02.6 Notes to the consolidated financial statements

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Notes to the Consolidated Financial Statements for the year ended December 31, 2016

Note 1.- General information

Abengoa, S.A. is the parent company of the Abengoa Group (referred to hereinafter as 'Abengoa', 'the Group' or 'the Company'), which at the end of 2016, was made up of 630 companies: the parent company itself, 523 subsidiaries, 82 associates, 24 joint ventures and 193 UTES (temporary joint operations). Additionally, the Group held a number of interests, of less than 20%, in other entities.

Abengoa, S.A. was incorporated in Seville, Spain on January 4, 1941 as a Limited Liability Company and was subsequently transformed into a Limited Liability Corporation ('S.A.' in Spain) on March 20, 1952. Its registered office is Campus Palmas Altas, C/ Energía Solar nº 1, 41014 Seville.

The Group's corporate purpose is set out in Article 3 of its Bylaws. It covers a wide range of activities, although Abengoa is principally an applied engineering and equipment manufacturer, providing integrated project solutions to customers in the following sectors: energy, telecommunications, transport, water utilities, environmental, industrial and services.

As explained in the following breakdown of Note 2.1, on November 25, 2015, the Directors of the Company, given the deteriorated liquidity and financing position of the Group, agreed to present the application provided in Article 5 bis of Law 22/2003 (Ley Concursal). Since March 28, 2016, the Company has been under the standstill agreement framework to reach an agreement with financial creditors to restructure its financial debt and the recapitalization of the Group (see Note 2.1). On September 24, 2016, the Restructuring Agreement was signed between Abengoa and a group of financial creditors, beginning thus, the accession period with the rest of financial creditors. On October 28, 2016 an application for the judicial approval of the Restructuring Agreement has been filed with the Mercantile Courts of Seville which has obtained the support of 86.0% of the financial creditors to which it was addressed, being therefore over the legally required majority (75%).

On November 8, 2016 the Judge of the Mercantile Court of Seville No. 2 has issued a resolution declaring the judicial approval of the Restructuring Agreement and extending the effects of the Standard Restructuring Terms set out in the Restructuring Agreement to those creditors of financial liabilities who have not signed the agreement or have otherwise expressed their disagreement with it.

On February 3, the company announced that, after the additional accession period initiated on January 17, 2017 and concluded on January 24, the Restructuring Agreement has obtained a total support of 93.97%. The effective application of such Restructuring Agreement will allow the parent company Abengoa, S.A. to rebalance its equity, which is currently negative, once the positive effect of the restructuring of the debt to equity swap is registered in the Income Statement of the Company (see Note 2.1).

Abengoa's shares are represented by class A and B shares which are listed the Madrid and Barcelona stock exchanges and on the Spanish Stock Exchange Electronic Trading System (Electronic Market). Class A shares have been listed since November 29, 1996 and class B shares since October 25, 2012. The company completed the delisting process to exclude its class B shares from the NASDAQ Global Select Market in the form of American Depositary Shares, which were quoted from October 29, 2013, following the capital increase carried out on October 17, 2013.

As of April 6, 2016, the company announced its intention to initiate the process for voluntary delisting of its Class B shares and American Depositary Shares Receipts (ADSs), as well as the conclusion of the American Depositary Receipt (ADR) program with Citibank, N.A. which delisting was effective on May 12, 2016.

Additionally, on April 29, 2016, the Company announced that the voluntary delisting of its Class B shares and American Depositary Shares (ADSs) from the NASDAQ Stock Market became effective on 28 April 2016 and that has taken steps to deregister those securities from the SEC and thereby terminate its reporting obligations under the U.S. Securities Exchange Act of 1934, as amended (Exchange Act). The Company filed Form 25 and Form 15F, resulting the exclusion effective from Sections 12(b) and 12(g) of the Exchange Act of 1934 and the reporting obligations related to the third quarter of 2016.

As a result of the delisting of the Class B shares and ADSs from the NASDAQ Stock Market, all trading in Abengoa, S.A. shares is now concentrated in the Spanish Stock Exchanges.

The shares of the associate Atlantica Yield (formerly Abengoa Yield, Plc.) are listed in the NASDAQ Global Select Market since June 13, 2014. As of December 31, 2016 the Abengoa's investment on Atlantica Yield amounts to 41.47%.On January 7, 2016, the company announced to the Securities and Exchange Commission US (S.E.C) that the corporate name change to Atlantica Yield. However, the ticker "ABY" remains the same.

Abengoa is an international company that applies innovative technology solutions for sustainability in the energy and environment sectors, generating electricity from renewable resources, converting biomass into biofuels and producing drinking water from sea water. The Company supplies engineering projects under the 'turnkey' contract modality and operates assets that generate renewable energy, produce biofuel, manage water resources, desalinate sea water and treat sewage.

Abengoa`s business is organized under the following two activities:

› Engineering and construction: includes the traditional engineering activities in the energy and water sectors, with more than 70 years of experience in the market and the development of solar technology. Abengoa is specialized in carrying out complex turnkey projects for thermo-solar plants, solar-gas hybrid plants, conventional generation plants, biofuels plants and water infrastructures, as well as large-scale desalination plants and transmission lines, among others.

› Concession-type infrastructures: groups together the company's extensive portfolio of proprietary concession assets that generate revenues governed by long term sales agreements, such as take-or-pay contracts, tariff contracts or power purchase agreements. This activity includes the operation of electric energy generation plants (solar, cogeneration or wind), desalination plants and transmission lines. These assets have low demand risk and the Company focuses on operating them as efficiently as possible.

These Consolidated Financial Statements were approved by the Board of Directors on February 27, 2017.

All public documents of Abengoa may be viewed at "www.abengoa.com".

These Consolidated Financial Statements are a free translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with International Financial Reporting Standards adopted by the European Union. In the event of a discrepancy, the Spanish-language version prevails.

Note 2. - Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the accompanying Consolidated Financial Statements are set forth below.

2.1. Basis of presentation

The Consolidated Financial Statements as of December 31, 2016 have been prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRS-EU), so that they present the Group's equity and financial position as of December 31, 2016 and the consolidated results of its operations, the changes in the consolidated net equity and the consolidated cash flows for the financial year ending on that date.

Unless otherwise stated, the accounting policies set out below have been applied consistently throughout all periods presented within these Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets under IFRS 1 and those situations where IFRS-EU requires that certain assets are measured at fair value.

The preparation of the Consolidated Financial Statements has been done according to IFRS-EU regulations and the going concern Principle (see Note 2.1.1). This preparation requires the use of certain critical accounting estimates as well as Management judgment in applying Abengoa's accounting policies. Note 3 provides further information on those areas which involve a higher degree of judgment or areas of complexity for which the assumptions or estimates made are significant to the Financial statements.

The amounts included within the documents comprising the Consolidated Financial Statements (Consolidated Financial Statements of Financial Position, Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and notes herein) are, unless otherwise stated, all expressed in thousands of euros.

Any presented percentage of interest in subsidiaries, joint ventures (including temporary joint operations) and associates includes both direct and indirect ownership.

2.1.1. Going concern

In accordance with IAS1, which requires the Financial statements to be prepared regarding the going concern principle, unless Directors have the intention or any other real alternative of liquidation or cease of activity, the Consolidated Financial Statements at December 31, 2016 have been prepared applying this principle.

› The following summary shows the facts related during the period of the year 2016 until the preparation of the present Consolidated Financial Statements for the year ended December 31, 2016, in relation with the financial restructuring process realized in Abengoa since the November 25, 2015 after filing the application provided in Article 5 bis of Law 22/2003 by Directors of the Company:

a) In relation to the proceeding provided by the law 22/2003 (Ley Concursal) and the beginning of the financial restructuring process, it should be noted that;

› On January 25, 2016, the Company announced that the independent and specialized consulting firm on refinancing process Alvarez&Marsal presented to the Board of Directors of Abengoa the Industrial Viability Plan that defined the structure of the future activity of Abengoa on an operating basis focusing on the activity of engineering and construction either developing its own technology or using technology developed by others.

› Based on this Initial Viability Plan, that confirmed the viability of Abengoa, the Company began negotiations with its creditors to restructure the debt and the necessary resources and provide Abengoa the optimal capital structure and the sufficient liquidity to continue operating competitively and sustainably in the future.

› In this sense, and in relation to the negotiations between the Company and a group of creditors comprised of banks and bondholders issued by the Group, as of March 10, 2016, the Company informed that has agreed with the advisers of such creditors the grounds for an agreement to restructure the financial indebtedness and recapitalize the Group. The Company believed that such agreement contained the essential elements to achieve a future Restructuring Agreement that, in any event, would be subject to reaching the accessions percentage required by the Ley Concursal. On March 18, 2016, the Company and a group of creditors comprised of banks and bondholders issued by the Group, subscribed a standstill agreement with the objective of providing the necessary time to keep working and reaching, as soon as possible, a full and complete agreement according to the terms and conditions to restructure the financial indebtedness and recapitalize the Group. In order to reach this purpose, among other obligations assumed by all parties, the arrangement with parties contained expressly the compromise of creditors to abstain from claiming or accepting the payment of any amount owed as current amortization debt or advanced payments of capital or interest, as well as to charge default interests as a consequence of non-performance by the debtor until the effective date of implementation of the Restructuring Agreement.

› With respect to the foregoing, as of March 28, 2016, an application for the judicial approval of the standstill agreement (the "Standstill Agreement") has been filed to the Mercantile Court of Seville nº 2 which obtained the support of 75.04% of financial creditors to which it was addressed, being therefore over the legally required majority (60%). Additionally, on April 6, 2016, the judge of the Mercantile Court of Seville nº2 issued the approval of the Standstill Agreement and extended the maturity of the agreement until October 28, 2016 (included), to the financial liability creditors which have not subscribed it or which showed the disconformity to the agreement. This agreement was impugned by some creditors and, on October 24, 2016, the judge issued a final sentence agreeing to reject almost all impugnation referred to the lack of compliance of percentages and, as a consequence, maintaining the approval agreed. Only the claims of three petitioners were accepted based on the existence of a disproportionate sacrifice revoking, consequently, the effects of the standstill agreement to such petitioners.

› From that moment until now, the Company has continued with the negotiation process with its main financial creditors and potential investors in order to develop the agreed terms of reference. In the context of these negotiations and the circumstances that have been affecting to our projects since the Initial Viability Plan was prepared, an Updated Viability Plan was prepared during the second half of May, which was later approved by the Board of Directors on August 3, 2016 as well as the term sheet of the Restructuring Agreement which was subscribed afterwards by the main creditors and which is mentioned below. Such plan was approved on August 16, 2016.

› Such Updated Viability Plan showed the negotiations and difficulties that Abengoa experienced in certain projects as well as the changes which, as a result, had been made with respect to the Initial Viability Plan, as well as the review of certain hypothesis in the mentioned Plan and the updating of the expected date of reactivation of our operations. Therefore, all of this calls for a significant reduction of Abengoa's cash needs, which were established identified in this Updated Viability Plan, in approximately €1,200 million, compared to the initially estimated figure of €1,500 - €1,800 million.

› Pursuant to the preparation of the Updated Viability Plan and the ongoing negotiations, on June 30, 2016, Abengoa announced that had reached grounds for an agreement with the Bank Coordination Committee and a group of bondholders and investors on the main terms of the proposed financial restructuring to be signed.

- Afterwards, on August 11, 2016, the term sheet of the Restructuring Agreement was subscribed between Abengoa, S.A. and a group of entities comprising the main financial creditors and potential investors. Moreover, the Company received acceptance letters in order to underwrite the new money financing in an amount which exceeds the liquidity requirement of the Updated Viability Plan. Such agreement was subject to several conditions precedent which are common in this kind of transactions.

- On September 18, 2016, in the framework of the Updated Viability Plan and the terms of the financial restructuration subscribed on August 11, 2016, Abengoa Concessions Investments Limited ("ACIL"), a subsidiary of the Company, entered into a Secured Term Facility Agreement (the "Facility Agreement") with a group of financial entities, pursuant to which ACIL was entitled to borrow up to US$211 million and was required to enter into related security documents.

  The amounts borrowed under the Facility Agreement had the purpose of refinancing all amounts owed under a secured term facility agreement between ACIL and Talos Capital Designated Activity Company on October 22, 2015 for a nominal amount of US$130 million and for general corporate and working capital purposes of the Company and its subsidiaries (the "Group").

- On the other hand, on September 24, 2016 the Restructuring Agreement has been signed, and granted by public deed before the Notary of Madrid, Mr. José Miguel García Lombardía, between the parent company, a group of Subsidiaries which debt was subjected to the restructuring and a group of financial creditors which either were holders of existing debt instruments or were also participated in the new money and new bonding facilities.

  The fundamental principles of such agreement were the following:

  (i) The amount of new money to be lent to the Group amounted to €1,169.6 million (including refinancing of the September and December 2015, March and September 2016 facilities). This financing would rank senior with respect to the preexisting debt and would be divided into different tranches:

  - Tranche I: amounts to €945.1 million, with a maximum maturity of 47 months and secured by, among other things, certain assets that include the A3T project in Mexico and the shares of Atlantica Yield held by the Company. Creditors would be entitled to 30% of Abengoa's new share capital post restructuring.

  - Tranche II: amounts to €194.5 million, with a maximum maturity of 48 months and secured by, among other things, certain assets in the engineering business. Creditors would be entitled to 15% of Abengoa's new share capital post restructuring.

  - Tranche III: contingent credit facility of up to €30 million, with a maximum maturity of 48 months secured by, among other things, certain assets that include the A3T project in Mexico and the shares of Atlantica Yield held by the Company and with the sole purpose of providing guaranteed additional funding for the completion of the A3T project. Creditors would be entitled to receive 5% of Abengoa's new share capital post restructuring.

  (ii) New bonding facilities will amount to €307 million .Financing entities would be entitled to 5% of Abengoa's new share capital post restructuring.

  (iii) The restructuring proposal for the preexisting debt (Standard Restructuring Terms) will involve a 97% reduction of its nominal value, while keeping the remaining 3% with a ten year maturity, with no annual coupon or option for capitalization.

  (iv) Creditors who adhere to the agreement can choose either the conditions laid out in section (iii), or alternative conditions (Alternative Restructuring Terms) which consist of the following:

  - Capitalization of 70% of preexisting debt in exchange for 40% of Abengoa's new share capital post restructuring.

  - The remaining 30% of the nominal value of the preexisting debt will be refinanced through new debt instruments, replacing the preexisting ones, which will rank as senior or junior depending on whether or not such creditor participates in the new money facilities or new bonding facilities. Such instruments will have maturities of 66 and 72 months respectively, with the possibility of an extension of up to 24 months, accruing annual interest of 1.50% (0.25% cash payment and 1.25% Pay If You Can). The junior instrument could be subject to additional reductions (provided that total reduction does not exceed 80% of the nominal value prior to the capitalization) if the aggregate amount of refinanced preexisting debt (after the 70% aforementioned capitalization) exceeds €2,700 million due to the crystallization of contingencies.

(v) At the end of the restructuring process, the current shareholders of the Company will hold around 5 % of the share capital. Eventually, through the issuance of warrants, they could increase such stake in a percentage to be agreed that will not exceed an additional 5%, if, within 96 months, the group has paid in full all outstanding amounts under the new financing to be provided in the framework of the restructuring and under the existing indebtedness (as this indebtedness may have been restructured), including its financial costs. Furthermore, the company intended to submit a proposal to merge the two types of existing shares into one sole class of shares for approval by a General Shareholders Meeting, although this was not considered a prerequisite of the Restructuring Agreement.

› In this sense, the Board of Directors of Abengoa, at its meeting held on October 10 and 17, 2016, unanimously resolved to call an Extraordinary General Shareholders' Meeting of the Company to be held at its registered address, Campus Palmas Altas, in Seville, on November 21, 2016, at 11:00 a.m., on first call, and if the required quorum is not met, on second call, the next day, November 22, 2016, at the same time and place, in order to approve resolutions to comply with the terms and conditions of the Restructuring Agreement dated 24 September 2016 (see Note 18).

› Once the Restructuring Agreement was signed on September 24, 2016, an accession process to the rest of financial creditors began, period that ended on October 28, 2016, with the support of 86.0% of the financial creditors to which it was addressed, being therefore over the legally required majority (75 per cent) and allowing on October 28, 2016 the filing with the Mercantile Courts of Seville of the application for approval of the Restructuring Agreement. The Mercantile Court nº 2 of Seville had issued on October 31, 2016 the ruling by which allow the processing of the application due to its compliance with the needed formal requirements which consisted in filing the agreement to which the approval was expected and the auditor´s certification that confirmed the adoption by more than the 75% liability financial creditors.

› Once filed the homologation request, the following procedures in the United States and the United Kingdom were initiated:

- A Company Voluntary Arrangement ("CVA") in England and Wales at the request of Abengoa Concessions Investments Limited in accordance with Part I of the English Insolvency Act 1986; and

- Various procedures under Chapter 11 ("Chapter 11") of the U.S. Bankruptcy Code at the request of various subsidiaries incorporated in the United States.

Both the CVA and the Chapter 11 procedures have the objective of extending the Standard Restructuring Terms described previously to the liabilities of the companies promoting such procedures for those creditors that have not acceded to the Restructuring Agreement.

› On November 8, 2016 the Judge of the Mercantile Court of Seville No. 2 issued a resolution declaring the judicial approval of the Restructuring Agreement and extending the effects of the Standard Restructuring Terms set out in the Restructuring Agreement to those creditors of financial liabilities who have not signed the agreement or have otherwise expressed their disagreement with it. This agreement has been claimed by several creditors, although so far, the Court has not resolved yet such claims.

› As mentioned before, on November 9, 2016, in accordance with Clause 7.1.1(b) of the Restructuring Agreement, ACIL initiated a company voluntary arrangement pursuant to Part I of the Insolvency Act 1986 (the "CVA") to compromise its obligations as a guarantor of the Loans and the Notes (each term as defined below) owed to Guarantee Creditors, who have not adhered to the Restructuring Agreement prior to the end of the Supplemental Accession Period, through a write-off of 97 per cent of such guarantee obligations to reflect the compromise of the principal obligations under the Loans and Notes owed to such Guarantee Creditors. In such dates, the Nominees delivered to ACIL's creditors copies of the CVA Documents which included (i) the Notice of Meeting regarding the Creditors' Meeting, which would be held on 24 November 2016 at 10.00 a.m. (London time) at Linklaters LLP, 1 Silk Street, London EC2Y 8HQ, United Kingdom; (ii) the CVA Proposal; and (iii) the Statement of Affairs (together, the "CVA Documents"). The Creditors´ Meeting took place on November 24, 2016 and aproved the CVA agaisnts which, no claims were presented.

› The Extraordinary General Shareholders' Meeting of the Company held on second call on 22 November 2016, approved all the resolutions submitted for their approval and included in the agenda of the meeting that was submitted to this Commission by way of a material fact on 21 October 2016 (official register number 243836), except for the proposal to collapse the current dual-class share structure into a single-class share structure included under point 5 of the agenda, which was not brought to a vote as the required minimum quorum was not met. The Company informs that the non-approval collapse of the current dual-class share structure into a single-class share structure does not affect the implementation of the Restructuring Agreement.

