696,826
Restricted cash in banks	**$ 228,323**	$

Cash deposited in bank accounts earns interest based on daily rates determined by the corresponding banks.

The cash balance for US$228,323 as of December 31, 2014 is restricted under the financing documents between Energía Eólica and the Lenders (Note 11). Under the terms of its debt agreements, the Company has a series of restricted bank accounts both on-shore in Costa Rica, and also off-shore. Cash receipts from operations are initially deposited directly into these restricted accounts and then based on contractually agreed provisions are allocated into a series of sub-accounts, restricted for specific operational and other purposes including, but not limited to, construction, debt service, major maintenance, insurance, and shareholders distributions. Except as expressly provided in those debt agreements, the restricted bank accounts are under the control of a trustee and the Company has the right to withdraw or transfer funds only as expressly provided in those debt agreements.

7. Prepaid sales tax

As of December 31, 2014, the Company reflects an asset for a total of US$7,153,071 (2013: US$0) in its financial statements which is related to sales taxes paid. Out of this balance, US$7,022,301 relates to taxes for the import of the generation equipment for the Project. The Company filed an application with the Ministry of Treasury to obtain tax exempt purchase orders for the import of the equipment necessary for the Project s construction. This application, however, was denied. Orosi was therefore forced to pay all of the sales taxes for the imports.

On February 12, 2015 the Company filed a claim against the State of Costa Rica through an ordinary process that would allow for the recovery of these taxes plus interest. In the meantime, the Company will use the taxes paid as tax credits to be offset against taxes collected from the sale of energy. Because the Company believes that it is probable that it will ultimate recover such prepaid sales tax amounts, it has reflected these amounts as a prepaid amount in its financial statements and not as an incremental component of the project construction.

8. Intangible assets

As indicated in Note 4.8.2, the Company accounts for the construction of the wind park under the intangible asset model contemplated in IFRIC 12. Construction of the wind park began in December 2013. The intangible asset balance as of December 31 is as follows:

	2014	2013
Construction revenue during 2014	**$ 94,519,373**	$
Construction revenue during 2013	**4,752,567**	4,752,567
Restoration Obligation (note 15)	**234,793**	
Advances to the wind park sub-contractors		14,193,096
	$ 99,506,733	$ 18,945,663

Construction costs in the year 2014 associated to revenue amount to US$93,787,828 (2013: US$4,718,125).

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As of December 31, 2014 the Company accrues a liability for construction costs of US$10,846,303 (2013: US$0) (Note 13) over completed construction work for which the sub-contractor (Gamesa, Note 21.3) has not yet billed the Company as of that date.

Management has estimated the overall percentage of completion of the Project to be 90% as of December 31, 2014 (2013: 5%). It is also expected that the Project will begin operations by the end of the third quarter 2015. Construction revenue corresponds to construction costs paid to third-party subcontractors plus revenue associated to project management activities performed by the Company.

Finance costs of US$2,349,740 were capitalized in 2014 (2013: US$0) with respect to the Project construction based on an average effective interest rate of 6.18% (2013: 0%) of the corresponding loans obtained to finance construction.

9. Project equipment

	Machinery and equipment	Furniture and equipment	Vehicles	Total
Cost:				
As of December 31 2012	$	$	$	$
Additions		95,004		95,004
As of December 31 2013		95,004		95,004
Additions	**6,337**	**138,967**	**247,360**	**392,664**
Retirements		**(88)**		**(88)**
As of December 31 2014	**$ 6,337**	**$ 233,883**	**$ 247,360**	**$ 487,580**
Accumulated depreciation:				
As of December 31 2012	$	$	$	$
Depreciation		345		345
As of December 31 2013		345		345
Depreciation	**298**	**26,915**	**22,440**	**49,653**
Retirements		**(13)**		**(13)**
As of December 31 2014	**$ 298**	**$ 27,247**	**$ 22,440**	**$ 49,985**
Carrying amounts:				
As of December 31 2013	$	$ 94,659	$	$ 94,659
As of December 31 2014	**$ 6,039**	**$ 206,636**	**$ 224,920**	**$ 437,595**

10. Fair value of derivative instruments

The Company uses an interest rate cap to hedge its variable interest rate exposure of the Company s loan with BICSA (Note 11). Under the interest rate cap agreement contracted by the Company on February 11, 2014, it pays interest at a variable rate and receives a fixed rate in instances where the variable interest rate is above a given cap rate, both in relation to contracted notional amounts.