- On 17 January 2017, Global Loan Agency Services Limited, as Restructuring Agent, notified the parties to the Restructuring Agreement in writing and in accordance with the Restructuring Agreement that it had received all of the documents or evidence listed in Schedule 5 of the Restructuring Agreement, in form and substance satisfactory to the Restructuring Committee and the NM1 Committee, thereby making January 17, 2017 the restructuring effective date (the "Restructuring Effective Date"). Following the occurrence of the Restructuring Effective Date on 17 January 2017, the Company provided a supplemental restructuring accession and securities crediting notice, dated 18 January 2017 (the "Supplemental Restructuring Accession and Securities Crediting Notice"), to its Existing Creditors in connection with the Restructuring Agreement. During such period, those Existing Creditors which had not adhered to the Restructuring Agreement during the initial accession period, had the opportunity to do it. Additionally, the Company required to all creditors that had not adhered to the Restructuring Agreement to provide the information required in order to receive the financial instruments (equity and debt) to which they had right as a consequence of its accession to the Restructuring Agreement. On February 3, 2017, the company announced that, after the end of the additional accession period, the Restructuring Agreement had been supported by the 93.97%.

- Finally, on 14 February 2017, the Company informed that, in light of the situation in Mexico andin order to accelerate the completion of the Restructuring and begin implementing the Viability Plan as soon as possible, Abengoa, together with some of its principal creditors and investors, has developed a proposal for the adjustment of the drawdown mechanism of new money financing (the "Drawdown Proposal") set out in the Term Sheet and the Restructuring Steps Plan to the Restructuring Agreement, maintaining the initial structure of the transaction.

  Such Drawdown Proposalwill require certain amendments to the Term Sheet, the Restructuring Steps Plan, the Restructuring Agreement and the New Money Financing Commitment Letter.

  In light of the fact that the consent of the Majority Participating Creditors is required to approve such amendments, the Company further informs that the Restructuring Agent will be providing an amendment request document, dated February 14, 2017 (the "Amendment Request Document"), to all Participating Creditors, which details the amendment request in connection with the Drawdown Proposal(the "Amendment Request") and in response to which all Participating Creditors should vote to approve or not approvethe proposed amendments set out therein. Abengoa hereby requested that all Participating Creditors perform the following actions as soon as possible and in any case before 5:00 pm (London Time) on February 28, 2017(the "Response Deadline"):

  (A) carefully review the proposed amendments set out in the Amendment Request Document (the "Amendments"); and

  (B) vote "Yes" (to approve the Amendments) or "No" (to not approve the Amendments) through (i) submission of Electronic Instructions, in the case of Existing Noteholders, or (ii) a response to the Restructuring Agent, in the case of Existing Non-Noteholders, in both cases as will be described in the documentation that accompanies such Amendment Request Document.

b) <u>On the other hand, in relation with the proceedings in Brazil, on the occasion of the mentioned situation of Abengoa, it should be known that</u>;

- On January 29, 2016, Abengoa filed the recuperação judicial applications in Brazil about the companies Abengoa Concessões Brasil Holding S.A., Abengoa Construção Brasil Ltda and Abengoa Greenfield Brasil Holding S.A, which were admitted on February 22, 2016. This measure was undertaken provided that the Company incurred in a "Crise econômico scenario", which is contemplated in Brazilian Law 11,101/05. "Recuperação judicial" consists in a proceeding provided by the Brazilian Law which allows corporations to restructure their debt in an orderly manner and continue as a going concern once the financial difficulties are overcome.

- In relation to the aforementioned, on April 20, 2016, Abengoa Brazil presented the Viability Plan (plano de Recuperaçao) in which the main premises are based on the divestment of certain concessional transmission line assets in operation, as well as the divestment of lines which currently are under construction. It is expected that these divestments will allow a favorable agreement to repay the debt already restructured in companies under recuperação judicial (negotiations are in progress with creditors) as well as the possible preservation of the construction activity in Brazil. As explained in Note 7 of these explanatory notes, both asset batches have been classified as non-current assets held for sale and discontinued operations due to the compliance, at December 31, 2016, of the IFRS 5´s requirements. In relation with lines in operation, on June 24, 2016, Abengoa has received an offer by which the asset fair value estimation have been made. This offer, will serve as starting price in the judicial auction process provided to this kind of insolvency proceedings in Brazil.

- On the other hand, and regardless of the mentioned negotiation process, on June 28, 2016, ANEEL´s Board of Director decided to authorize the Electricity Inspection Service Office "SFE" and the Superintendent of Economy and Financial Inspection "SFF" for the issuance of a communication to the owner companies of construction in progress (ATEs), informing about the contract breach, which may lead to a declaration of revocation of the concessions. On July 21, 2016 the owner companies of the assets under construction (ATEs) received the formal communication of breach that generated administrative processes, in which ATEs required a solution with ANEEL in order to try to compensate the execution of guarantees and penalties to be required as compensation for reversible assets. These processes are awaiting the pronouncement of ANEEL. According to Director´s opinion, it is expected to reach an amicable solution and therefore a non-significant impact is estimated.

  Additionally, in relation to the legal possibility of transfer of those assets under construction, the "Senado Federal" (legislative authority of Brazilian Government to federal legislation issues), on October 19, 2016 approved the Conversion Project in Medida Provisoria law ("MP") n. 735/2016. This allows the tender to transfer the control of contributions in capital share in concessional companies, in which the contract of concession were signed until December 2015, 31 hypothes that applies to ATEs under construction. Next step to the conversion to law of this MP is the possibility to cancel by the President of the Republic, which has a term of 15 days since November 3, 2016, date in which the legislative process was received. The Temporary Measure was cancelled on 18 November 2016 A ruling was issued in the Judicial Recovery process on 2 December 2016 in which it was decided: i) to include these expiration proceedings in the Judicial Recovery process; ii) to suspend the proceedings and the execution of warranties to preserve the assets of holding companies in Judicial Recovery. A special hearing was scheduled for December 31, 2016 at which the Ministry of Mines and Energy, the ANEEL representative and the judicial administrator are called to appear. La Asamblea de Acreedores queda fijada para el 31 de marzo de 2017. The creditor´s meeting is scheduled on March 31, 2017.

c) Additionally, in relation to the proceedings in United States, on occasion as well of the mentioned situation of Abengoa, indicate that,

- On February 1, 2016 and February 10, 2016, certain creditors initiated involuntary bankruptcy petitions to the Missouri Bankruptcy Court against the American affiliates Abengoa Bioenergy Nebraska, L.L.C. and Abengoa Bioenergy Company, L.L.C. respectively. After responding to the petitions, on February 24, 2016, both companies mentioned above along with Abengoa Bioenergy Outsourcing, LLC, Abengoa Bioenergy Engineering and Construction, LLC, Abengoa Bioenergy Trading US, LLC, and Abengoa Bioenergy Holding US, LLC opted to file for voluntary creditors´ protection under Chapter 11 provided by the USA Law. These petitions have been filed in order to allow the Company to continue as a going concern and, consequently, they included the authorization request for the payment of taxes, salaries and insurance premiums and other first day motions. Additionally, a request for the approval of a debtor-in-possession financing arrangement amounting to US$41 million was also filed. The hearing for these initial motions took place on March 2, 2016 and, during them, such companies were authorized to borrow an initial amount of US$8 million (which were additionally complemented with US$1.5 million authorized on March 29, 2016).

- Moreover, on March 23, 2016, certain creditors filed an involuntary insolvency proceeding against Abengoa Bioenergy Biomass of Kansas, LLC (ABBK) at the Kansas court.

- Also on March 29, the following American affiliates Abeinsa Holding Inc.; Abencor USA, LLC; Teyma Construction USA, LLC; Abeinsa EPC, LLC; Inabensa USA, LLC; Nicsa Industrial Supplies, LLC; Abener Construction Services, LLC; Abener North America Construction, LP; Abengoa Solar, LLC; Teyma USA & Abener Engineering and Construction Services General Partnership; Abeinsa Abener Teyma General Partnership; Abener Teyma Mojave General Partnership; and Abener Teyma Inabensa JV filed, under the "United States Bankruptcy Code" and the Delaware court, the named Chapter 11 in order to allow the companies to comply with their obligations and minimize the loss of value of their businesses. Such companies have requested authorization for the payment of taxes, salaries and insurances as well as other first day motions.

- In relation to all the above, on March 28 and 29, 2016, and in accordance with the clause 5.2 of the Standstill agreement mentioned before, Abengoa, S.A. and several of its Spanish affiliates (the "Chapter 15 Debtors") commenced cases under Chapter 15 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware ("Delaware Bankruptcy Court"). In these cases, the Chapter 15 Debtors seek recognition by the Delaware Bankruptcy Court of the proceeding commenced in the Spanish Court to obtain judicial approval (homologación judicial) of the Standstill Agreement (the "Spanish Proceeding") and application of the Standstill Agreement within the territorial jurisdiction of the United States. In the initial hearings held on March 31, 2016, the Delaware Bankruptcy Court granted the Chapter 11 Debtors' requests relief and the Initial Chapter 15 Debtors' requested provisional relief to stay creditor actions against them. Both hearings were uncontested and all motions were granted.

- Additionally, on April 6 and 7, 2016 Abengoa US Holding, LLC and seven other affiliated U.S. debtors (collectively, the "Additional Chapter 11 Debtors") each filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the Delaware Bankruptcy Court (together with the Chapter 11 cases filed on March 29, 2016, the "Chapter 11 Proceedings"). All of the cases filed by the Additional Chapter 11 Debtors are being jointly administered with the lead Chapter 11 Proceeding filed on March 29, 2016 in the Delaware Bankruptcy Court. The Additional Chapter 11 Debtors are comprised of the following legal entities: Abener Teyma Hugoton General Partnership, Abengoa Bioenergy Biomass of Kansas, LLC, Abengoa Bioenergy Hybrid of Kansas, LLC, Abengoa Bioenergy New Technologies, LLC, Abengoa Bioenergy Technology Holding, LLC, Abengoa US Holding, LLC, Abengoa US Operations, LLC and Abengoa US, LLC.

- The Company further informs that at the initial hearing held on April 27, 2016 on the Chapter 11 petitions filed on April 6 and 7, 2016 by the additional Chapter 11 Debtors, the Delaware Bankruptcy Court granted the first-day relief requested by all but one of those debtors. With respect to ABBK's Delaware case, it was noted that on April 25, 2016 the U.S. Bankruptcy Court for the District of Kansas (the "Kansas Bankruptcy Court") had issued an order denying ABBK's request to transfer to the Delaware Bankruptcy Court an involuntary Chapter 11 case commenced against it on March 23, 2016 in the Kansas Bankruptcy Court. Referring to the Kansas Bankruptcy Court's ruling and the Delaware Bankruptcy Court stated that it would honor that decision, ordered a stay of ABBK's Chapter 11 case in Delaware, and directed ABBK to show why its Delaware case should not be dismissed. On May 2, 2016, ABBK moved to certify the Kansas Bankruptcy Court's ruling for direct appeal to the U.S. Court of Appeals for the Tenth Circuit and requested a stay of the Kansas bankruptcy case order pending the outcome of that appeal.

- The Company further informs that on April 26, 2016 its subsidiary Abengoa Solar LLC ("Abengoa Solar"), one of the Initial Chapter 11 Debtors, filed a motion requesting the Delaware Bankruptcy Court's authorization to consummate the sale of interests that two of Abengoa Solar's non-debtor subsidiaries hold in project entities responsible for the financing, design, construction, operation, maintenance, and transfer to the State of Israel of a concentrated solar energy thermal power station plant currently under construction there (the "Ashalim Project"). At the hearing on the motion held on May 3, 2016, the Delaware Bankruptcy Court authorized Abengoa Solar to make this transaction.

- On June 12, 2016, the American affiliate companies Abengoa Bioenergy Meramec Renewable, LLC, Abengoa Bioenergy Funding, LLC, Abengoa Bioenergy Maple, LLC, Abengoa Bioenergy of Indiana, LLC, Abengoa Bioenergy of Illinois, LLC y Abengoa Bioenergy Operations, LLC, commenced a voluntary Chapter 11 case in the Missouri Bankruptcy Court. In the framework of these proceedings and the already initiated Chapter 11 proceeding by Abengoa Bioenergy US Holding, LLC, this and the affiliate companies mentioned have filed motions in the East Missouri Bankruptcy Court in relation with the sale proceeding of the two Maple plants located on Indiana and Illinois, the plant of Ravenna and the plant of York. Additionally, to facilitate the sale of the Maple plant, the current creditors of such plants have agreed to concede additional financing for an amount of US$10 million (debtor-in-.possession financing).

- Continuing with the sale proceeding commented above, on August 22, 2016 as approved by the United States Bankruptcy Court for the Eastern District of Missouri (the "Bankruptcy Court"), an auction over certain assets of Abengoa Bioenergy US Holding, LLC (the Company.) has been conducted following the process previously agreed among certain debtors and debtors in possession (the "Debtors") and such Company, on June 12, 2016, Abengoa Bioenergy US Holding, LLC and certain Debtors filed a motion (the "Motion") with the Bankruptcy Court seeking, among other things, entry of an order (the "Bidding Procedures Order"); (a) approving certain auction and bidding procedures (the "Bidding Procedures") in connection with the sale of the Debtors' bioenergy plants in Ravenna, Nebraska, York, Nebraska, Mt. Vernon, Indiana, Madison, Illinois and Colwich, Nebraska (collectively, the "Purchased Assets"), (b) authorizing the Debtors to enter into stalking horse purchase agreements with KAAPA Ethanol Holdings, LLC for the Ravenna Assets, Green Plains, Inc. for the Mt. Vernon and Madison Assets (the "Maple Assets") and Biourja Trading, LLC for the York Assets, (c) approving procedures relating to the assumption and assignment of executory contracts and unexpired leases, and (d) scheduling an auction (the "Auction") and sale approval hearing (the "Sale Hearing").

- On June 15, 2016, the Bankruptcy Court entered the Bidding Procedures Order, and subsequently, the Debtors' investment banker, Carl Marks, engaged in an extensive marketing process for all of the Purchased Assets. Pursuant to the Bidding Procedures Order, certain competing bids were submitted, and on the aforementioned date (August 22, 2016), the Debtors conducted the Auction, the results of which were that: (i) KAAPA Ethanol Holdings, LLC was the successful bidder for the Ravenna Assets at US$115 million, (ii) Green Plains, Inc. was the successful bidder for the Maple Assets at US$200 million, (iii) Green Plains, Inc. was the successful bidder for the York Assets at US$37 million, and (iv) ICM, Inc. was the successful bidder for the Colwich Assets at US$3.15 million.

- The Bankruptcy Court scheduled to conduct a hearing on August 29, 2016, where the sale of the plants of Ravenna, Maple and York were approved at the same prices of the mentioned before. Such sales were realized at September 30, 2016, date in which the debtor-in-possession financing were liquidated simultaneously in relation with the asset of these companies. The net sale proceeds will then be distributed pursuant to a plan of liquidation already approved by the Bankruptcy Court last October 31, 2016 and is awaiting the creditors committee.

- Additionally, on July 18, 2016, and in the Chapter 11 proceeding framework, already initiated by ABBK, the investment bank Ocean Park Advisors was hired to seek a strategic partner interested in buying the bioethanol plant and the co-generation plant located in Hugoton, Kansas.

- On June 12, 2016, the companies Abengoa Bioenergy Holdco, Inc. and Abengoa Bioenergy Meramec Holding, Inc., have initiated voluntary proceedings of Chapter 11 in the Delaware Bankruptcy Court, where other Chapter 11 resolutions of other American affiliates exist, as well as the Chapter 15 proceeding of Abengoa mentioned before.

- Additionally, last October 28, 2016, Abengoa Bioenergy New Technologies LLC, in the bankruptcy proceeding framework at the Delaware Bankruptcy Court, has applied for authorization to sell the pilot plant and the warehouse (excluding any land in which a construction exists) to Green Plains Inc. (or any of its affiliates) and/or Green Plains York LLC amounted to US$1,250,000. Such authorization was provided by the Court on December 6, 2016.

- On the other hand, on October 31, 2016, the Courts of Delaware approved the application of Abengoa to the creditors committee which propose an only plan which contains other four different plans itself: (i) EPC Restructuration Plan, which consist in the restructuring of the following companies: Abener Teyma Mojave General Partnership; Abener North America Construction LP; Abeinsa Abener Teyma General Partnership; Teyma Construction USA LLC; Teyma USA & Abener Engineering and Construction Services partnership; Abeinsa EPC LLC; Abeinsa Holding Inc.; Abener Teyma Hugoton General Partnership; Abengoa Bioenergy New Technologies LLC; Abener Construction Services LLC; Abengoa US Holding LLC; Abengoa US LLC; and Abengoa US Operations LLC; (ii) Solar Restructuring Plan which propose the restructuring of Abengoa Solar LLC; (iii) EPC liquidation Plan which propose the liquidation of de Abencor USA LLC; Abener Teyma Inabensa Mount Signal Joint Venture; Inabensa USA LLC; and Nicsa Industrial Supplies LLC, and (iv) Bioenergy and Maple Liquidation plan which propose the liquidation of Abengoa Bionergy Hybrid of Kansas LLC; Abengoa Bioenergy Technology Holding LLC; Abengoa Bioenergy Meramec Holding Inc.; and Abengoa Bioenergy Holdco Inc. In relation with the Chapter 11 proceedings performed in Delaware, last December 15, 2016, the Reorganization Plan in some cases, and the Liquidation in others, were confirmed by the Courts after reaching the majority support of creditors and having rejected the Courts the petitios presented by some of them. In relation with the Bioenergy companies proceeding in Missouri State, it is expected the votation to approve the corresponding Plan at the end of April 2017. As of the date of these Consolidated FInancial Statements, management is not aware of any significant impacts that could arise from the liquidation plans other than the ones already discussed.

- Finally, on 15 December 2016, the United States Bankruptcy Court where the Chapter 11 proceedings referred to in the Restructuring Agreement signed on 24 September 2016 were being dealt with, has entered an order confirming the Debtors’ Modified First Amended Plans of Reorganization and Liquidation(the “Chapter 11 Plan”).

- Additionally to all the mentioned before, last November 16, 2016, and in accordance to what is stated in the Restructuring Agreement clause 7, Abengoa Concessions Investment Limited (“ACIL”) initiated the proceeding provided by the Chapter 15 of the United States Bankruptcy Code in the Delaware Courts to recognize the restructuring proceeding initiated in the British Courts (Company Voluntary Arrangement –CVA-) in the United Stated jurisdiction. The Delaware Courts conceded to ACIL, with no exception, such recognition on December 8, 2016.

d) <u>In relation to the bankruptcy declaration by the Court of Rotterdam of Abengoa Bioenergy Netherlands, B.V. on May 11, 2016 were appointed both a liquidator and supervising judges, it should be noted that:</u>

- After such bankruptcy declaration and appointment of a liquidator, the liquidation process of the company started and therefore, since that moment, the loss of control was effective.

- In the framework of such bankruptcy proceeding, on May 11, 2016, the company Alcogroup communicated an agreement to acquire the plant has been signed. The acquisition was approved by the competent Court last September 22, 2016, and according to the information received at the same date from the Administrator, the price established was €50 million, which would be addressed to the payment of suppliers and creditors according to a plan defined and approved by the competent Court.

e) Regarding the declaration of bankruptcy of Abengoa México, S.A. de C.V..

› On December 20, 2016 the Company informed that it had come to its knowledge that the Sixth Court in Civil Affairs of Mexico City has issued an appealable resolution declaring the bankruptcy (concurso mercantil) of Abengoa Mexico, S.A. de C.V. ("Abengoa Mexico") despite the report of the court appointed expert (Visitador) which spoke against it. Despite the declaration, the control of the company remains with the current management.

› In pursuit of reaching an agreement with its creditors, Abengoa Mexico has suggested a lock-up agreement aiming to subscribe the bankruptcy of the company and provide it to creditors and file it to the Courts according to the following terms:

(i) In relation with common debts, Abengoa México has proposed the following treatment:

a) proposal to capitalize the ordinary interests to be paid, being therefore part of the principal;

b) the principal will be paid quarterly since March 2018;

c) the principal to be paid will generate new interests, varying the period depending on the date of the resolution of approval of the agreement;

d) the annual interest rate is fixed to 7% with an increase of 50 basis points per semester until the total payment;

e) default interests due at the date of declaration of bankruptcy will be rejected by creditors. However, the default in payment of the amounts agreed will suppose the generation of default interests with a 14% rate during the period of default;

(ii) in relation with credits against the bankruptcy estate and secured credits, it will be paid in accordance with the contracts and documents related;

(iii) in relation with tax credits, Abengoa Mexico will propose to pay them in accordance with the applicable tax jurisdiction;

(iv) finally, the treatment of subordinated credits will mean the inability to pay to subordinated creditors until the common credits are paid.

› Once the Restructuring Agreement is completed and the recapitalization of the Group described in Note 2.1.1.a), the company will develop the agreed Updated Viability Plan with creditors and investors, which is focused on the traditional business of Engineering and Construction, where the company accumulates more than 75 years of experience. Specifically, this Updated Viability Plan focusses the activity in the energy and environmental industry. This business will be combined, in a balanced manner, with concessional infrastructure projects in sectors where Abengoa has a competitive advantage, mainly of technological kind, which allows a bigger added value projects. Regarding the mentioned Updated Viability Plan, will allow sustainable growing of Abengoa, based on the following five principles:

1) A multidisciplinary team and a culture and ability of multifunctional work.

2) Experience in engineering and construction and specially the outstanding strength in business development of high potential growing such as energy and water.

3) Technology abilities in our target markets, mainly in solar and water energy.

4) A more efficient organization with more competitive general expenses.

5) A financial approach adjusted to the current reality in which financial discipline and a rigorous evaluation of financial risks are key milestones.

› Based on the foregoing, and in prevision of the fulfillment of the agreement with financial creditors of the Company which assure the financial stability of Abengoa and the ability to generate resources from its operations as stated in the Updated Viability Plan, Abengoa´s Directors have deemed it appropriate to present the Consolidated Financial Statements for the year ended December 31, 2016 on a going concern.

Based on the application of the going concern basis, Abengoa´s Directors have prepared these Consolidated Financial Statements applying the International Financial Reporting Standards ('IFRS') consistently with Consolidated condensed interim financial statements and Consolidated Financial Statements filed in prior periods. For that purpose, and according to the aforementioned accounting framework, Abengoa´s Directors have made their best estimates and assumptions (see Note 3) in order to record the assets, liabilities, revenues and expenses as of December 31, 2016 in accordance with the existing information by the time of formulating these Consolidated Financial Statements.

- The current situation of the Group, which continues to be affected by a strong limitation of financial resources for more than a year and a half now, has significantly influenced the evolution of the business not only in terms of a generalised slowdown and deterioration of the group's operations but also as a result of numerous insolvency or bankruptcy proceedings involving companies not included in the Company's Updated Viability Plan.

  In this situation, on the basis of management's best estimates according to International Financial Reporting Standards ('IFRS'), the directors have quantified and accounted for the negative impact derived from this situation in the Consolidated Income Statement at 31 December 2016.

  The impact of a generalised slowdown in the Group's business activity primarily comes from a slowdown in the projects performed, which has resulted in 1) a sharp increase in the estimated cost of reactivating the business (and therefore quantification of the impact of the estimated provision to cover the increase in construction costs due to the reactivation of the project compared to the previously estimated costs; 2) a decrease in the asset recovery value or fair value (and therefore quantification of the impact of the estimated impairment of the value of the asset under construction; and 3) possible failure to meet contractual deadlines (and therefore quantification of the impact comes primarily from the amount of the guarantee that has been seized or is pending seizure). In this sense, the Group has deteriorated all those projects which development is not feasible in this moment given the lack of financing in the mid term in accordance with the Updated Viability Plan.

  As far as the impact of the numerous insolvency or judicial bankruptcy proceedings involving companies not included in the company's Updated Viability Plan, the impacts arise primarily from a decrease in the recovery value or fair value of the assets associated with the companies (and therefore the quantification of the impact requires estimating the impairment of the value of the assets themselves) and the possible contingencies that could arise during the insolvency or bankruptcy proceedings themselves (and therefore the quantification of the impact requires estimating the provision for such contingencies).

- In this sense, the most significant negative impacts recorded in results as of December 31, 2016, which have reached €-6,772 million, are mainly related to provisions of construction projects costs, to the results coming from the sale of certain assets and the impairment of certain project assets and tax credits as well as financial expenses due to default interests and the execution of bank guarantees or with a high probability of execution given the situation of the company.

  The following table shows the detail of such impacts (in million euros):

Item	Total
Project Construction costs provision (see Note 5.1.a)	(245)
Sale of assets (see Note 6.2.b)	58
Impairment of assets (see Note 5.1.b)	(6,036)
Default interests, guarantees and other financial expenses (see Notes 28 and 30)	(521)
Others	(28)
	(6,772)

- Due to all the above, the parent company, Abengoa, S.A., has incurred in losses since 2015 which has supposed a significant decrease in Equity and, as a consequence, at December 31, 2016 presents a negative net equity. In accordance with the Article 363 of the Spanish Corporation Law, a Company will be in dissolution situation when losses lead Net Equity to an amount lower than half shared capital, unless an increase or decrease in capital share were enough.

  In the parent company Abengoa Director´s opinion, the expected measures in the effective application of the signed Restructuring Agreement will allow to gain a financial stability once there is a positive impact recognized in the income statement derived from debt write-offs, capital increases expected and, in addition to provide the Group with the necessary financial resources to reactivate the activity. On the other hand, Directors are confident on generating future resources from operations given such financial resources and the application of the Updated Viability Plan, which will allow to rise the market confidence, the provision of liquidity to the Company and the continuance of its activity to operate in a competitive and sustainable manner in the future.

- From an accounting perspective, the Restructuring Agreement is subject to IFRIC 19 "Cancellation of financial liabilities with equity instruments", derecognising a portion of the debt to be cancelled at book value, registering the equity instrument to be handed over at fair value and recognising the difference between both amounts in the Income statement. With the portion of debt to be refinanced, and given that the conditions of the debt to be refinanced have been substantially modified, IAS 39 "Financial instruments, recognition and measurement" will be applied, derecognising the portion of the debt to be refinanced at book value, registering the equity instrument to be handed over at fair value and recognising the difference between both amounts in the Income statement. Regarding the cancellation of the liabilities subject to the standard conditions of the agreement (amounts payable to creditors who have not signed the agreement), since there is no obligation to deliver capital instruments in order to cancel 97% of the liabilities, the terms of IAS 39 apply to both the derecognition of the percentage of the liability mentioned above and the recognition of a new liability equal to 3% of the original liability which will initially be recorded at fair value and later at amortised cost.

Abengoa management estimates that the positive impact on the group's income and equity could be between €6,000-6,500 million. The final amount will depend on a series of factors which will be concreted by the time the agreement is implemented. On the other hand, Abengoa management estimates that during the month of March all of the conditions precedent established in the Reorganization Agreement, common in these types of contracts, will be fulfilled and therefore the accounting impacts mentioned above will be recognized.

2.1.2. Application of new accounting standards

a) Standards, interpretations and amendments effective from January 1, 2016, applied by the Group:

- Improvements to IFRSs 2012-2014 cycles. These improvements are mandatory for periods beginning on or after January 1, 2016 under IFRS-EU.
- IAS 1 (Amendment) 'Presentation of Financial statements'. This amendment is mandatory for periods beginning on or after January 1, 2016 under IFRS-EU.
- IAS 16 (Amendment) 'Property, Plant and Equipment' and IAS 38 'Intangible Assets', regarding to acceptable methods of amortization and depreciation. This amendment is mandatory for periods beginning on or after January 1, 2016 under IFRS-EU.
- IFRS 10 (Amendment) 'Consolidated Financial statements', IFRS12 ' Disclosure of Interests in Other Entities' and IAS28 'Investments in Associates and Joint Ventures' relating to investment entities: clarification of the exception to consolidate. These amendments are mandatory for periods beginning on or after January 1, 2016 under IFRS-EU, and have already been endorsed by the EU.
- IAS 27 (Amendment) 'Separate Financial statements' regarding the reinstatement of the equity method as an accounting option in separate Financial statements. This amendment is mandatory for periods beginning on or after January 1, 2016 under IFRS-EU.
- IFRS 11 (Amendment) 'Joint Arrangements' regarding acquisition of an interest in a joint operation. This amendment is mandatory for periods beginning on or after January 1, 2016 under IFRS-EU.
- IAS 16 (Amendment) 'Property, Plants and Equipment' and IAS 41 (Amendment) 'Biological assets'. These amendments are mandatory for periods beginning on or after January 1, 2016 under IFRS-EU

Abengoa's Directors believe that the applications of these amendments have not had any material impact.

b) Standards, interpretations and amendments published that will be effective for periods after December 31, 2016:

- IFRS 9 'Financial Instruments'. This Standard will be effective from January 1, 2018 under IFRS-IASB published in the official bulletin of the EU on November 29, 2016.
- IFRS 15 'Revenues from contracts with Customers'. IFRS 15 is applicable for periods beginning on or after 1 January 2018 under IFRS-EU, earlier application is permitted, that has already been adopted by the EU on September 22, 2016 and published in the official bulletin of the EU on October 29, 2016.
- Introduction of IFRS 16 "Leases" which supersedes IAS 17. Lessees will recognize most leases in the balance sheet as financed purchases. This standard will apply to periods beginning after January 1, 2019.
- IAS 7 (Amendment) "Statement of cash flow" related to disclosures. This standard will apply to annual periods beginning after January 1, 2017. Not already endorsed by the EU.
- IAS 12 (Amendment) "Income taxes" related to the recognition of not realized deferred taxes. This standard will apply to annual periods beginning after January 1, 2017 under IFRS-IASB, earlier application is permitted.
- Annual Improvements to IFRSs 2014-2016 (published on December 8, 2016). These improvements are mandatory for periods beginning on or after January 1, 2018 under IFRS-EU and have not been adopted by the EU yet.
- IFRIC 22 Foreign Currency Transaction and advance consideration which establish the transaction date to determine the exchange rate applicable to transactions with advances in foreign currency. This interpretation is mandatory for periods beginning on or after January 1, 2018 under IFRS-EU and has not yet been adopted by the EU.
- IFRS 10 (Amendment) "Consolidated Financial Statements" and IAS 28 "investments in associates and joint ventures" in relation with the treatment of the sale or the contribution of assets between an investor and its associate or joint venture. The application of this standard has been delayed without definite date of application.

The Group is currently in the process of evaluating the impact on the Consolidated condensed interim financial statements derived from the application of the new standards and amendments that will be effective for periods beginning after December 31, 2016.

2.2. Principles of consolidation

In order to provide information on a consistent basis, the same principles and standards applied to the parent company have been applied to all other consolidated entities.

All subsidiaries, associates and joint ventures included in the consolidated group for the year 2016 (2015) that form the basis of these Consolidated Financial Statements are set out in Appendices I (XII), II (XIII) and III (XIV), respectively.

Note 6 to these Consolidated Financial Statements reflects the information on the changes in the composition of the Group.

a) Subsidiaries

Subsidiaries are those entities over which Abengoa has control.

Control is achieved when the Company:

- has power over the investee;
- 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.

The Company will reassess whether or not it controls an investee when facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

The value of non-controlling interest in equity and the consolidated results are shown, respectively, under non-controlling interests' in the Consolidated Statements of Financial Position and 'Profit attributable to non-controlling interests' in the Consolidated Income Statements.

Profit for the period and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results of the non-controlling interests has a total negative balance.

When necessary, adjustments are made to the Financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are fully eliminated on consolidation.

Abengoa develops a part of its activity by developing integrated products that consist of designing, constructing, financing, operating and maintaining a project (usually a large-scale asset such as a power transmission line, desalination plants, thermo-solar plants, etc.), usually owned under a B-O-T concession arrangement (Build – Operate – Transfer) for a specific period of time (usually 2-3 years) and then though a long term non-recourse financing scheme (project finance).

In order to evaluate the control of these projects, it is necessary to address the corporate purpose of these projects finance to assess the decision making process. In this sense, all relevant decisions are basically identified in the following two completely different phases each other. On the one hand the construction phase and, on the other, the operation phase. Each of the aforementioned phases has fully independent activities and decisions on which the compliance with the control requirements stated above should be assessed.

During the construction phase of the projects under review, the activity related to that phase is developed under general conditions of a framework agreement, where the relevant decisions are related to the approval of the structure and specific features of the project financing (in terms of disposition, guarantees, maturities, cost, etc.) and the approval of the execution/construction costs of the project and the existence of a third party related to the project (Grantor, regulator, partner, etc.) which participates actively in the relevant decision-making during the construction phase. In these cases, given the level of involvement of the third party in the construction project, several measures of participation, control and approval thereof are set in the case of carrying out actions that may influence the relevant aforementioned actions.

During the operation phase of the project under review, the activity related to that phase is developed under the normal industry conditions of the sector to which the project belongs, in which the relevant decisions are related to business management (in terms of production process, yields based on operating costs, financing costs, amortizations, investments, budget approval, etc.) and the corporate governance (in terms of sharing dividends, capital increases/reductions, business plan, etc.) In this phase, the third party that was related to project during the construction phase has ceased to exercise control after having accomplished their objectives in terms of construction and entry into production of the asset as agreed.

As stated in IFRS 10, paragraph B13, when two or more investors have the current ability to direct relevant activities and those activities occur at different times, the investors shall determine which investor is able to manage the activities that most significantly affect those returns consistently with the treatment of concurrent decision-making rights.

In this sense, an assessment, is periodically carried out to determine whether relevant activities related to the construction phase affect more significantly to the income of these projects and investments due to the effect of those decisions throughout the life of themselves and therefore to determine whether the projects are controlled.

For those cases where a lack of control in the construction phase is determined, the participation is registered under the equity method. Once the project enters in the operating phase, as Abengoa takes control, such participations are registered under the global integration method.

The Group uses the acquisition method to account for business combinations. According to this method, the remuneration transferred for the acquisition of a subsidiary corresponds to the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group and includes the fair value of any asset or liability resulting from a contingent remuneration agreement. Any transferred contingent remuneration is recognized at fair value at the acquisition date and subsequent changes in its fair value are recognized in accordance with IAS 39 either in the Income Statement or in the Statement of Comprehensive Income. Acquisition related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree either at the non-controlling interest's proportionate share of the acquirer's net assets on an acquisition basis.

To account the sale or loss of control of subsidiaries, the Group derecognizes the assets, liabilities and all non-controlling interests of the subsidiary at the date of loss of control by their carrying amounts. The fair value of the payment received is also recognized, if any, from the transaction, events or circumstances giving rise to the loss of control, including if any the distribution of shares of the subsidiary to owners as well as the retained investment in the former subsidiary at fair value on the date of loss of control. Amounts recognized in other comprehensive income in relation to the subsidiary are transferred to profit and loss and the difference is recognized as a profit or loss attributable to the parent. The loss of control of a subsidiary may occur in two or more agreements (transactions). In some cases, it may exists circumstances that justify that the multiple agreements should be accounted as a single transaction.

In compliance with Article 155 of Spanish Corporate Law (Ley de Sociedades de Capital), the parent company has notified all these companies that, either by itself or through another subsidiary, it owns more than 10% shares of their capital. Appendix VIII lists the Companies external to the Group which have a share equal to or greater than 10% of a subsidiary of the parent company under the consolidation scope.

The most significant restrictions on subsidiaries refer to the ones imposed on companies with project financing, the guarantees and restrictions of which are explained in notes 2.5. and 19.

b) Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture, different from a joint operation described in section c) below, is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and the assets and liabilities of associates or joint ventures are incorporated in these Consolidated Financial Statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognized in the Consolidated Statement of Financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or implicit obligations or payments made on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted using the equity method since the date on which the investee becomes an associate or a joint venture.

Profits and losses resulting from the transactions of the Company with the associate or joint venture are recognized in the Group's Consolidated Financial Statements only to the extent of interests in the associate or joint venture that are not related to the Group.

In compliance with Article 155 of Spanish Corporate Law (Ley de Sociedades de Capital), the parent company has notified to all these companies that, either by itself or through another subsidiary, it owns more than 10% shares of their capital.

As of December 31, 2016 and 2015, in Director´s opinion there are no significant contingent liabilities in the Group's interests in associates and joint ventures, in addition to those described in Note 22.2.

c) Interest in joint operations and temporary joint operations (UTE)

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group, as a joint operator, recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

When a Group's entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

'Unión Temporal de Empresas' (UTE) are temporary joint operations generally formed to execute specific commercial and/or industrial projects in a wide variety of areas and particularly in the fields of engineering and construction and infrastructure projects. They are normally used to combine the characteristics and qualifications of the UTE's partners into a single proposal in order to obtain the most favorable technical assessment possible. UTE are normally limited as standalone entities with limited action, since, although they may enter into commitments in their own name, such commitments are generally undertaken by their partners, in proportion to each investor's share in the UTE.

The partners' shares in the UTE normally depend on their contributions (quantitative or qualitative) to the project, are limited to their own tasks and are intended solely to generate their own specific results. Each partner is responsible for executing its own tasks and does so in its own interests.

The fact that one of the UTE's partners acts as project manager does not affect its position or share in the UTE. The UTE's partners are collectively responsible for technical issues, although there are strict pari passu clauses that assign the specific consequences of each investor's correct or incorrect actions.

They normally do not have assets and liabilities on a stand alone basis. Their activity is conducted for a specific period of time that is normally limited to the execution of the project. The UTE may own certain fixed assets used in carrying out its activity, although in this case they are generally acquired and used jointly by all the UTE's investors, for a period similar to the project's duration, or prior agreements are signed by the partners on the assignment or disposal of the UTE's assets upon completion of the project.

UTE in which the Company participates are operated through a management committee comprised of equal representation from each of the temporary joint operation partners, and such committee makes all the decisions about the temporary joint operation's activities that have a significant effect on its success. All the decisions require consent of each of the parties sharing power, so that all the parties together have the power to direct the activities of the UTE. Each partner has rights to the assets and obligations relating to the arrangement. As a result, these temporary joint operations are consolidated proportionally.

The proportional part of the UTE's Consolidated Statement of Financial Position and Consolidated Income Statement is integrated into the Consolidated Statement of Financial Position and the Consolidated Income Statement of the Company in proportion to its interest in the UTE on a line by line basis.

As of December 31, 2016 and 2015 there are no significant material contingent liabilities in relation to the Group's shareholdings in the UTE, additional to those described in Note 22.2.

d) Transactions with non-controlling interests

Transactions with non-controlling interests are accounted for as transactions with equity owners of the group. When the Group acquires non-controlling interests, the difference between any consideration paid and the carrying value of the proportionate share of net assets acquired is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, and any difference between fair value and its carrying amount is recognized in profit or loss. In addition, any amount previously recognized in other comprehensive income in respect of that entity is accounted for as if the group had directly disposed of the related assets or liabilities.

Companies and entities which are third parties the Group and which hold a share equal to or larger than 10% in the share capital of any company included in the consolidation group are disclosed in Appendix VIII.