This derivative financial instrument has been designated as a hedging instrument and has been assessed to be highly effective as of the date of the financial statements. The fair value of the interest rate cap amounts to US$426,296 as of December 31, 2014 and the change in fair value from inception to that date was a gain for the same amount that is recognized in profit or loss as the instrument was out-of-the money as of that date.

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The main characteristics of the cap agreement are as follows:

Effective date	25-Apr-2014
Termination date	25-Oct-2028
Maximum notional amount	US$19,526,000
Fixed cap interest rate	Between 2.50% and 4.75%
Variable interest rate	US Libor BBA 6 months

11. Notes and loans payable

Notes and loans payable correspond to finance obtained for the purchase of land and easements where the Project is located and for construction costs. A summary of the notes and loans payable, which are denominated in US dollars, as of December 31 is presented below:

	Interest rate	Maturity date	2014	2013
Construction (*):				
Export-Import Bank of the United States (Ex-Im)	3.94%(**)	October 2031	**$ 52,016,373**	$
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	Libor+4%(**)	October 2028	**14,249,869**	
Banco Internacional de Costa Rica, S.A.	Libor+4%(**)	October 2028	**12,090,000**	
Subordinated loan with related parties:				
Administración de Energías Renovables, S.A. (Note 14)	11% fixed	April 2033	**18,222,757**	
Purchase of land and easements:				
Hermanos Ocampo Fernández, S.A.		July 2015	**130,000**	230,000
Corporación Ganadera nteramericana, S.A.	7.5%	April 2015		2,088,850
Punta Los Meros, S.A.	10%	March 2016		970,000
Hacienda Borinquen, S.A.		April 2015		225,750
Inversiones Román Ocampo, S.A.		Sept. 2014		30,000
Principal			**96,708,999**	3,544,600
Less Deferred finance costs			**(5,689,529)**	
			91,019,470	3,544,600
Less Maturity of one year or less			**(2,385,238)**	(130,000)
Long-term notes and payables			**$ 88,634,232**	$ 3,414,600

(*) The total available principal for the financing of the construction is US$109,147,375, comprised as follows: US$61,147,375 from Ex-Im, US$20,000,000 from BICSA, and US$28,000,000 from FMO. As of December 31 2013, the Company had not made any withdrawals from these credit facilities.

(**) Interest rate during the construction phase of the Project.

A summary of the maturities of the long-term notes and loans payable is presented below:

	2014	2013
As of December 31 2015	$	$ 2,444,600
As of December 31 2016	5,309,490	970,000
As of December 31 2017	3,525,948	
As of December 31 2018	4,109,184	
As of December 31 2019 and thereafter	81,379,139	
	94,323,761	3,414,600
Less Deferred finance cost	(5,689,529)	
	$ 88,634,232	$ 3,414,600

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The provisions of the construction loans are included in the Common Terms Agreement , the Master Security and Account Agreement , the Equity Contribution and Share Retention Agreement , the Intercreditor Agreement , the Security Trust Agreement , and the three Loan Agreements . The loan documents establish affirmative, negative and certain financial covenants for the Company.

The loans for the financing of construction are secured by the Project and all its assets, with Banco BCT, S.A. acting as security trustee and onshore Account Bank. Loans for the purchase of land are secured by a mortgage on said land. These liens were specifically permitted by the grantor of the BOT (ICE), who retains its residual interest through its ability to step into the loans or pay them off to maintain control of the Project in the event that the Company defaults on such obligations.

The aforementioned loan agreements do not contain any financial covenant ratios requiring compliance.

On September 2, 2014 the Company entered into an unsecured subordinated loan agreement with a related party, Administración de Energías Renovables, S.A. Debt payments, including principal and interest, will be made in April and October of each year, from 2015 up to April 2033.

Debt agreements contained the following financial covenants. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings.

Distribution requirements	
Debt service coverage ratio (historical)	1.25x
Debt service coverage ratio (projected)	1.30x
Debt to equity ratio	75:25:00
(+ definition)	*Senior debt divided by: Equity excl. (cap)revaluation + SHL + intangibles + [0, $7.5M]*
Financial maintenance covenants	
Debt service coverage ratio	Same as above
Debt to equity ratio	Same as above

As of December 31, 2014, the Company is in compliance with these restrictive covenants.

As of December 31, 2014 accrued interest on notes and loans payable amounts to US$693,229 (2013: US$0).

Deferred finance costs

Deferred finance costs of US$2,354,062 as of December 31, 2013 related to notes and loans payable for the financing of qualifying assets under construction. These costs were initially recognized as non-current assets and subsequently reclassified to the notes and loans payable balance as the funds from the financing were substantially withdrawn by the Company during 2014.

12. Accounts payable

	2014	**2013**
Commercial vendors	**$ 123,044**	$ 305,687
Related parties (Note 14)		252
	$ 123,044	$ 305,939

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Maturity terms for accounts payable with commercial vendors extend up to 30 days from the corresponding invoices issue dates, are not subject to any discounts for early payment and do not generate interest except for late charges.

13. Accrued expenses and other accounts payable

	2014	2013
Engineering, procurement and construction contract accrual (note 8)	**$ 10,846,303**	$
Others	**144,833**	229,976
	$ 10,991,136	$ 229,976

The engineering and procurement costs accrual for US$10,846,303 (2013: US$0) corresponds to payables related to the Orosí Project for which sub-contractor invoices had not been received as of the statement of financial position date (Note 8).

Accrued expenses and other accounts payable are interest-free, are not subject to any discount for early payment, do not generate late charges, and their maturity terms are generally less than one year.

14. Balances and transactions with related party

The related parties with whom the Company maintains balances and performs transactions are entities under the common control of the parent company, Globeleq Mesoamerica Energy (Wind), Limited. A breakdown of these balances and the respective terms and conditions is as follows:

	2014	2013
Notes and loans payable:		
Administración de Energías Renovables, S.A. (Note 11)	**$ 18,222,757**	$
Accounts payable:		
Plantas Eólicas, Limited (Note 12)	**$**	$ 252

Maturity terms for accounts payable to related parties extend up to 30 days from the corresponding invoices issue dates, and are not subject to any discounts for early-payment.

A breakdown of transactions performed with related parties is summarized below:

	2014	2013
Various construction costs capitalized to the Project:		
TCR Holdings, S.A. **a/**	**$ 1,169,785**	$
CR Operaciones y Mantenimientos, S.A. **b/**	**$ 72,387**	$
Administración de Energías Renovables, S.A. **c/**	**$ 71,429**	$
Finance costs:		
Administración de Energías Renovables, S.A. (nota 11)	**$ 720,368**	$

Professional services expense:		
TCR Holdings, S.A. **a/**	**$**	$ 600,000

a/ The Company and TCR Holdings, S.A. entered into a Management Services Agreement whereby Orosí engaged TCR to perform the following services: engineering, technical support, construction supervision, project management, bookkeeping, treasury, and tax and legal matters, among others. As consideration for the services, the agreement contemplated a monthly fee (plus expenses) of US$50,000 which will increase to US$80,000 after the Financial Closing, and will be reduced after the Project s Commercial Operation to US$50,000. The Agreement is for an indefinite period unless it is terminated by either party upon written notice to the other party.

b/ The Company and CR Operaciones y Mantenimientos, S.A. entered into an Inspection Contract on May 22 2014 for the installation of wind turbines.

c/ The Company paid to the subsidiary Administración de Energías Renovables, S.A. certain reimbursable expenses related with the construction of the Project.

Compensation to key management personnel

The Company does not directly incur compensation for key personnel because TCR Holdings, S.A. provides the required management services, however the allocation of key personnel compensation at TCR Holdings, S.A. that is attributable to the Company amounts to US$357,230 for 2014 (2013: US$280,843).

15. Restoration provision

The Company recognized a provision for restoration obligations of US$234,793, as of December 31, 2014, associated with its wind farm. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to restore the environmental impact of constructing the plant. The restoration provision reflects the costs estimated by the Company to comply with the environmental reforestation plan described in Note 21.2.

16. Equity

Share capital

As of December 31, 2013 and 2012, authorized, registered, and paid-in share capital amounted to $20 represented by 10 common shares with a par value of ¢1,000 each.

Contributed capital

As of December 31, 2014 and 2013 contributed capital is comprised of contributed cash, in addition to the share capital, received from the shareholders. This contributed capital is mainly used to finance the construction of the Project.

Equity transactions

During the years ended December 31, 2014 and 2013, capital contributions were made by Company shareholders in the amount of US$5,492,467 and US$25,255,408, respectively. Furthermore, during the year ended December 31, 2014, capital withdrawals were taken by Company shareholders in the amount of US$17,230,951.

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17. Research expenses

Research expenses in 2013 correspond to activities undertaken by the Company in relation to the Project prior to its development.