2.3. Intangible assets

a) Goodwill

Goodwill is recognized as the excess between (A) and (B), where (A) is the sum of the considerations transferred, the amount of any non-controlling interest in the acquiree and in the case of a business combination achieved in stages, the fair value on the acquisition date of the previously held interest in the acquiree and (B) the net value, at the acquisition date, of the identifiable assets acquired, the liabilities and contingent liabilities assumed, measured at fair value. If the resulting amount is negative, in the case of a bargain purchase, the difference is recognized as income directly in the Consolidated Income Statement.

Goodwill relating to the acquisition of subsidiaries is included in intangible assets, while goodwill relating to associates is included in investments in associates.

Goodwill is carried at initial value less accumulated impairment losses (see Note 2.8). Goodwill is allocated to Cash Generating Units (CGU) for the purposes of impairment testing, these CGU's being the units which are expected to benefit from the business combination that generated the goodwill.

b) Computer programs

Costs paid for licenses for computer programs are capitalized, including preparation and installation costs directly associated with the software. Such costs are amortized over their estimated useful life. Maintenance costs are expensed in the period in which they are incurred.

Costs directly related with the production of identifiable computer programs are recognized as intangible assets when they are likely to generate future economic benefit for a period of one or more years and they fulfill the following conditions:

› it is technically possible to complete the production of the intangible asset;

› management intends to complete the intangible asset;

› the Company is able to use or sell the intangible asset;

› there are technical, financial and other resources available to complete the development of the intangible asset; and

› disbursements attributed to the intangible asset during its development may be reliably measured.

Costs directly related to the production of computer programs recognized as intangible assets are amortized over their estimated useful lives which do not exceed 10 years.

Costs that do not meet the criteria above are recognized as expenses in the Consolidated Income Statement when incurred.

c) Research and development cost

Research costs are recognized as an expense when they are incurred.

Development costs (relating to the design and testing of new and improved products) are recognized as an intangible asset when all the following criteria are met:

› it is probable that the project will be successful, taking into account its technical and commercial feasibility, so that the project will be available for its use or sale;

› it is probable that the project generates future economic benefits;

› management intends to complete the project;

› the Company is able to use or sell the intangible asset;

- there are appropriate technical, financial or other resources available to complete the development and to use or sell the intangible asset; and
- the costs of the project/product can be measured reliably.

Once the product is in the market, capitalized costs are amortized on a straight-line basis over the period for which the product is expected to generate economic benefits, which is normally 5 years.

Development costs that do not meet the criteria above are recognized as expenses in the Consolidated Income Statement when incurred.

Grants or subsidized loans obtained to finance research and development projects are recognized as income in the Consolidated Income Statement consistently with the expenses they are financing, following the rules described above.

2.4. Property, plant and equipment

Property, plant and equipment includes property, plant and equipment of companies or project companies which have been self-financed or financed through external financing with recourse facilities or through non-recourse project financing.

In general, property, plant and equipment is measured at historical cost, including all expenses directly attributable to the acquisition, less depreciation and impairment losses, with the exception of land, which is presented net of any impairment losses.

Subsequent costs are capitalized when it is probable that future economic benefits associated with that asset can be separately and reliably identified.

Work carried out by a company on its own property, plant and equipment is valued at production cost. In construction projects of the Company's owned assets carried out by its Engineering and Construction segment which are not under the scope of IFRIC 12 on Service Concession Arrangements (see Note 2.5), internal margins are eliminated. The corresponding costs are recognized in the individual expense line item in the accompanying Income statements. The recognition of an income for the sum of such costs through the line item 'Other income- Work performed by the entity and capitalized and other' results in these costs having no impact in net operating profit. The corresponding assets are capitalized and included in property, plant and equipment in the accompanying balance sheets.

All other repair and maintenance costs are charged to the Consolidated Income Statement in the period in which they are incurred.

Costs incurred during the construction period may also include gains or losses from foreign-currency cash-flow hedging instruments for the acquisition of property, plant and equipment in foreign currency, transferred from equity.

With regard to investments in property, plant and equipment located on land belonging to third parties, an initial estimate of the costs of dismantling the asset and restoring the site to its original condition is also included in the carrying amount of the asset. Such costs are recorded at their net present value in accordance with IAS 37.

The annual depreciation rates of property, plant and equipment (including property, plant and equipment in projects) are as follows:

Items	% of depreciation
Lands and buildings	
Buildings	2% - 3%
Technical installations and machinery	
Installations	3% - 4% - 12% - 20%
Machinery	12%
Other fixed assets	
Data processing equipment	25%
Tools and equipment	15% - 30%
Furniture	10% - 15%
Works equipment	30%
Transport elements	8% - 20%

The assets' residual values and useful economic lives are reviewed, and adjusted if necessary, at the end of the accounting period of the company which owns the asset.

When the carrying amount of an asset is higher than its recoverable amount, the carrying amount is reduced immediately to reflect the lower recoverable amount.

2.5. Fixed assets in projects

This category includes property, plant and equipment, intangible assets and financial assets of consolidated companies which are financed through project debt (see Note 19), that are raised specifically and solely to finance individual projects as detailed in the terms of the loan agreement.

These assets financed through project debt are generally the result of projects which consist of the design, construction, financing, application and maintenance of large-scale complex operational assets or infrastructures, which are owned by the company or are held under a concession agreement for a period of time. The projects are initially financed through medium-term bridge loans (non-recourse project financing in process), generally from 2 to 3 years and later by a long-term project (non-recourse project finance).

In this respect, the basis of the financing agreement between the Company and the bank lies in the allocation of the cash flows generated by the project to the repayment of the principal amount and interest expenses, excluding or limiting the amount secured by other assets, in such a way that the bank recovers the investment solely through the cash flows generated by the project financed, any other debt being subordinated to the debt arising from the non-recourse financing applied to projects until the project debt has been fully repaid. For this reason, fixed assets in projects are separately reported on the face of the Consolidated Statement of Financial Position, as is the related project debt (project finance and bridge loan) in the liability section of the same statement.

Non-recourse project financing (project finance) typically includes the following guarantees:

- Shares of the project developers are pledged.
- Assignment of collection rights.
- Limitations on the availability of assets relating to the project.
- Compliance with debt coverage ratios.
- Subordination of the payment of interest and dividends to meet loan financial ratios.

Once the project finance has been repaid and the project debt and related guarantees have fully extinguished, any remaining net book value reported under this category is reclassified to the Property, Plant and Equipment or Intangible Assets line items, as applicable, in the Consolidated Statement of Financial Position.

Assets in the ‘fixed assets in projects’ line item of the Consolidated Statement of Financial Position are sub-classified under the following two headings, depending upon their nature and their accounting treatment:

2.5.1. Concession assets in projects

This heading includes fixed assets financed through project debt related to Service Concession Arrangements recorded in accordance with IFRIC 12. IFRIC 12 states that service concession arrangements are public-to-private arrangements in which the public sector controls or regulates the services to be provided using the infrastructure and their prices, and is contractually guaranteed to gain, at a future time, ownership of the infrastructure through which the service is provided. The infrastructures accounted for by the Group as concessions are mainly related to the activities concerning power transmission lines, desalination plants and generation plants (both renewable as conventional). The infrastructure used in a concession can be classified as an intangible asset or a financial asset, depending on the nature of the payment entitlements established in the agreement.

a) Intangible assets

The Group recognizes an intangible asset when the demand risk is assumed by the operator to the extent that it has a right to charge final customers for the use of the infrastructure. This intangible asset is subject to the provisions of IAS 38 and is amortized linearly, taking into account the estimated period of commercial operation of infrastructure which generally coincides with the concession period.

The Group recognizes and measures revenue, costs and margin for providing construction services during the period of construction of the infrastructure in accordance with IAS 11 ‘Construction Contracts’. As indicated in Note 2.7, the interest costs derived from financing the project incurred during construction are capitalized during the period of time required to complete and prepare the asset for its predetermined used.

Once the infrastructure is in operation, the treatment of income and expenses is as follows:

- Revenues from the updated annual royalty for the concession, as well as operations and maintenance services are recognized in each period according to IAS 18 ‘Revenue’ in Revenue.
- Operating and maintenance costs and general overheads and administrative costs are charged to the Consolidated Income Statement in accordance with the nature of the cost incurred (amount due) in each period.
- Financing costs are classified within heading finance expenses in the Consolidated Income Statement.

b) Financial assets

The Group recognizes a financial asset when the risk of demand is assumed by the grantor to the extent that the concession holder has an unconditional right to receive payments for construction or improvement services. This asset is recognized at the fair value of the construction or improvement services provided.

The Group recognizes and measures revenue, costs and margin for providing construction services during the period of construction of the infrastructure in accordance with IAS 11 'Construction contracts'.

The financial asset is subsequently recorded at amortized cost method calculated according to the effective interest method, the corresponding income from updating the flows of collections is recognized as revenue in the Consolidated Income Statement according to the effective interest rate.

The finance expenses of financing these assets are classified under the financial expenses heading of the Consolidated Income Statement.

As indicated above for intangible assets, income from operations and maintenance services is recognized in each period as Revenue according to IAS 18 'Revenue'.

2.5.2. Other assets in projects

This heading includes tangible fixed and intangible assets which are financed through a project debt and are not subject to a concession agreement. Their accounting treatment is described in Notes 2.3 and 2.4.

2.6. Current and non-current classification

Assets are classified as current assets if they are expected to be realized in less than 12 months after the date of the Consolidated Statements of Financial Position. Otherwise, they are classified as non-current assets.

Liabilities are classified as current liabilities unless an unconditional right exists to defer their repayment by at least 12 months following the date of the Consolidated Statement of Financial Position.

2.7. Borrowing costs

Interest costs incurred in the construction of any qualifying asset are capitalized over the period required to complete and prepare the asset for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its internal use or sale, which in Abengoa is considered to be more than one year.

Costs incurred relating to non-recourse factoring are expensed when the factoring transaction is completed with the financial institution.

Remaining borrowing costs (ordinary interest on principal, late interest, etc.) are expensed in the period in which they are incurred.

In relation to late interest associated to debts signatory companies of the Restructuring Agreement, and in line with the information contained in note 2.1.1, since March 18, 2016 (date of the composition contract) this interest is no longer carried to fiscal year expenses. As indicated in such contract, among the obligations assumed by the parties, creditors must abstain from claiming or accepting the payment of any amounts owed as current amortization or advance payments of principal or interest and may not charge late interest on payments due to non-payment of such amounts during the protection period guaranteed in the composition agreement (initially through 28 October 2016). These restrictions imposed on creditors are maintained following the signing of the reorganization agreement, extending them either until the implementation date of the agreement or the termination date thereof, depending on which milestone is reached first.

2.8. Impairment of non-financial assets

At 31 December 2016, the non-financial assets not classified as held for sale are not significant because, given the current situation of the company described in Note 2.1.1., an asset disinvestment process has begun and these assets have therefore been recognised as assets held for sale (see Note 7 for additional information on the standards used to determine fair value and subsequently quantify the impairment of the value of those assets).

The above notwithstanding, the details of the main accounting standards used to analyse the impairment of other non-financial assets not classified as held for sale are given below.

Annually, Abengoa performs an analysis of impairment losses of goodwill to determine the recoverable amount.

In addition, Abengoa reviews its property, plant and equipment, fixed assets in projects and intangible assets with finite and indefinite useful life to identify any indicators of impairment. This review is made annually or in less time, in the event of an indication of impairment detected.

If indications of impairment exit, Abengoa calculates the recoverable amount of the asset as the higher of its fair value less costs to sell and its value in use, defined as the present value of the estimated future cash flows to be generated by the asset. In the event that the asset does not generate cash flows independently of other assets, Abengoa calculates the recoverable amount of the Cash-Generating Unit to which the asset belongs.

When the carrying amount of the Cash Generating Unit to which these assets belong is lower than its recoverable amount, assets are impaired.

Assumptions used to calculate value in use include a discount rate, growth rates and projected changes in both selling prices and costs. The discount rate is estimated by Management, to reflect both changes in the value of money over time and the risks associated with the specific Cash-Generating Unit. Growth rates and changes in prices and costs are projected based on internal and industry projections and management experience respectively.

The main assumptions used in calculating the value in use are:

- 10-year financial projections were used for those Cash-Generating Units (CGUs) that have high growth potential based on cash flows taken into account in the strategic plans for each business unit, considering a residual value based on the cash flow in the final year of the projection.

  For the most part, the main cash-generating units (CGUs) with high growth potential are intangible assets (goodwill arising from acquisitions and assets under development) belonging to the Engineering and Industrial Construction and water operating segments. The discount rates (WACC) used to calculate the recoverable amount of those CGUs are located between 6% and 9%. The use of these 10-year financial projections was based on the assumption that it is the minimum period necessary for the discounted cash flow model to reflect all potential growth in the CGUs in each business segment showing significant investments. The aforementioned estimated cash flows were considered to be reliable due to their capacity to adapt to the real market and/or business situation faced by the CGU in accordance with the business's margin and cash-flow experience and future expectations (these businesses are very recurrent with predictable activities based on a controlled portfolio, hiring expectations, regulations, etc.).

  Additionally, it should be noted that such flows, as part of the business plan of each company are reviewed and approved every six months by Senior Management so that the estimates are continually updated to ensure consistency with the actual results obtained and the discount rates.

  In these cases, given that the period used is reasonably long, the Group then applies a zero growth rate for the cash flows subsequent to the period covered by the strategic plan.

- For concession assets with a defined useful life and with a project debt, cash flow projections until the end of the project are considered and no terminal value is assumed.

  The main cash generating units (CGUs) mainly refer to concessional assets pertaining to the Engineering and Industrial Construction and water operating segments. The discount rates (WACC) used to calculate the recoverable amount of those CGUs is between 6% and 10%.

  The use of such financial projections is justified by these concessional assets which are characteristics of based on a contractual structure (framework agreement) that permit the Company to estimate quite accurately the costs of the project (both in the construction and in the operations periods) and revenue during the life of the project, given that they are regulated by long term sales agreements, such as take-or-pay or power purchase agreements.

  In this way, projections take into account real data based on the contract terms and fundamental assumptions based on specific reports prepared by experts, assumptions on demand and assumptions on production. Additionally, assumptions on macro-economic conditions are taken into account, such as inflation rates, risk free rates, country risk, interest rates, etc. and discount rates are calculated seminually by and independent expert.

  - 5-year cash flow projections are used for all other CGUs, considering the residual value to be the cash flow in the final year projected.

  - Cash flow projections of CGUs located in other countries are calculated in the functional currency of those CGUs and are discounted using rates that take into consideration the risk premium. Present values obtained with this method are then converted to euros at the year-end exchange rate of each currency.

  - Taking into account that in most CGUs the specific financial structure is linked to the financial structure of the projects that are part of those CGUs, the discount rate used is adjusted, if necessary, in accordance with the business of the specific activity and with the risk associated with the country where the project is located.

  - In any case, sensitivity analysis are performed, especially in relation with the discount rate used, residual value and fair value changes in the main business variables, in order to value whether possible changes in the estimates of these items impact the possible recovery of recognized assets.

In the event that the recoverable amount of an asset is lower than its carrying amount, an impairment charge for the difference is recorded in the Consolidated Income Statement under the item 'Depreciation, amortization and impairment charges'. With the exception of goodwill, impairment losses recognized in prior periods which are later deemed to have been recovered are credited to the same income statement heading.

2.9. Financial Investments (current and non-current)

Financial investments are classified into the following categories, based primarily on the purpose for which they were acquired:

a) financial assets at fair value through profit and loss;

b) loans and accounts receivable; and

c) available for sale financial assets.

Classification of each financial asset is determined by management upon initial recognition, and is reviewed at each year end.

a) Financial assets at fair value through profit and loss

This category includes the financial assets acquired for trading and those initially designated at fair value through profit and loss. A financial asset is classified in this category if it is acquired mainly for the purpose of sale in the short term or if it is so designated by Management. Financial derivatives are also classified at fair value through profit and loss when they do not meet the accounting requirements to be designated as hedging instruments.

These financial assets are recognized initially at fair value, without including transaction costs. Subsequent changes in fair value are recognized under 'Gains or losses from financial assets at fair value' within the 'Finance income or expense' line of the Consolidated Income Statement for the period.

b) Loans and accounts receivable

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments, not listed on an active market.

In accordance with IFRIC 12, certain assets under concessions qualify as financial receivables (see Note 2.5.1.b).

Loans and accounts receivable are initially recognized at fair value plus transaction costs and are subsequently measured at amortized cost in accordance with the effective interest rate method. Interest calculated using the effective interest rate method is recognized under 'Interest income from loans and credits' within the 'Finance income' line of the Consolidated Income Statement.

c) Available for sale financial assets

This category includes non-derivative financial assets which do not fall within any of the previously mentioned categories. For Abengoa, they primarily comprise shares in companies that, pursuant to the regulations in force, have not been included in the scope of consolidation for the years ended December 31, 2016 and 2015 and in which the Company's stake is greater than 5% and lower than 20%.

Financial assets available for sale are initially recognized at fair value less transaction costs and subsequently measured at fair value, with changes in fair value recognized directly in equity, with the exception of translation differences of monetary assets, which are charged to the Consolidated Income Statement. Dividends from available-for-sale financial assets are recognized under 'Other finance income' within the 'Other net finance income/expense' line of the Consolidated Income Statement when the right to receive the dividend is established.

When available for sale financial assets are sold or impaired, the accumulated amount recorded in equity is transferred to the Consolidated Income Statement. To establish whether the assets have been impaired, it is necessary to consider whether the reduction in their fair value is significantly below cost and whether it will be for a prolonged period of time. The cumulative gain or loss reclassified from equity to profit or loss when the financial assets are impaired is the difference between their acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss. Impairment losses recognized in the Consolidated Income Statement are not subsequently reversed through the Consolidated Income Statement.

Acquisitions and disposals of financial assets are recognized on the trading date, i.e. the date upon which there is a commitment to purchase or sell the asset. Available for sale financial assets are derecognized when the right to receive cash flows from the investment has expired or has been transferred and all the risks and rewards derived from owning the asset have likewise been substantially transferred.

At the date of each Consolidated Statement of Financial Position, the Group evaluates if there is any objective evidence that the value of any financial asset or any group of financial assets has been impaired. This process requires significant judgment. To make this judgment, the Group assesses, among other factors, for how long and to what extent the fair value of an investment will be below its cost, considering the financial health and short-term prospects of the company issuing the securities, including factors such as the industry and sector return, changes in the technology and cash flows from operating and financing activities.

2.10. Derivative financial instruments and hedging activities

Derivatives are recorded at fair value. The Company applies hedge accounting to all hedging derivatives that qualify to be accounted for as hedges under IFRS.

When hedge accounting is applied, hedging strategy and risk management objectives are documented at inception, as well as the relationship between hedging instruments and hedged items. Effectiveness of the hedging relationship needs to be assessed on an ongoing basis. Effectiveness tests are performed prospectively and retrospectively at inception and at each reporting date, following the dollar offset method or the regression method, depending on the type of derivatives.

The Company has three types of hedges:

a) Fair value hedge for recognized assets and liabilities

Changes in fair value of the derivatives are recorded in the Consolidated Income Statement, together with any changes in the fair value of the asset or liability that is being hedged.

b) Cash flow hedge for forecasted transactions

The effective portion of changes in fair value of derivatives designated as cash flow hedges are recorded temporarily in equity and are subsequently reclassified from equity to profit or loss in the same period or periods during which the hedged item affects profit or loss. Any ineffective portion of the hedged transaction is recorded in the Consolidated Income Statement as it occurs.

When options are designated as hedging instruments (such as interest rate options described in Note 14), the intrinsic value and time value of the financial hedge instrument are separated. Changes in intrinsic value which are highly effective are recorded in equity and subsequently reclassified from equity to profit or loss in the same period or periods during which the hedged item affects profit or loss. Changes in time value are recorded in the Consolidated Income Statement, together with any ineffectiveness.