	2014	2013
Professional services	$	$ 2,044,882
Tax stamps for PPA contract with ICE		307,695
	$	$ 2,352,577

18. Cost of operations

	2014	2013
Taxes and permits	**$ 278,053**	$
Employee salaries and benefits	**207,231**	
Travel expenses	**200,628**	
Donations for land protection (*)	**106,328**	104,755
Facility and supplies	**100,473**	
Professional services	**91,349**	
Other donations	**61,818**	
Others	**54,902**	
Rent of land and equipment	**50,908**	
Repair and maintenance of equipment	**11,671**	
Certified emission reductions costs	**7,746**	
	$ 1,171,107	$ 104,755

(*) The Company has agreed to donate an annual amount of US$100,000 to the Guanacaste Dry Conservation Fund in order to protect the lands on which the Project s electricity transmission lines will be located. The donation is to be adjusted in January of every year based on the Consumer Price Index as published by the U.S. Bureau of Labor Statics. Orosí recognizes the donation as an expense when paid.

19. General and administrative expenses

	2014	2013
Various general and administrative	**$ 115,767**	$ 91,055

20. Income tax

Orosí is subject to income tax, therefore tax returns are prepared and filed with the corresponding tax authorities. The income tax rate in effect for the fiscal years ending December 31, 2014 and 2013 was 30%.

A breakdown of the income tax components presented in the income statement is provided below:

	2014	2013
Recognition and reversal of temporary differences	**$ (68,304)**	$ 1,597,423

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The current income tax calculation is presented in the reconciliation below:

	2014	2013
Loss before tax	**$ (248,585)**	$ (2,528,806)
Deduct non-deductible expenses	**2,443,985**	2,068,310
Add non-taxable income	**(858,000)**	
Differences in exchange rates from monetary balances in foreign currency	**(594,865)**	460,496
Application of organization costs	**(742,535)**	
Taxable income	**$**	$
Current income tax at effective rate of 30%	**$**	$

The components of the deferred tax assets and liabilities are presented below:

	Statement of Financial Position		Statement of Comprehensive Income	
	December 31 2014	December 31 2013	December 31 2014	December 31 2013
Deferred tax asset:				
Organization costs	**$ 1,845,562**	$ 1,597,423	**$ 248,139**	$ 1,597,423
Restoration provision	**70,438**		**70,438**	
Deferred tax liability:				
Effect of non-monetary assets denominated in Costa Rican colons for tax purposes	**(258,992)**		**(258,992)**	
Fair value of derivative financial instruments	**(127,889)**		**(127,889)**	
	$ 1,529,119	$ 1,597,423	**$ (68,304)**	$ 1,597,423

Organization costs relate to start-up costs accumulated by the Company prior to the beginning of commercial operations. These costs may be amortized within the next five fiscal periods after the Company starts recognizing energy sales. The effect on non-monetary assets denominated in Costa Rican colons for tax purposes originates because the tax base of the Company s non-monetary assets and liabilities is determined in Costa Rican colons, while the Company s functional currency is the US dollar.

The Company has considered the past experience of the group (Globeleq Mesoamerica Energy (Wind) Limited and subsidiaries), in constructing similar operations, construction financing that it has in place as well as its in place PPA. Based on these considerations Inversiones Eólicas believes that it is more likely than not that it will ultimately recover its deferred tax assets recorded at both December 31, 2014 and 2013.

21. Agreements and commitments

21.1 Guarantees

The Company has recognized a restoration provision to comply with the reforestation plan commitment (Note 15).

21.2 Environmental commitments

As part of the environmental license for the Project granted by Setena, the Company committed to certain requirements during the construction and operation phases of the Project. Those requirements contemplate:

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establishment of a reforestation plan, maintaining a log of environmental incidents, proper management of waste materials, and submission of environmental compliance reports periodically to Setena, among others. The Company has a guarantee with Banco Nacional de Costa Rica of US$920,000.

21.3 Power plant construction

The Company entered into an EPC agreement with Gamesa (Note 1) for a total price of US$95,342,713 (Note 1). As of December 31, 2014 Orosí had paid Gamesa an amount of US$75,906,527 (2013: US$14,193,096), which is included under intangible assets.

22. Financial risk management objectives and policies

The Company s main financial instruments are cash, accounts receivable, notes and loans payable, accounts payable and accrued expenses, and derivative financial instruments. The main purpose of these financial instruments is to manage cash flows and raise financing for the Company s capital needs.

The Company is exposed to market and liquidity risks. The Company s senior Management oversees the management of these risks.

22.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Significant market risks affecting the Company s financial statements are foreign currency risk and interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company s exposure to the risk of changes in market interest rates relates primarily to the Company s long-term debt obligations with floating interest rates. Orosí s exposure to the risk of changes in market interest rates is primarily related to the Company s debt obligations with floating interest rates. The Company s exposure to the risk of changes in market interest rates is primarily related to the Company s debt obligations with floating interest rates. To manage this, the Company enters into interest rate caps (Note 11), in which it receives, at specified intervals, the difference between the cap rate and variable rate interest amounts (only in cases where the variable rate is higher), calculated by reference to an agreed-upon notional principal amount.

As of the dates of the statements of financial position, the interest rate profile of the Company s interest-bearing financial instruments was as follows:

	2014	2013
Fixed rate instruments:		
Financial liabilities	**$ (70,369,130)**	$ 230,000
Variable rate instruments:		
Financial assets	**$ 6,542,455**	$ 5,696,136
Financial liabilities	**(26,339,869)**	(3,314,600)
	$ (19,797,414)	$ 2,381,531

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Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Orosí s exposure to the risk of changes in foreign exchange rates relates primarily to the Company s operating activities (when revenue or expense is denominated in a different currency from the Company s presentation currency).

The Costa Rican colon is the main foreign currency used by the Company in its transactions. The Costa Rica Central Bank is the entity responsible for managing the national banking system and regulating the currency s parity to other currencies. Buy and sell rates are established by authorized financial institutions, according to market supply and demand. As of December 31, 2014 and 2013, buy and sell rates for US dollars were ¢533.31 and ¢545.53 (2013: ¢507.80 and ¢495.01), respectively.

Below is a summary of monetary assets and liabilities in foreign currencies, expressed in US dollars:

	2014	2013
Assets:		
Cash	**$ 21,806**	$ 6,113
Accounts receivable	**5,785**	60
Prepaid expenses	**3,950**	
Prepaid sales taxes	**7,153,071**	
	7,184,612	6,173
Liabilities:		
Accounts payable and accrued expenses	**222,888**	63,079
Net monetary assets (liabilities)	**$ 6,961,724**	$ (56,906)

Sensitivity analysis:

The effect of a reasonable exchange rate variation between the Colon and the US$ of +7% / -7% on the monetary assets and liabilities as of December 31, 2014 (2013: +1% / -1%), assuming that the remaining variables are held constant, would imply the recognition of gains or losses from exchange rate differences of US$517,262 in 2014 (2013: US$721).

22.2 Liquidity risk

The Company monitors its liquidity on a daily basis, attempting to maintain greater liquid assets than liquid liabilities, considering the maturity of its financial assets. It performs cash flow projections on a periodic basis in order to timely detect potential cash shortages or excesses to support its operations.

The following table summarizes the maturity of the Company s financial liabilities, based on payment commitments:

As of December 31, 2014:

	0 to 6 Months	6 to 12 months	More than 1 year	Total
Notes and loans payable	**$ 625,855**	**$ 1,759,383**	**$ 88,634,232**	**$ 91,019,470**
Account payable	**123,044**			**123,044**
Accrued interest payable	**693,229**			**693,229**

Accounts payable and accrued expenses	10,985,679	5,457		10,991,136
Restoration provision		46,959	187,834	234,793
	$ 12,427,807	$ 1,811,799	$ 88,822,066	$ 103,061,672

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As of December 31 2013:

	0 to 6 Months	6 to 12 months	More than 1 year	Total
Notes and loans payable	$ 130,000	$	$ 3,414,600	$ 3,544,600
Account payable	305,939			305,939
Accounts payable and accrued expenses		229,976		229,976
	$ 435,939	$ 229,976	$ 3,414,600	$ 4,080,515

23. Capital management

The Company s main objective on capital management is to ensure that it maintains a solid credit ratio and healthy financial capital ratios to support its business and maximize profits. The Company manages its capital structure and timely requests shareholders for any adjustment to this capital considering the economic environment in which it operates. To maintain or adjust its capital structure, it may request shareholders for variations to dividends and capital returns previously agreed on, as well as for increases in capital contributions if necessary. These policies had no significant changes in 2014 and 2013.