When the hedged forecasted transaction results in the recognition of a non-financial asset or liability, gains and losses previously recorded in equity are included in the initial cost of the asset or liability.

When the hedging instrument matures or is sold, or when it no longer meets the requirements to apply hedge accounting, accumulated gains and losses recorded in equity remain as such until the forecast transaction is ultimately recognized in the Consolidated Income Statement. However, if it becomes unlikely that the forecasted transaction will actually take place, the accumulated gains and losses in equity are recognized immediately in the Consolidated Income Statement.

c) Net investment hedges in foreign operation

Hedges of a net investment in a foreign operation, including the hedging of a monetary item considered part of a net investment, are recognized in a similar way to cash flow hedges.

- The gain or loss of the hedge which is determined as effective will be directly recognized as equity though the Consolidated Statements of Changes in Equity; and
- The ineffective portion will be recognized in the Consolidated Income Statement.

The gain or loss of the hedge related to the portion which has been recognized directly as equity will be reclassified to the Consolidated Income Statement when the foreign operation is sold or otherwise disposed of.

Contracts held for the purposes of receiving or making payment of non-financial elements in accordance with expected purchases, sales or use of goods ('own-use contracts') of the Group are not recognized as derivative instruments, but as executory contracts. In the event that such contracts include embedded derivatives, they are recognized separately from the host contract, if the economic characteristics of the embedded derivative are not closely related to the economic characteristics of the host contract. The options contracted for the purchase or sale of non-financial elements which may be cancelled through cash outflows are not considered to be own-use contracts.

Changes in fair value of derivative instruments which do not qualify for hedge accounting are recognized immediately in the Consolidated Income Statement. Trading derivatives are classified as a current assets or liabilities.

2.11. Fair value estimates

Financial instruments measured at fair value are presented in accordance with the following level classification based on the nature of the inputs used for the calculation of fair value:

- Level 1: Inputs are quoted prices in active markets for identical assets or abilities.
- Level 2: Fair value is measured based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e.as prices) or indirectly (derived from prices).
- Level 3: Fair value is measured based on unobservable inputs for the asset or liability.

In the event that prices cannot be observed, the management shall make its best estimate of the price that the market would otherwise establish based on proprietary internal models which, in the majority of cases, use data based on observable market parameters as significant inputs (Level 2) but occasionally use market data that is not observed as significant inputs (Level 3). Different techniques can be used to make this estimate, including extrapolation of observable market data. The best indication of the initial fair value of a financial instrument is the price of the transaction, except when the value of the instrument can be obtained from other transactions carried out in the market with the same or similar instruments, or valued using a valuation technique in which the variables used only include observable market data, mainly interest rates. According to current legislation (IFRS-EU), differences between the transaction price and the fair value based on valuation techniques that use data that is not observed in the market, are not initially recognized in the income statement.

a) Level 2 valuation

The majority of Abengoa's portfolio comprises financial derivatives designated as cash flow hedges, is classified as level 2 and mainly corresponds to the interest rate swaps (see Note 14).

Credit risk effect on the valuation of derivatives is calculated for each of the instruments in the portfolio of derivatives classified within level 2, using the own risk of the Abengoa companies and financial counterparty risk.

<u>Description of the valuation method</u>

- Interest rate swaps

  Interest rate swap valuations are made by valuing the swap component of the contract and valuing the credit risk.

  The most common methodology used by the market and applied by Abengoa to value interest rate swaps is to discount the expected future cash flows according to the parameters of the contract. Variable interest rates, which are needed to estimate future cash flows, are calculated using the curve for the corresponding currency and extracting the implicit rates for each of the reference dates in the contract. These estimated flows are discounted with the swap zero curve for the reference period of the contract, 1, 3 or 6 months.

  The effect of the credit risk on the valuation of the interest rate swaps depends on its settlement. If the settlement is favorable for the Company, the counterparty credit spread will be incorporated to quantify the probability of default at maturity. If the expected settlement is negative for the company, its own credit risk will be applied to the final settlement.

  Classic models for valuing interest rate swaps use deterministic valuation of variable rates, based on future outlooks. When quantifying credit risk, this model is limited by considering only the risk for the current paying party, ignoring the fact that the derivative could change sign at maturity. A payer and receiver swaption model is used for these cases. This enables the associated risk in each swap position to be reflected. Thus, the model shows each agent's exposure, on each payment date, as the value of entering into the 'tail' of the swap, i.e. the live part of the swap.

- Interest rate Caps and Floors

  Interest rate caps and floors are valued by separating the derivative in the successive caplets/floorlets that comprise the transaction. Each caplet or floorlet is valued as a call or put option, respectively, on the reference interest rate, for which the Black-Scholes approach is used for European-type options (exercise at maturity) with minor adaptations and following the Black-76 model.

- Forward foreign exchange transactions

  Forward contracts are valued by comparing the contracted forward rate and the rate in the valuation scenario at the maturity date. The contract is valued by calculating the cash flow that would be obtained or paid from theoretically closing out the position and then discounting that amount.

- Commodity swaps

  Commodity swaps are valued in the same way as forward foreign exchange contracts, calculating the cash flow that would be obtained or paid from theoretically closing out the position.

- Equity options

  Equity options are valued using the Black-Scholes model for American-type options on equities.

- Embedded derivatives in convertible bonds

  The embedded derivatives in convertible bonds consist of an option to convert the bond into shares in favor of the bondholder; call options for the issuer to repurchase the bonds at a specific price on specific dates; and put options for the bondholder to redeem the bonds at a specific price and on specific dates. Since these are Bermuda-type options (multiple exercise dates), they are valued using the Longstaff-Schwartz model and the Monte Carlo method.

Variables (Inputs)

Interest rate derivative valuation models use the corresponding interest rate curves for the relevant currency and underlying reference in order to estimate the future cash flows and to discount them. Market prices for deposits, futures contracts and interest rate swaps are used to construct these curves. Interest rate options (caps and floors) also use the volatility of the reference interest rate curve.

Exchange rate derivatives are valued using the interest rate curves of the underlying currencies in the derivative, as well as the corresponding spot exchange rates.

The inputs in equity models include the interest rate curves of the corresponding currency, the price of the underlying asset, as well as the implicit volatility and any expected future dividends.

To estimate the credit risk of the counterparty, the credit default swap (CDS) spreads curve is obtained in the market for important individual issuers. For less liquid issuers, the spreads curve is estimated using comparable CDSs or based on the country curve. To estimate proprietary credit risk, prices of debt issues in the market and CDSs for the sector and geographic location are used.

The fair value of the financial instruments that results from the aforementioned internal models, takes into account, among other factors, the terms and conditions of the contracts and observable market data, such as interest rates, credit risk, exchange rates, commodities and share prices, and volatility. The valuation models do not include significant levels of subjectivity, since these methodologies can be adjusted and calibrated, as appropriate, using the internal calculation of fair value and subsequently compared to the corresponding actively traded price. However, valuation adjustments may be necessary when the listed market prices are not available for comparison purposes.

b) Level 3 valuation

Level 3 includes available for sale financial assets, as well as derivative financial instruments whose fair value is calculated based on models that use non observable or illiquid market data as inputs.

Fair value within these elements was calculated by taking as the main reference the value of the investment - the company's cash flow generation based on its current business plan, discounted at a rate appropriate for the sector in which each of the companies is operating. Valuations were obtained from internal models. These valuations could vary where other models and assumptions made on the principle variables had been used, however the fair value of the assets and liabilities, as well as the results generated by these financial instruments are considered reasonable.

Detailed information on fair values is included in Note 12.

2.12. Inventories

Inventories are valued at the lower of cost or net realizable value. In general, cost is determined by using the first-in-first-out (FIFO) method. The cost of finished goods and work in progress includes design costs, raw materials, direct labor, other direct costs and general manufacturing costs (assuming normal operating capacity). Borrowing costs are not included. The net realizable value is the estimated sales value in the normal course of business, less applicable variable selling costs.

Cost of inventories includes the transfer from equity of gains and losses on qualifying cash-flow hedging instruments related with the purchase of raw materials or with foreign exchange contracts.

2.13. Biological assets

Abengoa recognizes sugar cane in production as biological assets. The production period of sugar cane covers the period from preparation of the land and sowing the seedlings until the plant is ready for first production and harvesting. Biological assets are classified as property, plant and equipment in the Consolidated Statement of Financial Position. Biological assets are recognized at fair value, calculated as the market value less estimated harvesting and transport costs.

Agricultural products harvested from biological assets, which in the case of Abengoa are cut sugar cane, are classified as inventories and measured at fair value less estimated sale costs at the point of sale or harvesting.

Fair value of biological assets is calculated using as a reference the forecasted market price of sugarcane, which is estimated using public information and estimates on future prices of sugar and ethanol. Fair value of agricultural products is calculated using as a reference the price of sugar cane made public on a monthly basis by the Cane, Sugar and Alcohol Producers Board (Consecana).

Gains or losses arising as a result of changes in the fair value of such assets are recorded within 'Operating profit' in the Consolidated Income Statement.

To obtain the fair value of the sugar cane while growing, a number of assumptions and estimates have been made in relation to the area of land sown, the estimated TRS (Total Recoverable Sugar contained within the cane) per ton to be harvested and the average degree of growth of the agricultural product in the different areas sown.

2.14. Clients and other receivables

Clients and other receivables relate to amounts due from customers for sales of goods and services rendered in the normal course of operation.

Clients and other receivables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest rate method, less provision for impairment. Trade receivables due in less than one year are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

A provision for impairment of trade receivables is recorded when there is objective evidence that the Group will not be able to recover all amounts due as per the original terms of the receivables. The existence of significant financial difficulties, the probability that the debtor is in bankruptcy or financial reorganization and the lack or delay in payments are considered evidence that the receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. When a trade receivable is uncollectable, it is written off against the bad debt provision.

Clients and other receivables which have been factored with financial entities are derecognized and hence removed from assets on the Consolidated Statement of Financial Position only if all risks and rewards of ownership of the related financial assets have been transferred, comparing the Company's exposure, before and after the transfer, to the variability in the amounts and the calendar of net cash flows from the transferred asset. Once the Company's exposure to this variability has been eliminated or substantially reduced, the financial asset has been transferred, and is derecognized from the Consolidated Statement of Financial Position (See Note 4.b).

2.15. Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in bank and other highly-liquid current investments with an original maturity of three months or less which are held for the purpose of meeting short-term cash commitments.

In the Consolidated Statement of Financial Position, bank overdrafts are classified as borrowings within current liabilities.

2.16. Share capital

Parent company shares are classified as equity. Transaction costs directly attributable to new shares are presented in equity as a reduction, net of taxes, to the consideration received from the issue.

Treasury shares are classified in Equity-Parent company reserves. Any amounts received from the sale of treasury shares, net of transaction costs, are classified as equity.

2.17. Government grants

Non-refundable capital grants are recognized at fair value when it is considered that there is a reasonable assurance that the grant will be received and that the necessary qualifying conditions, as agreed with the entity assigning the grant, will be adequately met.

Grants related to income are recorded as liabilities in the Consolidated Statement of Financial Position and are recognized in 'Other operating income' in the Consolidated Income Statement based on the period necessary to match them with the costs they intend to compensate.

Grants related to fixed assets are recorded as non-current liabilities in the Consolidated Statement of Financial Position and are recognized in 'Other operating income' in the Consolidated Income Statement on a straight-line basis over the estimated useful economic life of the assets.

2.18. Loans and borrowings

External resources are classified in the following categories:

a) project debt (see Note 19);

b) corporate financing (see Note 20).

Loans and borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost and any difference between the proceeds initially received (net of transaction costs incurred in obtaining such proceeds) and the repayment value is recognized in the Consolidated Income Statement over the duration of the borrowing using the effective interest rate method.

Interest free loans and loans with interest rates below market rates, mainly granted for research and development projects, are initially recognized at fair value in liabilities in the Consolidated Statement of Financial Position. The difference between proceeds received from the loan and its fair value is initially recorded within 'Grants and Other liabilities' in the Consolidated Statement of Financial Position, and subsequently recorded in 'Other operating income- Grants' in the Consolidated income statement when the costs financed with the loan are expensed. In the case of interest free loans received for development projects where the Company record an intangible asset, income from the grant will be recognized according to the useful life of the asset, at the same rate as we record its amortization.

Commissions paid for obtaining credit lines are recognized as transaction costs if it is probable that part or all of the credit line will be drawn down. If this is the case, commissions are deferred until the credit line is drawn down. If it is not probable that all or part of the credit line will be drawn down, commission costs are expensed in the period.

2.18.1. Abengoa Convertible notes

Pursuant to the Terms and Conditions of each of the convertible notes issued issued by Abengoa in the last years except for the 2019 notes, when investors exercise their conversion right, the Company may decide whether to deliver shares of the company, cash, or a combination of cash and shares (see Note 20.3 for further information).

In accordance with IAS 32 and IAS 39, since Abengoa has a contractual right to choose the type of payment and one of these possibilities is paying through a variable number of shares and cash, the conversion option qualifies as an embedded derivative. Thus, the convertible bond is considered a hybrid instrument, which includes a component of debt and an embedded derivative for the conversion option held by the bondholder.

The Company initially measures the embedded derivative at fair value and classifies it under the derivative financial instruments liability heading. At the end of each period, the embedded derivative is re-measured and changes in fair value are recognized under 'Other net finance income or expense' within the 'Finance expense net' line of the Consolidated Income Statement. The debt component of the bond is initially recorded as the difference between the proceeds received for the notes and the fair value of the aforementioned embedded derivative. Subsequently, the debt component is measured at amortized cost until it is settled upon conversion or maturity. Debt issuance costs are recognized as a deduction in the value of the debt in the Consolidated Statement of Financial Position and included as part of its amortized cost.

In relation to the convertible bonds maturing in 2017, in accordance with IAS 32 and IFRIC 19, a profit or loss is recognized for the difference between the equity instrument converted and the cancelled debt book value as a consequence of the reclassification from debt to convertible equity instruments, when they contain an embedded derivative and the initial terms of the instrument remain unchanged.

In relation to the convertible bonds maturing in 2019, at the beginning of 2014, the Board of Directors expressly and irrevocably stated, with binding effect, that in relation to the right conferred on Abengoa to choose the type of payment, the Company shall not exercise the cash settlement option in the event that bondholders decide to exercise their conversion right early during the period granted for that effect and Abengoa, S.A. shall therefore only settle this conversion right in a fixed number of shares. Accordingly, the fair value at the beginning of the year of the derivative liability embedded in the convertible bond was reclassified as equity since after that date the conversion option meets the definition of an equity instrument.

2.18.2. Altantica Yield convertible bonds

Based on their terms and conditions, these instruments were classified as hybrids comprising a debt contract (liability) and an implicit derivative (also a liability) as established in IAS 32: "Financial instruments: Presentation". More specifically, classification as a hybrid instrument originates in the cash payment to be made by Abengoa to the holder of the instrument on the maturity date if the trading price of Atlantica Yield stock were lower than the range established in the terms and conditions of the contract.

The accounting treatment of the share swap in relation to the hybrid instrument issued by Abengoa which is convertible to shares in its subsidiary Atlantica Yield is based on the company's accounting policy, which is consistent with the accounting framework applicable to the Consolidated Financial Statements according to IAS 8 "Accounting policies, changes in accounting estimates and errors".

In this regard, and unlike what happens when accounting for the conversion of a compound financial instrument, IFRS standards do not specify how the conversion of a hybrid instrument should be treated from an accounting standpoint. Therefore, according to paragraph 10 and following of IAS 8, an accounting policy must be established that is applied consistently to the conversion of these types of hybrid liability instruments.

Consequently, when devising its accounting policy Abengoa considered the contents of the guidelines of an international accounting firm for interpreting accounting policy. According to those guidelines, when reclassifying liability to equity derived from a change in the factual conditions of a financial instrument, when the contractual terms have not changed, it is permissible to establish as an accounting policy, and by analogy with IFRIS 19, the recognition in the income statement for the period, of the difference between the carrying value of the cancelled financial liability (or part of a financial liability) and the consideration paid according to the 41st paragraph of IAS 39.

2.18.3. Ordinary notes

The company initially recognizes ordinary notes at fair value, net of issuance costs incurred. Subsequently, notes are measured at amortized cost until settlement upon maturity. Any other difference between the proceeds obtained (net of transaction costs) and the redemption value is recognized in the Consolidated Income Statement over the term of the debt using the effective interest rate method.

2.19. Current and deferred income taxes

Income tax expense for the period comprises current and deferred income tax. Income tax is recognized in the Consolidated Income Statement, except to the extent that it relates to items recognized directly in equity. In these cases, income tax is also recognized directly in equity.

Current income tax expense is calculated on the basis of the tax laws in force or about to enter into force as of the date of the Consolidated Statement of Financial Position in the countries in which the subsidiaries and associates operate and generate taxable income.

Deferred income tax is calculated in accordance with the Consolidated Statement of Financial Position liability method, based upon the temporary differences arising between the carrying amount of assets and liabilities and their tax base. However, deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined using tax rates and regulations which are enacted or substantially enacted at the date of the Consolidated Statement of Financial Position and are expected to apply and/or be in force at the time when the deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only when it is probable that sufficient future taxable profit will be available to use deferred tax assets.

Deferred taxes are recognized on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is not probable that temporary differences will reverse in the foreseeable future.

2.20. Employee benefits

Bonus schemes

The Group records the amount annually accrued in accordance with the percentage of compliance with the plan’s established objectives as personnel expense in the Consolidated Income Statement

Expenses incurred from employee benefits are disclosed in Note 29

2.21. Provisions and contingencies

Provisions are recognized when:

- there is a present obligation, either legal or constructive, as a result of past events;
- it is more likely than not that there will be a future outflow of resources to settle the obligation; and
- the amount has been reliably estimated.

Provisions are initially measured at the present value of the expected outflows required to settle the obligation and subsequently valued at amortized cost following the effective interest method.

Contingent liabilities are possible obligations, existing obligations with low probability of a future outflow of economic resources and existing obligations where the future outflow cannot be reliably estimated. Contingences are not recognized in the Consolidated Statements of Financial Position unless they have been acquired in a business combination.

2.22. Trade payables and other liabilities

Trade payables and other liabilities are obligations arising from the purchase of goods or services in the ordinary course of business and are recognized initially at fair value and are subsequently measured at their amortized cost using the effective interest method.

Other liabilities are obligations not arising from the purchase of goods or services in the normal course of business and which are not treated as financing transactions.

Advances received from customers are recognized as ‘Trade payables and other current liabilities’.

Non-recourse confirming

Abengoa's payment management policy requires all group companies to pay their suppliers and vendors using non-recourse bank confirming payments (also called non-recourse confirming) as a general rule, without differentiating between those group suppliers that, for various reasons, may be part of each company's supply chain. Regardless of whether the invoice originates from an external or a Group supplier, the underlying document of the non-recourse confirming will always be a commercial invoice, in other words an invoice derived from the operational activities of a specific company.

The International Financial Reporting Standards ('IFRS') do not explicitly state the accounting treatment applicable to the aforementioned transactions. Nevertheless, the European Securities and Markets Authority (ESMA) issued a public statement on October 27, 2015 which defines their priorities when preparing the Financial statements for the year 2015, in order to promote consistent application of the IFRS among issuers. The aforementioned statement state that these types of transactions (also called "reverse factoring") should be analyzed depending on the economic substance of the agreements, so that issuers can conclude whether the trade debt should be classified as financial debt within the Statements of financial position, or payments made should be classified as financial or operational within the Cash flow statements. In either case, ESMA recommends that the issuer provides clear details of the accounting classification policy that it has applied, indicating the assumptions that have been made and the corresponding quantitative impacts.