24. Fair value of financial instruments

As indicated in Note 22, the Company s main financial instruments are comprised of cash, accounts receivable, notes and loans payable, accounts payable and accrued expenses. Management believes that the carrying amounts of cash, accounts receivable, and accounts payable approach their fair market value due to their short-term nature. In considering the fair value of loans payable with variable interest rates the Company has considered that LIBOR based borrowings resent periodically and the LIBOR spread on those outstanding approximate those obtained by affiliates in recent financings. In evaluating the fair value of loans payable at fixed rates the Company has considered the country risks, market conditions existing both at the date of the loans and those at the statement of financial position dates, and that there are not a significant number of comparable financings in its market. Therefore, the Company believes that the carrying value of loans payable at fixed rates reasonably approximates carrying value as of both December 31, 2014 and 2013. Derivative financial instruments have been measured at fair value as explained below.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of its financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Techniques that use inputs different from quoted prices that are observable for the asset or liability, whether directly or indirectly.

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.
During 2014, classification in levels of instruments measured at fair value is as follows:

	2014	Level 1	Level 2	Level 3
Interest rate cap asset	**$ 426,296**	**$**	**$ 426,296**	**$**

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As of December 31, 2014 the fair value of banks loans, taking into account current market interest rates, are the following:

	Carrying amount 2014	Level 3 Fair value 2014
Ex-Im	**$ 52,016,373**	**$ 53,886,895**
AER	**18,222,757**	**18,222,757**
FMO	**14,249,869**	**14,552,632**
BICSA	**12,090,000**	**12,041,195**
Hermanos Ocampo Fernández, S.A.	**130,000**	**130,000**
Total	**$ 96,708,999**	**$ 98,833,479**

25. Subsequent events

During 2014, Orosí signed a turnkey construction contract (EPC) with Gamesa Wind US LLC (Gamesa) for the construction of a wind-power park. Due to delays in the construction schedule, Orosí negotiated a Letter Agreement with Gamesa which allowed Orosí to invoice US$8,600,000 for delay liquidated damages per article 8 of the EPC, while at the same time agreeing to pay Gamesa US$2,000,000 associated with various change orders. Orosí received the full amount of the liquidated damages during April and May 2015. The final liquidated damages could reach up to approximately US$9,700,000, equivalent to 10% of the EPC value, which is subject to change due to potential change orders. It is now estimated that the park will start commercial operations during the third quarter of 2015. The dates agreed with Instituto Costarricense de Electricidad (ICE) for the partial and total start of operations were May 12 and June 2, 2015. Orosí could therefore be exposed to fines per article 4.9.1 of the PPA contract with ICE for approximately US$2,550,000.

On June 12, 2015, a Stock Purchase Agreement (SPA) was signed between Globeleq Holdings (Americas Renewables) Limited and Mesoamerica Power Limited as sellers and an affiliate of SunEdison as purchaser, for the sale of a 100% interest in the Company s upstream shareholder, Globeleq Mesoamerica Energy (Wind) Limited. The PSA is subject to various conditions, not all of which have been met as of the date of these financial statements. There is no guarantee that such transaction will be consummated.

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shares

Class A Common Stock

Preliminary Prospectus

J.P. Morgan
Barclays
Citigroup
Morgan Stanley
Goldman, Sachs & Co.
BofA Merrill Lynch
Deutsche Bank Securities

, 2015

Through and including , 2015 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities may be required to deliver a prospectus.

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Part II

Item 13. Other expenses of issuance and distribution

The following table sets forth the costs and expenses, other than underwriting discounts and commissions and the structuring fee, to be paid by us in connection with the sale of the shares of Class A common stock being registered hereby. All amounts are estimates except for the SEC registration fee, the FINRA filing fee and the stock exchange listing fee.

SEC registration fee	$ 92,960
FINRA filing fee	*
Exchange listing fee	*
Legal fees and expenses	*
Accounting fees and expenses	*
Printing and engraving expenses	*
Transfer agent and registrar fees and expenses	*
Total	$ *

* To be provided by amendment.

Item 14. Indemnification of directors and officers

Section 102(b)(7) of the DGCL allows a corporation to provide in its certificate of incorporation that a director of the corporation will not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except where the director breached the duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Our amended and restated certificate of incorporation will provide for this limitation of liability.

Section 145 of the DGCL, or Section 145, provides that a Delaware corporation may indemnify any person who was, is or is threatened to be made, party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer, director, employee or agent of such corporation or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the corporation s best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was illegal. A Delaware corporation may indemnify any persons who are, were or are threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation by reason of the fact that such person is or was a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, provided such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the corporation s best interests, provided that no indemnification is permitted without judicial approval if the officer, director, employee or agent is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him against the expenses which such officer or director has actually and reasonably incurred.

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Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his or her status as such, whether or not the corporation would otherwise have the power to indemnify him under Section 145.

Our amended and restated bylaws will provide that we must indemnify our directors and officers to the fullest extent permitted by the DGCL and must also pay expenses incurred in defending any such proceeding in advance of its final disposition upon delivery of an undertaking, by or on behalf of an indemnified person, to repay all amounts so advanced if it should be determined ultimately that such person is not entitled to be indemnified.

We intend to enter into indemnification agreements with certain of our executive officers and directors pursuant to which we will agree to indemnify such persons against all expenses and liabilities incurred or paid by such person in connection with any proceeding arising from the fact that such person is or was an officer or director of our company, and to advance expenses as incurred by or on behalf of such person in connection therewith.

The indemnification rights set forth above shall not be exclusive of any other right which an indemnified person may have or hereafter acquire under any statute, provision of our certificate of incorporation, our bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

We expect to maintain standard policies of insurance that provide coverage (1) to our directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act and (2) to us with respect to indemnification payments that we may make to such directors and officers.

The proposed form of Underwriting Agreement to be filed as Exhibit 1.1 to this Registration Statement will provide for indemnification of our directors and officers by the underwriters party thereto against certain liabilities. See Item 17. Undertakings for a description of the SEC s position regarding such indemnification provisions.

Item 15. Recent sales of unregistered securities

Except as set forth below, we have not sold any securities, registered or otherwise, within the past three years, except for the shares issued upon our formation to our sole shareholder.

On September 29, 2014 and March 31, 2015, we granted an aggregate of 31,350 shares and 44,700 shares of restricted stock, respectively, to certain of our executives and other employees of SunEdison who will provide services to us. These grants of restricted securities were made in the ordinary course of business and did not involve any cash payments from the recipients. The restricted securities did not involve a sale of securities for purposes of Section 2(3) of the Securities Act and were otherwise made in reliance upon Rule 701 under the Securities Act.

On June 9, 2015, Baron Capital Management and Zimmer Partners entered into a stock purchase agreement with Global in which they agreed to purchase $43.0 million and $25.0 million, respectively, of its Class A common stock at a price per share equal to the initial public offering price in a separate private placement transaction. These share purchases are subject to certain customary closing conditions and will be completed concurrently with the closing of this offering. Based on an assumed initial public offering price of $ per share, which is the midpoint of the range listed on the cover of this prospectus, these purchasers will purchase an aggregate of shares of our Class A common stock in this concurrent private placement. We relied upon the private placement exemption from the registration requirements of the Securities Act, provided by Section 4(a)(2) thereof in connection with the sale of these shares of Class A common Stock. In that regard, we

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obtained representations from each of the purchasers that it was an institutional accredited investor as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act or a qualified institutional buyer as defined in Rule 144A promulgated under the Securities Act, and that it had such knowledge and experience in financial or business matters that such purchaser was capable of evaluating the merits and risk of an investment in our securities. In addition, the securities to be issued in connection with these transactions will bear a restrictive legend that prohibits their transfer without registration under the Securities Act unless an exemption is available.

Item 16. Exhibits and financial statement schedules

(a) Exhibits The exhibit index attached hereto is incorporated herein by reference.

(b) Financial Statement Schedule All schedules have been omitted because the information required to be set forth in the schedules is either not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings

For the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(1) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(2) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(3) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(4) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions referenced in Item 14 of this registration statement or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective; and

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

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Signatures

Pursuant to the requirements of the Securities Act of 1933, TerraForm Global, Inc., a Delaware corporation, has duly caused this Amendment No. 2 to Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Bethesda, Maryland, on June 17, 2015.

TERRAFORM GLOBAL, INC.

By: /s/ Carlos Domenech Zornoza
Name: Carlos Domenech Zornoza
Title: Chief Executive Officer

* * * * *

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 2 to Registration Statement on Form S-1 has been signed by the following persons in the capacities indicated on June 17, 2015.

Signature	Title
*	Director and Chairman
Ahmad Chatila	
/s/ Carlos Domenech Zornoza	Chief Executive Officer and Director
Carlos Domenech Zornoza	(principal executive officer)
	Chief Financial Officer
*	(principal financial officer and principal
Jeremy Avenier	accounting officer)
*	Director
Martin Truong	
*	Director
Brian Wuebbels	

* The undersigned by signing his name hereto, signs and executes this Amendment No. 2 to Registration Statement pursuant to the Powers of Attorney executed by the above named signatories and previously filed with the Securities and Exchange Commission on May 7, 2015.