Consequently, provided that there are no material changes to the conditions of the trade debt (for example, to the due date, the amount or the interest rates, if applicable), the fact that due to the use of confirming, the new legal creditor is a financial institution instead of the supplier, does not change the economic character of the debt that arose from the operational activities of the Group company, regardless of whether it originated from an external or a group supplier.

Consequently, the accounting policy consistently chosen by Abengoa over the last few years regarding its supplier balances associated with non-recourse confirming has been to record them until their due date under the "Suppliers and other accounts payable" heading in the Statements of financial position regardless of whether the collection rights have been assigned by the creditor to a financial institution and whether it originates from an external or a group supplier. Although in case of group suppliers, there could be characteristics that might lead to different interpretations.

Notwithstanding the foregoing, in 2015, there was a new interpretation the relevant regulatory agencies. Since the new interpretation, amounts corresponding to supplier balances associated to non-recourse confirming which has been originated from a group supplier were reclassified as "Corporate Financing" under current liabilities the statement of financial position as of December 31, 2015, despite their original commercial economic substance.

2.23. Foreign currency transactions

a) Functional currency

Financial statements of each subsidiary within the Group are measured and reported in the currency of the principal economic environment in which the subsidiary operates (subsidiary's functional currency). The Consolidated Financial Statements are presented in euro, which is Abengoa's functional and reporting currency.

b) Transactions and balances

Transactions denominated in a currency different from the subsidiary's functional currency are translated into the subsidiary's functional currency applying the exchange rates in force at the time of the transactions. Foreign currency gains and losses that result from the settlement of these transactions and the translation of monetary assets and liabilities denominated in foreign currency at the year-end rates are recognized in the Consolidated Income Statement, unless they are deferred in equity, as occurs with cash-flow hedges and net investment in foreign operations hedges.

c) Translation of the Financial statements of foreign companies within the Group

Income statements and Statements of financial position of all Group companies with a functional currency different from the group's reporting currency (euro) are translated to euros as follows:

1) All assets and liabilities are translated to euros using the exchange rate in force at the closing date of the Consolidated Financial Statements.

2) Items in the Income Statement are translated into euros using the average annual exchange rate, calculated as the arithmetical average of the average exchange rates for each of the twelve months of the year, which does not differ significantly from using the exchange rates of the dates of each transaction.

3) The difference between equity, including profit or loss calculated as described in (2) above, translated at the historical exchange rate, and the net financial position that results from translating the assets, and liabilities in accordance with (1) above, is recorded in equity in the Consolidated Statement of Financial Position under the heading 'Accumulated currency translation differences'.

Results of companies carried under the equity method are translated at the average annual exchange rate calculated described in (2.c.) above.

Goodwill arising on the acquisition of a foreign company is treated as an asset of the foreign company and is translated at the year-end exchange rate.

2.24. Revenue recognition

a) Ordinary income

Ordinary income comprises the fair value of sales of goods or services, excluding VAT or similar taxes, any discounts or returns and excluding sales between Group entities.

Ordinary income is recognized as follows:

- Income from the sale of goods is recognized when the Group delivers the goods to the client, the client accepts them and it is reasonably certain that the related receivables will be collectible.
- Income from the sale of services is recognized in the period in which the service is provided.
- Interest income is recognized using the effective interest rate method. When a receivable is considered impaired, the carrying amount is reduced to its recoverable amount, discounting the estimated future cash flows at the original effective interest rate of the instrument and recording the discount as a reduction in interest income. Income from interest on loans that have been impaired is recognized when the cash is collected or on the basis of the recovery of the cost when the conditions are guaranteed.
- Dividend income is recognized when the right to receive payment is established.

b) Construction contracts

Costs incurred in relation to construction contracts are recognized when incurred. When the outcome of a construction contract cannot be reliably estimated, revenues are only recognized up to the amount of the costs incurred to date that are likely to be recovered.

When the outcome of a construction contract can be reliably estimated and it is probable that it will be profitable, revenue from the contract is recognized over the term of the contract. When it is probable that the costs of the project will be greater than its revenue, expected loss is recognized immediately as an expense. To determine the appropriate amount of revenue to be recognized in any period, the percentage of completion method is applied. The percentage of completion method considers, at the date of the Statement of Financial Position, the actual costs incurred as a percentage of total estimated costs for the entire contract.

Partial billing that has not yet been settled by the clients and withholdings are included under the Trade and other receivables heading.

Gross amounts owed by clients for ongoing works in which the costs incurred plus recognized profits (minus recognized losses) exceed partial billing are presented as assets under the heading of 'Unbilled Revenue' within 'Clients and other receivables' heading of the Statement of Financial Position.

On the other hand, amounts outstanding from customers for work in progress for which the billing to date is greater than the costs incurred plus recognized profits (less recognized losses) are shown as liabilities within the line item 'Advance payments from clients' in the Trade payables and other current liabilities caption of the Consolidated Statement of Financial Position.

Lastly, as stated in point 2.4 on the measurement of property, plant and equipment in internal asset construction projects outside the scope of IFRIC 12 on Service Concession Arrangements (see Note 2.5), revenues and profits between group companies are eliminated, meaning that such assets are shown at their acquisition cost.

Contract amendments (instructions from the client to change the scope of the initial work to be done) will be registered as income only when in probable that the client approve the amendment and it is possible to quantify reliably the ordinary revenues after the amendment.

Claims from clients due to not included costs in the initial scope of the contracted work will be registered as revenues only when exist advanced negotiations, is probable that the client will accept the claim and the amount can be quantified reliably.

c) Concession contracts

Concession contracts are public services agreements for periods usually between 20 and 30 years including both the construction of infrastructure and future services associated with the operation and maintenance of assets in the concession period which are under the scope of IFRIC 12. Revenue recognition, as well as, the main characteristics of these contracts are detailed in Note 2.5.

2.25. Leases

Lease contracts of fixed assets in which a Group company is the lessee and substantially retains all the risks and rewards associated with the ownership of the assets are classified as finance leases.

Finance leases are recognized at inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments over the contract term. Each lease payment is distributed between debt and financing costs, in a way which establishes a constant interest rate on the outstanding debt. The amounts to be paid over the lease term, net of financing costs, are recognized as non-current and current payables, as appropriate. The interest portion of the financing costs is charged to the Consolidated Income Statement over the period of the lease agreement, in order to obtain a constant periodic interest rate on the balance of the outstanding debt in each period. Assets acquired under finance lease agreements are depreciated over the shorter of the useful life of the asset and the lease term.

Lease agreements undertaken by the Group in which the entity entering into the agreement does not substantially retain all the risks and rewards associated with the ownership of the asset are classified as operating leases. Payments made under operating leases are charged to the Consolidated Income Statement (net of any incentives received from the lessor) on a straight-line basis over the lease term.

2.26. Segment reporting

Information on the Group's operating segments is presented in accordance with internal information provided to the Group's Chief Operating Decision Maker (CODM). The CODM, responsible for assigning resources and evaluating the performance of the operating segments, has been identified as the Chairman.

The President evaluates business from an activity and geographic perspective. As described in Note 5, the CODM reviews the business by 5 operating segments which are in turn grouped, for business purposes, into 2 activities: Engineering & Construction and Concession-type Infrastructures.

Geographically, the Group reports financial information by 6 regions which are Spain (home market), North America, South America (except Brazil), Brazil, Europe (except Spain) and other (the remaining overseas markets).

For detailed information on segment reporting, see Note 5.

2.27. Environmental assets

Equipment, installations and systems used to eliminate, reduce or control possible environmental impacts are recognized applying the same criteria used for other similar assets.

Provisions made for the environmental restoration, the costs of restructuring and the litigations are recognized when the company has a legal or constructive obligation as a result of past events, it becomes probable that an outflow of resources will be necessary to settle the obligation and the outflow can be reliably estimated.

Note 33.6 gives additional information on the Group's environmental policies.

2.28. Severance payments

Severance payments are made to employees in the event that the company terminates their employment contract prior to the normal retirement age or when the employee voluntarily accepts redundancy in the terms offered by the employer. The Group recognizes severance payments when it is demonstrably committed to third parties to provide indemnities for leaving the company or to dismiss the current workers in accordance with a detailed formal plan, with no possibility of retracting.

2.29. Assets held for sale and discontinued operations

The Group classifies property, plant and equipment, intangible assets and disposal groups (groups of assets that are to be sold together with their directly associated liabilities) as non-current assets held for sale when, at the date of the Consolidated Statement of Financial Position, an active program to sell them has been initiated by Management and the sale is foreseen to take place within the following twelve months.

The Group includes in discontinued operations those business lines which have been sold or otherwise disposed of or those that meet the conditions to be classified as held-for-sale. Discontinued operations also include those assets which are included in the same sale program together with the business line. Entities which are acquired exclusively with a view for resale are also classified as discontinued operations.

Assets held for sale or disposal groups are measured at the lower of their carrying value or fair value less estimated costs necessary to sell them. They are no longer amortized or depreciated from the moment they are classified as non-current assets held for sale.

Assets held for sale and the components of disposal groups are presented in the Consolidated Statement of Financial Position grouped under a single heading as ‘Assets held for sale’. Liabilities are also grouped under a single heading as ‘Liabilities held for sale’.

The after-tax profit or loss on discontinued operations is presented in a single line within the Consolidated Income Statement under the heading ‘Profit (loss) from discontinued operations, net of tax'.

As indicated in IFRS 5, the elimination of intragroup transactions with companies classified as discontinued operations are performed in continuing operations or in the line of discontinued operations, depending on how they reflect more appropriately the business’ continuity or not in each case.

Further information is provided on Non-current assets held for sale and discontinued operations in Note 7.

2.30. Third-Party Guarantees and Commitments

The types of guarantees given to third parties in the normal course of activities in Abengoa:

a) Bank guarantees and surety insurances: Correspond to guarantees provided by financial entities to Group companies to comply with any commitment made to a third party (Bid bonds, performance and others)

   In case of breach of the undertaken commitment, and therefore, a possible obligation with the financial entity, the Company proceeds to recognize a liability in the Consolidated Statement of Financial Position sheet only when outflows of resources are probable.

b) Guarantees: Correspond to commitments documented by a Group company to a third party (Bid Bonds, performance, financing and others)

In case of breach of the undertaken commitment, and therefore, a possible obligation with the third party, the Company proceeds to recognize a liability in the Consolidated Statement of Financial Position sheet only when outflows of resources are probable, provided that such obligation was not previously recognized in the balance sheet.

Further information provided in Note 23.

Note 3.- Critical accounting estimates and judgements

In Abengoa’s Consolidated Financial Statements under IFRS-EU requires assumptions and estimates to be made which have an impact on assets, liabilities, income, expenses and disclosures related. Actual results could be different from estimated. The most critical accounting policies, which have been taken into account in these Consolidated Financial Statements, are:

› Impairment of intangible assets and goodwill.

› Impairment of assets classified as held for sale.

› Revenue and expense from construction contracts.

› Service concession agreements.

› Income taxes and recoverable amount of deferred tax assets.

› Derivatives and hedging.

› Guarantees provided to third parties.

Some of these critical accounting policies require the deployment of significant judgement by The Board of Directors in order to determine appropriate assumptions and estimates to determine these critical accounting policies. These estimates and assumptions are not only based on historical experience of the Company, but also, on the advice of experts and consultants, other circumstances and expectations and forecasts as of the end of the reporting period. Directors´ assessment has to be considered given the business environment of the industries and geographies in which the Group operates, taking into account the future development of the business. Provided its nature, these judgments and assumptions are subject to an inherent degree of uncertainty and, thus, the real results may materially differ from assumptions and estimates used. Upon the occurrence of such event, assets and liabilities will be adjusted.

Based in what has been exposed in Note 2.1 regarding the application of the going concern basis of accounting Abengoa’s Consolidated Financial Statements corresponding as of December 31, 2015, estimates and assumptions have been made by the Board of Directors in order to determine the impacts of that situation over the assets, liabilities, income, expenses and commitments recorded therein.

Upon the occurrence of a significant change in the facts and circumstances upon which estimates and assumptions have been made, management might be required to amend such estimates and assumptions in future periods. Changes in accounting estimates are recognized prospectively, in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Impairment of intangible assets and goodwill

Goodwill and Intangible assets which have not yet come into operation or that have an indefinite useful life are not amortized and are tested for impairment on an annual basis or whenever there an impairment indicator exists. Goodwill is tested for impairment within the Cash-Generating Unit to which it belongs. Other intangible assets are tested individually, unless they do not generate cash flows independently from other assets, in which case they are tested within the Cash-Generating Unit to which they belong.

For those cash generating units with high growth potential, the Group uses cash flow projections for a period of 10 years based on the cash flows identified in the Group's strategic plans, which are reviewed and approved every six months by the Management of the Group. The residual value is calculated based on the cash flows of the latest year projected using a steady or nil growth rate. The use of a 10 year period is based on the consideration that this is the minimum period needed to be used in order to appropriately reflect all the potential growth of these cash generating units. In addition, 10 year projections are prepared based on the historical experience within the Group in preparing long-term strategic plans, which are considered reliable and are prepared on the basis of the Group's internal control system. These cash flows are considered reliable since they can easily adapt to the changes of the market and of the business segment to which cash generating units belong, based on the Group's past experience on cash flows and margins and on future expectations.

For other cash generating units the Group uses cash flows projections based on a 5 years period, calculating the residual value based on the cash flows of the latest year projected, 'using a zero growth rate'.

Projected cash flows are discounted using the Weighted Average Cost of Capital (see Note 2.8), adjusted for the specific risks associated to the business unit to which the cash generating unit belongs.

At the 2016 year-end the company recognised an expense for impairment losses in the value of intangible assets with indefinite useful life and there were no significant intangible assets not yet in use in the amount of €163 million (see Note 8.1). At the 2015 year-end there were no significant impairment expenses under this heading.

Impairment of assets classified as held for sale.

The Group classifies property, plant and equipment, intangible assets and disposal groups (groups of assets that are to be sold together with their directly associated liabilities) as non-current assets held for sale when, at the date of the Consolidated Statement of Financial Position, an active program to sell them has been initiated by Management and the sale is foreseen to take place within the following twelve months.

Assets held for sale or disposal groups are measured at the lower of their carrying value or fair value less estimated costs necessary to sell them. They are no longer amortized or depreciated from the moment they are classified as non-current assets held for sale.

A loss in the value of these assets due to impairment is recognised when the fair value less the cost of sale is less than the carrying value.

To analyse the fair value and subsequently quantify the possible impairment of assets held for sale, in some cases significant accounting estimates and judgments must be made when it is not possible to explicitly quantify all possible risks.

The standards used to analyse the impairment of assets held for sale are detailed in note 7 of this report.

At the 2016 year end, the company recognised an expense for impairment losses in the value of assets held for sale in the amount of 4,122 million euros (13 million euros in 2015) as the difference between the carrying value and the fair value less the cost of sale (see Note 7).

Revenue from construction contracts

Revenue from construction contracts is recognized using the percentage-of-completion method for contracts whose outcome can be reliably estimated and it is probable that they will be profitable. When the outcome of a construction contract cannot be reliably estimated, revenue is recognized only to the extent it is probable that contract costs incurred will be recoverable.

As described in Note 2.24.b), the percentage of completion is determined at the date of Consolidated Statement of Financial Position based on the actual costs incurred as a percentage of total estimated costs for the entire contract.

Revenue recognition using the percentage-of-completion method involves the use of estimates of certain key elements of the construction contracts, such as total estimated contract costs, allowances or provisions related to the contract, period of execution of the contract and recoverability of the claims. The Company has established, over the years, a robust project management and control system, with periodic monitoring of each project. This system is based on the long-track record of the Group in constructing complex infrastructures and installations. As far as practicable, the Group applies past experience in estimating the main elements of construction contracts and relies on objective data such as physical inspections or third parties confirmations. Nevertheless, given the highly tailored characteristics of the construction contracts, most of the estimates are unique to the specific facts and circumstances of each contract.

Although estimates on construction contracts are periodically reviewed on an individual basis, we exercise significant judgments and not all possible risks can be specifically quantified.

It is important to point out that, as stated in Note 2.4 about Property plant and equipment, in the internal asset construction projects outside the scope of IFRIC 12 of Service Concession Arrangements (see Note 2.5), the totality of the revenues and profits between group companies is eliminated, meaning that said assets are shown at their acquisition cost.

Concession Agreements

The analysis on whether the IFRIC 12 applies to certain contracts and activities involves various complex factors and it is significantly affected by legal interpretation of certain contractual agreements or other terms and conditions with public sector entities.

Therefore, the application of IFRIC 12 requires extensive judgment in relation with, amongst other factors, (i) the identification of certain infrastructures (and not contractual agreements) in the scope of IFRIC 12, (ii) the understanding of the nature of the payments in order to determine the classification of the infrastructure as a financial asset or as an intangible asset and (iii) the recognition of the revenue from construction and concessionary activity.

Changes in one or more of the factors described above may significantly affect the conclusions as to the appropriateness of the application of IFRIC 12 and, therefore, the results of operations or our financial position (see Note 10.1).

Income taxes and recoverable amount of deferred tax assets

Determining income tax expense requires judgment in assessing the timing and the amount of deductible and taxable items, as well as the interpretation and application of tax laws in different jurisdictions. Due to this fact, contingencies or additional tax expenses could arise as a result of tax inspections or different interpretations of certain tax laws by the corresponding tax authorities.

Group Management assesses the recoverability of deferred tax assets on the basis of estimates of the future taxable profit. In making this assessment, Management considers the foreseen reversal of deferred tax liabilities, projected taxable profit and tax planning strategies. This assessment is carried out on the basis of internal projections, which are updated to reflect the Group's most recent operating trends.

The Group's current and deferred income taxes may be impacted by events and transactions arising in the normal course of business as well as by special non-recurring circumstances. The assessment of the appropriate amount and classification of income taxes is dependent on several factors, including estimates of the timing and realization of deferred tax assets and the timing of income tax payments.

At the end of 2016, there is an expense due to the deferred tax assets impairment amounted to €369 million, in which €119 million correspond to assets of companies classified as held for sale (see Note 24.2). At the end of 2015, there was not any significant amount registered for this concept.

Actual collections and payments may materially differ from these estimates as a result of changes in tax laws as well as unforeseen future transactions impacting the income tax balances.

Derivatives financial instruments and hedging

The Group uses derivatives in order to mitigate risks arising from foreign exchange, interest rates and changes in the prices of assets and commodities purchased (principally aluminum, grain, ethanol, sugar and gas). Derivatives are initially recognized at fair value on the date that the derivative contract is entered into for, and are subsequently re-measured at fair value at each reporting date (see Notes 2.10 and 2.11 for a full description of the accounting policy for derivatives).

Contracts held for the purposes of receiving or making payment of non-financial elements in accordance with expected purchases, sales or use of goods (own-use contracts) of the Group are not recognized as financial derivative instruments, but as executory contracts. In the event that such contracts include embedded derivatives, those derivatives are recorded separately from the original contract, if the economic characteristics of the embedded derivative are not closely related to the economic characteristics of the original host contract. Options contracted for the purchase or sale of non-financial elements which may be cancelled through cash outflows are not considered to be 'own-use contracts'.

The inputs used to calculate fair value of our derivatives are based on observable prices on not quoted markets, through the application of valuation models (Level 2). The valuation techniques used to calculate fair value of our derivatives include discounting estimated future cash flows, using assumptions based on market conditions at the date of valuation or using market prices of similar comparable instruments, amongst others. The derivatives valuation and the identification and valuation of embedded derivatives and own-use contracts require the use of considerable professional judgment. These determinations were based on available market information and appropriate valuation methodologies. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Third-party guarantees

The analysis of the guarantees committed to third parties, given the exceptional nature and uncertainty of the current situation of the company provided by the Article 5 bis of Ley Concursal, requires a complex judgment to estimate the contractual breaches that may exits and as a consequence of possible breaches, the outflow of resources probability that may give rise to the recognition of a financial liability on the company's consolidated balance sheet.

Such situation could affect the facts and circumstances in which these estimations are based and that could arise significant changes on them.

At the 2016 year-end, a financial liability in the amount of €368 million was recognised. (See Notes 20.5 and 23.1)

Note 4.- Financial risk management

Abengoa's activities are undertaken through its operating segments and are exposed to various financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk.

Notwithstanding Abengoa's current situation as discussed in note 2.1. which has affected the management of the company's liquidity and capital risks, the Risk Management Model used by Abengoa has always attempt to minimize the potential adverse impact of such risks upon the Group's financial performance.

Risk is managed by the Group's Corporate Finance Department, which is responsible for identifying and evaluating financial risks in conjunction with the Group's operating segments, quantifying them by project, region and company, and diversifying the sources of finance in an attempt to prevent concentrations.

Written internal risk management policies exist for global risk management, as well as for specific areas of risk, such as foreign exchange risk, credit risk, interest rate risk, liquidity risk, the use of hedging instruments and derivatives and the investment of cash surpluses.

In addition there are official written management regulations regarding key controls and control procedures for each company and the implementation of these controls is monitored through Internal Audit procedures.

The Group is affected by the following financial risks:

a) Market risk

Market risk arises when group activities are exposed fundamentally to financial risk derived from changes in foreign exchange rates, interest rates and changes in the fair values of certain raw materials.

To hedge such exposure, Abengoa uses currency forward contracts, options and interest rate swaps as well as future contracts for commodities. The Group does not generally use derivatives for speculative purposes.

› Foreign exchange rate risk: the international activity of the Group generates exposure to foreign exchange rate risk. Foreign exchange rate risk arises when future commercial transactions and assets and liabilities recognized are not denominated in the functional currency of the group company that undertakes the transaction or records the asset or liability. The main exchange rate exposure for the Group relates to the US Dollar against the Euro.

  To control foreign exchange risk, the Group purchases forward exchange contracts. Such contracts are designated as fair-value or cash-flow hedges, as appropriate.

  In the event that the exchange rate of the US Dollar had risen by 10% against the euroas of December 31, 2016, with the rest of the variables remaining constant, the effect in the Consolidated Income Statement would have been a loss of €24,707 thousand (loss of €27,185 thousand on 2015) mainly due to the US Dollar net asset position of the Group in companies with euro as functional currency and an increase of €25 thousand (decrease of €1,649 thousand in 2015) in other reserves as a result of the cash flow hedging effects on highly probable future transactions.

Details of the financial hedging instruments and foreign currency payments as of December 31, 2016 and 2015 are included in Note 14 to these Consolidated Financial Statements.

› Interest rate risk: arises mainly from financial liabilities at variable interest rates.

Abengoa actively manages its risks exposure to variations in interest rates associated with its variable interest debt.

In project debt (see Note 19), as a general rule, the Company enters into hedging arrangements for at least 80% of the amount and the timeframe of the relevant financing.

In corporate financing (see Note 20), as a general rule, 80% of the debt is covered throughout the term of the debt. Additionally, Abengoa has issued notes at a fixed interest rate in the last years.

The main interest rate exposure for the Group relates to the variable interest rate with reference to the Euribor.

To control the interest rate risk, the Group primarily uses interest rate swaps and interest rate options (caps and collars), which, in exchange for a fee, offer protection against an increase in interest rates.

In the event that Euribor had risen by 25 basic points as of December 31, 2016, with the rest of the variables remaining constant, the effect in the Consolidated Income Statement would have been a profit of €1,515 thousand (€7,316 thousand in 2015) mainly due to the increase in time value of hedge interest rate options (caps and collars) and an increase of €2,331 (€28,379 thousand in 2015) in other reserves mainly due to the increase in value of hedging interest derivatives (swaps, caps and collars).

A breakdown of the interest rate derivatives as of December 31, 2016 and 2015 is provided in Note 14 of these Notes to the Consolidated Financial Statements.

› Risk of change in commodities prices: arises both through the sale of the Group's products and the purchase of commodities for production processes. The main risk of change in commodities prices for the Group is related to the price of gas and steel (until classified in the Bioenergy operating segment as a discontinued operation, the price of grain, ethanol and sugar constituted a significant risk for the Company).

Aiming to control the risk of change in commodities prices, the Group uses futures and options listed on organized markets, as well as OTC (over-the-counter) contracts with financial institutions, to mitigate the risk of market price fluctuations.

At December 31, 2016 there is not any commodity derivative instrument, therefore, there would not have existed variations in equity or the Consolidated Income Statement as a consequence of changes in prices.

In the event that the grain price had risen by 10% as of December 31, 2015, with the rest of the variables remaining constant, the effect in the Consolidated Income Statement would have been null and a decrease iin other reserves amounted to €1,349 thousand.

A breakdown of the commodity derivative instruments as of December 31, 2016 ad 2015 is included in Note 14 to these Consolidated Financial Statements.

b) Credit risk

The main financial assets exposed to credit risk derived from the failure of the counterparty to meet its obligations are trade and other receivables, current financial investments and cash.

a) Clients and other receivables (see Note 15).

b) Current financial investments and cash (see Notes 13, 14, 15 and 17).

› Clients and other receivables: Most receivables relate to clients operating in a range of industries and countries with contracts that require ongoing payments as the project advances; the service is rendered or upon delivery of the product. It is a common practice for the company to reserve the right to cancel the work in the event of a material breach, especially non-payment.

In general, and to mitigate the credit risk, prior to any commercial contract or business agreement, the company policy is that the company holds a firm commitment from a leading financial institution to purchase the receivables through a non-recourse factoring arrangement. Under these agreements, the company pays the bank for assuming the credit risk and also pays interest for the discounted amounts. The Company always assumes the responsibility that the receivables are valid.

Abengoa derecognizes the factored receivables from the Consolidated Statement of Financial Position when all the conditions of IAS 39 for derecognition of assets are met. In other words, an analysis is made to determine whether all risks and rewards of the financial assets have been transferred, comparing the company's exposure, before and after the transfer, to the variability in the amounts and the calendar of net cash flows from the transferred asset. Once the company's exposure to this variability has been eliminated or substantially reduced, the financial asset is transferred.

In general, Abengoa considers that the most significant risk to its operations posed by these assets is the risk of non-collection, since: a) trade receivables may be quantitatively significant during the progress of work performed for a project or service rendered; b) it is not under the company's control. However, the risk of delays in payment is considered negligible in these contracts and generally associated with technical problems, i.e., associated with the technical risks of the service rendered and therefore under the company's control.

In any event, in order to cover those contracts in which there could, theoretically, be a risk of late payment by the client associated with the financial asset, Abengoa has determined that not only must the *de jure* risk of insolvency be covered (bankruptcy, etc.) but the *de facto* risk as well (which arises due to the client's own cash management, without a generalised debt moratorium).

Consequently, if as a result of the individualised assessment of each contract it is concluded that the relevant risk associated with these contracts has been conveyed to the financial institution, the accounts receivable balance on the consolidated financial statement is derecognised once the rights are assigned to the financial institution in accordance with IAS 39.20.

For further information about the risk of the counterparty of 'Clients and other receivable accounts', in Note 15 there is a disclosure of their credit quality and the ageing of their maturity, as well as the evolution on provisions for receivables for the years ended December 31, 2016 and 2015.

› Financial investments: to control credit risk in financial investments, the Group has established corporate criteria which require that counterparties are always highly rated financial entities and government debt, as well as establishing investing limits with periodic reviews.

Given the above and considering the aging of the main financial assets with exposure to such risk, it is considered that, at the end of the year 2016, no significant amounts in arrears are susceptible to be disclosed in addition to the information required by IFRS 7.

c) Liquidity risk

During the last year Abengoa's liquidity and financing policy during the last years has had intended to ensure that the company could have sufficient funds available to meet its financial obligations as they fall due. Abengoa has been using two main sources of financing:

› Project debt (Non-recourse project financing), which is typically used to aimed to finance any investment on project asset (see Notes 2.5 and 19).

› Corporate Financing, used to finance the activities of the remaining companies which are not financed under the aforementioned financing model. This means of financing is managed through Abengoa S.A., which pools cash held by the rest of the companies so as to be able to re-distribute funds in accordance with the needs of the Group (see Notes 2.18 and 20) and has carried out the obtention of the resources needed from the bank and capital markets.

To manage the working capital, Abengoa usually uses non-recourse confirming with various financial entities to outsource the trade payables payments, and non-recourse factoring. In addition, Abengoa has short term financing lines including commercial paper.

As said in Note 2.1.1, the Company has subscribed a financial Restructuring Contract, which in Directors´opinion, once signed and with the achievement of the Viability Plan associated to the Group´s ability to generate cash from operations which will allow the financial restitution of the parent company Abengoa, S.A., and to provide to Abengoa the optimal capital structure and the liquidity enough to continue its activity and operate in a competitive and sustainable manner in the future.

d) Capital risk

During the last year the Group has managed capital risk aimed to be able to ensure the continuity of the activities of its subsidiaries from an equity standpoint by maximizing the return for the shareholders and optimizing the structure of equity and debt in the respective companies or projects.

Since the admission of its shares to trade on the stock market, the company has grown in the following ways:

› cash flows generated by conventional businesses;

› financing of new investments through project debt (project finance and bridge loan), which also generates business for conventional businesses;

› corporate financing, either through banks or capital markets;

› issuance of new shares of subsidiaries through organized markets;

› asset rotation;

The leverage objective of the activities of the company has not generally measured based on the level of debt on its own resources, but on the nature of the activities:

- for activities financed through project debt, each project is assigned a leverage objective based on the cash and cash flow generating capacity, generally, of contracts that provide these projects with highly recurrent and predictable levels of cash flow generation;
- for activities financed with Corporate Financing, the objective is to maintain reasonable leverage, depending on their optimal capital structure.

As indicated in note 2.1.1, the Company has signed a financial Restructuring Agreement . In the directors' opinion, once that reorganisation agreement is implemented and with the achievement of the Viability Plan associated by means of the Group´s ability to generate cash from operations which will allow the financial restitution of the parent company Abengoa, S.A., and to provide to Abengoa the optimal capital structure and the liquidity enough to continue its activity and operate in a competitive and sustainable manner in the future.

Note 5.- Segment information

5.1. Information by business segment

- As indicated in Note 1, Abengoa's activity is grouped under the following two activities:
  - Engineering and construction; includes the traditional engineering business in the energy and water sectors, with more than 70 years of experience in the market. This activity comprises one operating segment Engineering and Construction.

    Abengoa specializes in carrying out complex "turnkey projects" for thermo-solar plants, solar-gas hybrid plants, conventional generation plants, biofuels plants and water infrastructures, as well as large-scale desalination plants and transmission lines, among others. In addition, this segment includes activities related to the development of thermo-solar technology, water management technology and innovative technology businesses such as hydrogen energy or the management of energy crops.
  - Concession-type infrastructures; groups together the company's proprietary concession assets that generate revenues governed by long term sales agreements, such as take-or-pay contracts or power purchase agreements. This activity includes the operation of electric energy generation plants (solar, cogeneration or wind), desalination plants and transmission lines. These assets generate low demand risk and the Company focuses on operating them as efficiently as possible.

    The Concession-type infrastructures activity comprises four operating segments:

    - Solar – Operation and maintenance of solar energy plants, mainly using thermo-solar technology.

    - Water – Operation and maintenance of facilities aimed at generating, transporting, treating and managing water, including desalination and water treatment and purification plants.

    - Transmission – Operation and maintenance of high-voltage transmission power line infrastructures.

    - Cogeneration and other – Operation and maintenance of conventional cogeneration electricity plants.
- As a consequence of the sale processes opened given the discontinuance of Bioenergy and the transmission lines in Brazil based on the Updated Viability Plan of Abengoa approved by the Board of Directors on August 3, 2016, and due to the significance of their activities developed by Abengoa, their Income Statement and Cash flow statements have been reclassified to discontinued operations in the Consolidated Income Statement and in the Consolidated cash flow statement as of December 31, 2016 and 2015. The classification has been done in accordance with the IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations'.

  Directors consider that the signature of the Restructuring Agreement will involve the application of measures determined in the Updated Viability Plan (see Note 2.1.1). Consequences that would overcome relating to financial information presented by segments are being assessed in accordance with the IFRS 8 "Operating Segments".
- Abengoa's Chief Operating Decision Maker ('CODM') assesses the performance and assignment of resources according to the above identified segments. The CODM in Abengoa considers the revenues as a measure of the activity and the EBITDA (Earnings before interest, tax, depreciation and amortization) as measure of the performance of each segment. In order to assess the performance of the business, the CODM receives reports of each reportable segment using revenues and EBITDA. Net interest expense evolution is assessed on a consolidated basis given that the majority of the corporate financing is incurred at the holding level and that most investments in assets are held at project companies which are financed through project debt. Amortization and impairment charges are assessed on a consolidated basis in order to analyze the evolution of net income and to determine the dividend pay-out ratio. These charges are not taken into consideration by CODM for the allocation of resources because they are non-cash charges.

The process to allocate resources by the CODM takes place prior to the award of a new project. Prior to presenting a bid, the company must ensure that the project debt for the new project has been obtained. These efforts are taken on a project by project basis. Once the project has been awarded, its evolution is monitored at a lower level and the CODM receives periodic information (revenues and EBITDA) on each operating segment's performance.

a) The following table shows the Segment Revenues and EBITDA for the years 2016 and 2015:

	Revenue		EBITDA		
Item	2016	2015 (1)	2016		2015 (1)
Engineering and construction					
Engineering and construction	1,367,278	3,381,778	(326,653)	(2)	169,309
Total	1,367,278	3,381,778	(326,653)		169,309
Concession-type infrastructure					
Solar	37,141	166,534	21,492		115,001
Water	58,932	52,978	40,722		42,291
Transmission lines	1,447	1,643	(221)		(1,026)
Cogeneration and other	45,255	43,832	23,442		17,874
Total	142,775	264,987	85,435		174,140
Total	1,510,053	3,646,765	(241,218)		343,449

(1) Restated figures. On December 31, 2016, the Company has reclassified the Income Statement for the period ended December 31, 2016 and 2015 of the operating segment of Bioenergy and of the concessional assets LAT Brazil owner companies to Profit/loss from discontinued operations due to their significant activities developed within Abengoa (see Note 7).

(2) Includes construction cost provisions of projects given the situation of the company and the applications of measures established in the approved Viability Plan for an amount of €-245 million (see Note 2.1.1).

The reconciliation of segment EBITDA with the profit attributable to owners of the parent is as follows:

Line	2016	2015
Total segment EBITDA	(241,218)	343,449
Amortization and depreciation	(1,900,720)	(372,821)
Financial expenses net	(1,161,781)	(736,935)
Share in profits/ (losses) of associates	(587,375)	(8,307)
Income tax expense	(371,566)	(88,427)
Profit (loss) from discontinued operations, net of tax	(3,352,377)	(479,649)
Profit attributable to non-controlling interests	(14,019)	129,212
Profit attributable to the parent company	(7,629,056)	(1,213,478)

b) The assets and liabilities by segment as of December 31, 2016 and December 31, 2015 are as follows:

	Engineering and construction	Concession-type infrastructure				Industrial production	
Item	Eng. and const. (1)	Solar (1)	Water	Trans. (1)	Cog. and other (1)	Biofuels (1)	Balance as of 31.12.16 (2)
Assets allocated							
Intangible assets	73,837	34	1,697	-	529	-	76,097
Property plant and equipment	177,260	178	-	-	-	-	177,438
Fixed assets in projects	-	3,975	235,252	7,537	150,891	-	397,655
Current financial investments	142,127	963	1,414	3,684	1,704	-	149,892
Cash and cash equivalents	265,106	1,574	2,309	6,017	2,783	-	277,789
Subtotal allocated	658,330	6,724	240,672	17,238	155,907	-	1,078,871
Unallocated assets							
Non-current and associated financ. invest. (1)	-	-	-	-	-	-	888,110
Deferred tax assets	-	-	-	-	-	-	615,226
Other current assets	-	-	-	-	-	-	1,427,255
Assets held for sale	1,688	696,210	402,277	1,874,960	1,042,192	1,887,165	5,904,492
Subtotal unallocated	-	-	-	-	-	-	8,835,083
Total Assets	-	-	-	-	-	-	9,913,954

(1) Include an impairment recognized at Decembrer 31, 2016 amounted to €-6,036 million given the situation of the company (see Notes 6, 7, 8, 9, 10, 11, 15, 20 and 24).

(2) See Note 7 to see assets and liabilities classified as non-current assets held for sale given the compliance of the IFRS5 "Non-current assets held for sale and discontinued operations.

	Engineering and construction	Concession-type infrastructure				Industrial production	
Item	Eng. and const.	Solar	Water	Trans.	Cog. and other	Biofuels (2)	Balance as of 31.12.16 (1)
Liabilities allocated							
L-T and S-T corpor. financing	2,710,419	77,362	104,541	371,683	145,941	2,982,952	6,392,898
L-T and S-T project debt	3,914	508,605	21,439	1,000,960	480,586	-	2,015,504
L-T and S-T lease liabilities	21,102	-	-	-	-		21,102
Subtotal allocated	2,735,435	585,967	125,980	1,372,643	626,527	2,982,952	8,429,504
Unallocated liabilities							
L-T and S-T Other loans and borrowings	-	-	-	-	-	-	1,251,151
L-T grants and other liabilities	-	-	-	-	-	-	65,940
Provisions and contingencies	-	-	-	-	-	-	50,819
L-T derivative financial instruments	-	-	-	-	-	-	5,535
Deferred tax liabilities	-	-	-	-	-	-	172,856
L-T personnel liabilities	-	-	-	-	-	-	3,234
Other current liabilities	-	-	-	-	-	-	2,828,346
Liabilities held for sale	149,947	392,421	234,211	1,261,815	314,090	1,534,053	3,886,536
Subtotal unallocated	-	-	-	-	-	-	8,264,417
Total liabilities	-	-	-	-	-	-	16,693,921
Equity unallocated	-	-	-	-	-	-	(6,779,968)
Total liabilities and equity unallocated	-	-	-	-	-	-	1,484,450
Total liabilities and equity	-	-	-	-	-	-	9,913,954

(1) See Note 7 for a better understanding of assets and liabilities classified as non-current liabilities held for sale given the compliance with the stipulations and requirements of IFRS 5, 'Non-Current Assets Held for Sale and Discontinued Operations'.

(2)) Regardless of the classification of certain assets in assets held for sale (see Note 7), the distribution by segments of the L-T and S-T corpor. financing at corporate level remains aiming to keep showing the final destination of funds.