/s/ Carlos Domenech Zornoza

Carlos Domenech Zornoza

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Exhibit index

Exhibit number	Exhibit description
1.1*	Form of Underwriting Agreement.
2.1*	Stock Contribution Agreement by and among TerraForm Global, Inc., SunEdison, Inc. and the investors named therein.
2.2*	Stock Purchase Agreement between TerraForm Global Operating, LLC, SunEdison, Inc. and the investors named therein.
3.1*	Form of Amended and Restated Certificate of Incorporation of TerraForm Global, Inc. to be effective immediately prior to the completion of this offering.
3.2*	Form of Amended and Restated Bylaws of TerraForm Global, Inc. to be effective immediately prior to the completion of this offering.
4.1*	Specimen Class A Common Stock Certificate.
5.1*	Opinion of Kirkland & Ellis LLP.
10.1*	Form of Management Services Agreement by and between TerraForm Global, Inc. and SunEdison, Inc.
10.2*	Form of Project Support Agreement by and between TerraForm Global, LLC and SunEdison, Inc.
10.3*	Form of Repowering Services Agreement by and between TerraForm Global, Inc., TerraForm Global, LLC, TerraForm Global Operating, LLC and SunEdison, Inc.
10.4*	Form of Exchange Agreement by and among TerraForm Global, Inc., TerraForm Global, LLC and SunEdison, Inc.
10.5*	Form of Registration Rights Agreement by and between TerraForm Global, Inc. and SunEdison, Inc.
10.6*	Form of Indemnification Agreement between TerraForm Global, Inc. and its directors and officers.
10.7*	Form of Amended and Restated Operating Agreement of TerraForm Global, LLC.
10.8 *	TerraForm Global, Inc. 2014 Long-Term Incentive Plan.
10.9*	Investment Agreement, dated as of December 22, 2014, by and among TerraForm Global, LLC, SunEdison, Inc. and SunEdison Holdings Corporation.
10.10*	Direct Agreement, dated as of December 22, 2014, by and among TerraForm Global, LLC, SunEdison, Inc., SunEdison Holdings Corporation and JPMorgan Chase Bank, National Association, as collateral agent.
10.11*	Form of Interest Payment Agreement by and between TerraForm Operating LLC and SunEdison Inc.
10.12*	Unit Purchase Agreement dated as of May 6, 2015, by and among TerraForm Global, LLC and the purchasers named therein.
10.13*	Registration Rights Agreement dated as of May 6, 2015, by and among TerraForm Global, LLC and the investors named therein.
10.14*	Form of Project Investment Agreement by and between TerraForm Global, LLC and SunEdison, Inc.
21.1*	List of subsidiaries of TerraForm Global, Inc.
23.1	Consent of KPMG LLP Global (Predecessor).
23.2	Consent of BDO South Africa, Inc., independent accountants BioTherm Energy Projects.

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Exhibit number	Exhibit description
23.3	Consent of KPMG Gurgaon SEI Solar Power Private Limited.
23.4	Consent of KPMG Hauzhen (SGP) Honiton Energy XIL Holdings Limited and Honiton Energy BAV Holdings Limit
23.5	Consent of Deloitte Touche Tohmatsu Auditores Independentes Renova Energy Projects I
23.6	Consent of KPMG Inc. Core Energy (RF) Proprietary Limited and Erika Energy (RF) Proprietary Limited
23.7	Consent of KPMG Guragaon EN Renewable Energy Limited, EN Wind Power Private Limited and Generacion Eolica India Limited
23.8	Consent of Paredes, Zaldíivar, Burga & Associates Hidroeléctrica Santa Cruz S.A.C. and Empresa de Generación Eléctrica de Junín S.A.C.
23.9	Consent of Ernst & Young S.A. Energia Eólica de Honduras, S.A.
23.10	Consent of Ernst & Young S.A. Eolo de Nicaragua, S.A.
23.11	Consent of Ernst & Young S.A. Inversiones Eólicas de Orosi Dos S.A.
23.12	Consent of Ernst & Young S.A. Plantas Eólicas, S.R.L.
23.13*	Consent of Kirkland & Ellis (included in Exhibit 5.1).
24.1**	Power of Attorney.

* To be filed by amendment.

** Indicates exhibits previously filed.

Indicates exhibits that constitute compensatory plans or arrangements.