	Engineering and construction	Concession-type infrastructure				Industrial prod.	
Item	Eng. and const.	Solar	Water	Trans.	Cog. and other	Biofuels	Balance as of 12.31.15
Assets allocated							
Intangible assets	245,242	355	6,775	-	318	1,193,287	1,445,977
Property plant and equipment	173,235	19,822	-	-	-	961,017	1,154,074
Fixed assets in projects	-	-	244,742	2,178,107	161,190	775,624	3,359,663
Current financial investments	344,600	26,912	4,471	14,954	5,834	122,050	518,821
Cash and cash equivalents	338,479	52,899	8,788	29,394	11,468	239,910	680,938
Subtotal allocated	1,101,556	99,988	264,776	2,222,455	178,810	3,291,888	7,159,473
Unallocated assets							
Non-current and associated financ. invest.	-	-	-	-	-	-	2,311,418
Deferred tax assets	-	-	-	-	-	-	1,584,751
Other current assets	-	-	-	-	-	-	2,315,698
Assets held for sale	18,178	877,042	445,272	84,721	1,702,411	128,235	3,255,859
Subtotal unallocated	-	-	-	-	-	-	9,467,726
Total Assets	-	-	-	-	-	-	16,627,199

	Engineering and construction	Concession-type infrastructure				Industrial prod.	
Item	Eng. and const.	Solar	Water	Trans.	Cog. and other	Biofuels	Balance as of 12.31.15
Liabilities allocated							
L-T and S-T corpor. financing	1,602,848	619,930	102,988	357,352	134,390	2,811,537	5,629,045
L-T and S-T project debt	136,985	337,109	78,376	1,712,168	453,945	351,523	3,070,106
L-T and S-T lease liabilities	21,827	-	-	-	-	14,715	36,542
Subtotal allocated	1,761,660	957,039	181,364	2,069,520	588,335	3,177,775	8,735,693
Unallocated liabilities							
L-T Other loans and borrowings	-	-	-	-	-	-	902,484
L-T grants and other liabilities	-	-	-	-	-	-	234,193
L-T and S-T provisions and contingencies	-	-	-	-	-	-	68,554
L-T derivative financial instruments	-	-	-	-	-	-	38,002
Deferred tax liabilities	-	-	-	-	-	-	317,689
L-T personnel liabilities	-	-	-	-	-	-	3,631
Other current liabilities	-	-	-	-	-	-	4,682,615
Liabilities held for sale	154,375	246,187	356,773	68,860	319,842	42,386	1,191,423
Subtotal unallocated	-	-	-	-	-	-	7,438,591
Total liabilities	-	-	-	-	-	-	16,174,284
Equity unallocated	-	-	-	-	-	-	452,915
Total liabilities and equity unallocated	-	-	-	-	-	-	7,891,506
Total liabilities and equity	-	-	-	-	-	-	16,627,199

The criteria used to obtain the assets and liabilities per segment, are described as follows:

› With the objective of presenting liabilities by segment, Net Corporate Debt has been allocated by segments, since its main purpose is to finance investments in projects and in companies with the need to expand their businesses and lines of activity of the Group. Additionally, bridge loans issued at the corporate level have been allocated between different operating segments depending on the projects where funds have been allocated. The distribution of the corporate debt, at December 31, 2016, regardless of the classification of certain assets and liabilities held for sale (see Note 7), remains by segment in order to keep showing the final destination of funds.

c) The investments in intangible assets, property, plant and equipment and fixed assets in projects for the years, 2016 and 2015 is as follows:

Item	2016	2015 (1)
Engineering and construction		
Engineering and construction	16,738	103,364
Total	16,738	103,364
Concession-type infrastructure		
Solar	9,264	674,126
Water	11,387	120,799
Transmission lines	7,366	41,680
Cogeneration and other	127,678	460,052
Total	155,695	1,296,657
Total investments by segments	172,433	1,400,021
Discontinued operations	68,328	781,384
Total	240,761	2,181,405

(1) Restated figures. On December 31, 2016 the Company has classified the cash flow statement of the period December 31, 2016 and 2015 of the operating segment of Bioenergy and of the transmission line owner companies in Brazil as profit/loss from discontinued operations, given their significant activities developed within Abengoa (see Note 7).

d) The distribution of depreciation, amortization and impairment charges by segments for the years 2016 and 2015 is as follows:

Item	2016 (1)	2015 (2)
Engineering and construction		
Engineering and construction	842,376	236,709
Total	842,376	236,709
Concession-type infrastructure		
Solar	585,824	94,006
Water	33,525	27,479
Transmission lines	19,015	13,629
Cogeneration and other	419,980	998
Total	1,058,344	136,112
Total	1,900,720	372,821

(1) Includes an impairment recognized during the year 2016 amounted to -1,796 million given the situation of the Company (see Notes 7, 8, 9, 10 and 15). Additionally, at December 31, 2016, the company has recognized an impairment amounted to -€4,420 classified as results from discontinued operations, as financial expense and as share in profit (loss) of associates carried under the equity method.

(2) Restated figures. On December 31, 2016, the Company has reclassified the income statements for 2016 and 2015 of the operating segment of Bioenergy and of the concessional assets LAT Brazil owner companies to Profit/loss from discontinued operations due to their significant activities developed within Abengoa (see Note 7).

5.2. Information by geographic areas

a) The revenue distribution by geographical region for the years, 2016 and 2015 is as follows:

Geographical region	2016	%	2015 (*)	%
- North America	359,090	24%	722,487	20%
- South America (except Brazil)	238,520	16%	1,296,815	36%
- Brazil	98,843	7%	521,697	14%
- Europe (except Spain)	160,384	11%	24,495	1%
- Other regions	440,429	29%	644,839	18%
- Spain	212,787	14%	436,432	12%
Consolidated Total	1,510,053	100%	3,646,765	100%
Outside Spain amount	1,297,266	86%	3,210,333	88%
Spain amount	212,787	14%	436,432	12%

(*) Restated figures. On December 31, 2016 there has been classified the income statement for the period ended December 31, 2016 and 2015 of the operating segment of Bioenergy and of the concessional assets LAT Brazil owner companies as profit/loss from discontinued operations, given their significant activities developed within Abengoa (see Note 7).

b) The net book value of Intangible assets and Property, plant and equipment by geographical region as of December 31, 2016 and 2015 is as follows:

Geographic region	Balance as of 12.31.16	Balance as of 12.31.15
Spain	115,786	684,669
- North America	29,624	1,085,114
- South America (except Brazil)	27,496	35,862
- Brazil	64,421	280,394
- Europe (except Spain)	1,179	497,240
- Other regions	15,029	16,772
Foreign market	137,749	1,915,382
Total	253,535	2,600,051

c) The net book value of fixed assets in projects by geographic region as of December 31, 2016 and 2015 is as follows:

Geographic region	Balance as of 12.31.16	Balance as of 12.31.15
Spain	86,200	253,643
- North America	673	541,607
- South America (except Brazil)	237,829	145,264
- Brazil	7,261	2,141,947
- Europe (except Spain)	-	126,803
- Other regions	65,692	150,399
Foreign market	311,455	3,106,020
Total	397,655	3,359,663

Note 6.- Changes in the composition of the Group

6.1. Changes in the consolidation group

a) In 2016 a total of 7 subsidiaries (44 in 2015), 4 associates (4 in 2015) and zero joint ventures (5 in 2015), were included in the consolidation group, which are identified in Appendices I, II, III, XII, XIII and XIV to these Consolidated Financial Statements.

These changes did not have a significant impact on the overall consolidated amounts in 2016 and 2015.

In addition, during 2016, 1 joint ventures were included in the Consolidation perimeter (UTE), (5 in 2015), with partners which do not being to the Group, have commenced their activity or have started to undertake a significant level of activity during 2016.

The amounts set out below represent the Group's proportional interest in the assets, liabilities, revenues and profits of the UTE with non Group partners, which have been included in the Consolidated Financial Statements in 2016 and 2015:

Item	2016	2015
Non-current assets	29,463	6,828
Current assets	92,383	115,138
Non-current assets liabilities	12,458	18,477
Current liabilities	109,388	103,489

Item	2016	2015
Revenue	70,729	57,682
Expenses	(16,204)	(47,566)
Profit (loss) after taxes	10,116	4,362

b) During the year ended December 31, 2016 a total of 57 subsidiaries were no longer included in the consolidation perimeter (17 in 2015), 3 associates (no associates in 2015) and 8 joint ventures (2 in 2015), which are identified in Appendix IV, V and VI and which did not have any material impact in the Consolidated Income Statement, except for disposals mentioned in Note 6.3b).

During 2016, 19 UTE, (38 in 2015), which do not belong to the Group, were excluded from the consolidated group because they had ceased their activities or had become insignificant in relation to overall group activity levels. The proportional consolidated revenues of these UTE in 2016 have been €0 (were null in 2015).

Within the companies which have left the consolidation perimeter at the 2016 year-end , is Abengoa Bioenergy Netherlands, B.V. given that, as a consequence of the declaration of bankruptcy by the Court of Rotterdam of such company on May 11, 2016, the appointment of a Liquidator and the consequent loss of control (see Note 2.1 and 8.2) recognizing in the Consolidated Income Statements for 2016 an impairment expense of €545 million. Additionally, and also within the companies which have left the consolidation perimeter at the 2016 year-end is Abengoa Bioenergía San Roque, S.A., as a consequence of the declaration of bankruptcy by the Court of Rotterdam on November 2, 2016, the appointment of a Liquidator and the consequent loss of control (see Note 2.1 and 8.2) recognizing in the Consolidated Income Statements for 2016 an impairment expense of €10 million.

c) Additionally, the mainly changes in the consolidation method are related to Abengoa Vista Ridge (see Note 6.2) which, given the sale of the 80% interest, is now consolidated through the equity method and the company Khi Solar One, Ltc. whose assets and liabilities are classified as assets and liabilities held for sale (see Note 7) and were integrated in the Consolidated Financial Statements of 2015 trough the equity method, are currently consolidated through the global integration method once obtained the control of the company.

d) During 2015, the mainly changes in the consolidation method were the following:

- Kaxu Solar One, Ltd. and Helioenergy 1 and 2, which were recorded under the equity method in the Consolidated Financial Statements as of December 31, 2014, started to be consolidated after we gained control over them (see Note 6.3). Both Kaxu Solar One, Ltd, Helioenergy 1 and 2 were incorporated to Atlantica Yield´s consolidation perimeter in 2015 which was recorded under the equity method.

- As a result of the sale of the Atacama I Project to APW-1 in 2015, this project which was fully consolidated, began to be consolidated by the equity method once post control.

- Atlantica Yield and its subsidiaries, which until then were consolidated into the Consolidated Financial Statements (classified as assets and liabilities held for sale and discontinued operations) started to be recorded by the equity method after we lost control over those companies. Regarding the analysis to determine Abengoa’s loss of control over Atlantica Yield and the shift to significant influence over the latter, a key consideration was the gradual reduction of the holding and the corporate governance changes that occurred throughout FY 2015.

Regarding the gradual reduction in the stake held in Abengoa Yield, note 7.1. a) of the notes to the Consolidated Financial Statements at 31 December 2015 identifies each one of the sales by stages carried out in 2015. Following the conversion of the Atlantica Yield convertible bonds, as of 31 December 2015 the percentage of ownership was 41.86%. The reduction in share ownership was considered key to determining Abengoa’s loss of control over Atlantica since it resulted in a reduction of Abengoa’s representation on the Board of Directors of Atlantica Yield by one directorship as of 25 November 2015. At that time, Abengoa had 3 directors out of a total of 8. A simple majority is needed for motions to be passed by the Board.

It is important to note that the Board of Directors of Atlantica Yield is the main body responsible for overseeing the Company’s operations, approving the long-term business strategy, financial and organisation plans and objectives and supervising the CEO’s performance.

In view of the above, it was determined that the Board was a relevant body to be considered in the control analysis and that as of the 2015 year-end Abengoa did not have a majority of directors on the Board.

On the other hand, Abengoa’s delegated committees such as the Appointments and Compensation Committee and the Audit Committee were composed at the year-end of 1 Abengoa member and 2 independent members in the case of the former and 5 independent members in the case of the latter, meaning that Abengoa did not have a majority of representatives on either one of these committees.

Moreover, as regards the changes to corporate governance, the most significant change made to the structure and operation of the corporate governance system in 2015 was that no Atlantica Yield shareholder would be entitled to appoint more than one-half less 1 of the Board members, regardless of ownership percentage.

This change to the structure and operation of the corporate governance system was also considered critical in determining the loss of control over Atlantica Yield, since the primary purpose of those changes was to limit Abengoa’s control over the General Meeting of Shareholders and the Board of Directors by restricting voting rights and reinforcing the role of independent directors.

In addition, when assessing the loss of control it was also important to consider the strength of the changes made. Under British law, any change to the structure and operation of the corporate governance system must be approved by the general meeting with the favourable vote of 75%. It was therefore considered very unlikely that changes would be made in the future that would be favourable to Abengoa's control over the rest of the shareholders, considering the percentage of ownership at the end of the fiscal year and bearing in mind Abengoa's deteriorating situation due to the events and circumstances starting in the second half of FY 2015.

Finally, the assessment of the loss of control at the end of FY 2015 also considered the existing contracts between Abengoa and Atlantica Yield (or their respective subsidiaries) in order to identify situations that could restrict the independence of Atlantica Yield, concluding that none of those contracts placed limits on the independent operation of Atlantica Yield.

In view of the above, at 31 December 2015 it was considered that the company had in effect lost its control over the holding. Consequently, the company proceeded to deconsolidate Atlantica Yield and its subsidiaries and began carrying them by the equity method.

› Finally, the companies Rioglass Solar and its subsidiaries, which were consolidated into the Consolidated Financial Statements for the year 2014, started to be recorded by the equity method after we lost control over those companies in 2015 (see Note 6.3.b).

6.2. Main acquisitions and disposals

a) Acquisitions

› There were no significant acquisitions during the years 2016 and 2015.

b) Disposals

› During 2016, the most significant disposals were as follows:

  › At the end of January 2016, the sale of the interest in Abengoa Solar Emirates Investment Company B.V. (TASEIC), parent company of Shams Power Company (owner company of a 100MW thermo-solar plant developed by Abengoa in Abu Dhabi) was concluded. As a consequence of this sale Abengoa received an amount of US$30 million and has had a positive impact of €1 million in the Consolidated Income Statement.

  › On March 31, 2016, the sale of the interest in the company Nicefield (owner company of a 70MW wind farm developed by Abengoa in Uruguay) was concluded. This sale concluded with an amount of US$0.4 million, releasing the company´s obligations of US$38 million of debt and its related guarantees, and has a positive impact in the Consolidated Income Statement of €3 million.

  › At the beginning of April 2016, an agreement between Abengoa and Vela Energy, S.L. was closed for the sale of four photovoltaic plants located in the province of Seville and Jaen. The agreement, included in the divestment plan announced by the Company, has contributed with a debt reduction of €50 million, as well as a net cash inflow of €12 million and a negative impact in the Consolidated Income Statements for an amount of €4 million.

  › On April 16, 2016 an agreement between Abengoa and a group of investors (Estudios y Explotaciones de Recursos, S.A.U. Ingeniería de Manutención Asturiana, S.A., Noy Negev Energy, Limited Partnership and Shikun & Binui - Solel Boneh Infrastructure Ltd.) was signed for the transaction of all the Abengoa´s interest until that moment in the Project of Ashalim, consisting on the construction and operation of a 110MW thermo-solar plant located in Ashalim (Israel). The total amount of the transaction has been €64 million and was subjected to a number of conditions including the approval by creditors of the financing terms and the corresponding authorities of the State of Israel. In 2016, all of the conditions have been accomplished and therefore its collection. Such sale transaction has contributed with a negative impact in the Consolidated Income Statement of €17 million (see Note 7).

  › On May 30, 2016, an agreement between Abengoa and Layar Castilla, S.A.U. has been signed for the transaction of all Abengoa´s interest in Explotaciones Varias, S.L. which aims the organization and operation of activities and businesses in relation to the acquisition of agricultural plot and its operation in agricultural, hunting and farming businesses directly, on partnership or by lease, the planting of crops, irrigation works and sanitation. This sale was completed for an amount of €16 million and has contributed with a positive impact in the Consolidated Income Statement of €1 million.

  › At the beginning of June 2016, the agreement between Abengoa and the Company Garney has been closed for the transaction of the 80% Abengoa Vista Ridge LLC´s interest as owner Company of the assets associated to a water and conduction plant in United States. The agreement has contributed to a debt reduction of €105 million and no cash generation. As a consequence, the control over the assets has been transferred. Thus, and according to IFRS 10 – Consolidated Financial Statements, the loss of control over the company has supposed the disposal of all the assets and liabilities associated to the Company at book value on the date in which the loss of control was effective, as well as all minority interest of the Company and the valuation of the 20% interest at fair value at the date of loss of control. Due to all the above, it has been recorded a positive impact in the Consolidated Income Statement of €74 million (see Note 30.3).

- On July 5, 2016, an agreement between Abengoa and Excellance Field Factory, S.L.U. (affiliate company of Ericsson) was signed for the sale of the deployment and maintenance of communication networks and subscriber loop business, currently operated by Abentel, to such company expressly created by Ericsson. The agreement, subjected to the compliance of certain conditions, involve the collection of €5 million as established and has not had a significant impact in the Consolidated Income Statement of Abengoa.

- On August 3, 2016, the company completed the transaction of the 80% interest that held in the company Fotovoltaica Solar Sevilla, S.A. that corresponds with a photovoltaic solar plantof 1MW of capacity. The total price obtained from the sale reached €3million approximately and has not any significant impact in the Consolidated Income Statement of Abengoa.

- Within the 1G plants sale process in United States (Indiana, Illinois, Nebraska and York) in the Chapter 11 proceeding initiated (see Note 2.1.1), at the end of September the sale of such plants has been closed at the price established by the Court. Such sale has supposed a cash inflow of €128 million without impact in the Consolidated Income Statement given the previous impairment recognized at fair value due to its reclassification as asset held for sale (see Note 7). The net cash received will be distributed according to the liquidation plan to be presented.

- In addition, within the 2G plants sale process in United States (Hugoton) in the Chapter 11 proceeding initiated (see Note 2.1.1), at the end of November the sale of such plant has been closed at the price established by the Court. Such sale has supposed a cash inflow of €46 million without impact in the Consolidated Income Statement given the previous impairment recognized at fair value due to its reclassification as asset held for sale (see Note 7). The net cash received will be distributed according to the liquidation plan to be presented.

- Finally, and following the agreement reached with the infrastructure fund EIG Global Energy Partners ('EIG') on April 7, to establish the Joint Venture (JV) Abengoa Projects Warehouse I, LLP (APW-1) which structure consist of 55% invested by EIG and a remaining non-controlling interest of 45% by Abengoa, it should be note that, at the end of the year, the two asset transfer contributions to such JV were made by Abengoa (one corresponds to the 100% interest on CSP Atacama 1 and PV Atacama 1, solar plant project companies located in the Atacama Desert, Chile, and another second corresponds to a minority interest contribution of the power transmission line assets in Brazil).

After the 2015 year-end close, considering the Company's situation and the fact that this situation was preventing the company from fulfilling certain contractual obligations assumed under the contract signed with EIG for the creation of the APW – 1 joint venture in March 2016, the company began negotiations with the partner to try and reach a new agreement to regulate the relationship between the parties regarding the shares transferred to date, considering the global agreement initially reached for the construction of APW-1. The conclusion of these negotiations was a pre-requisite for the effectiveness of the Restructuring Agreement signed in September 2016. As a result of these negotiations, a new agreement was reached with EIG in the month of October 2016.

As a consequence of that agreement, Abengoa will waive its rights to APW-1 in terms of its participation and the credits to which it was entitled, recognising an impairment expense of 375 million euros in the Consolidated Income Statement as a result. Moreover, the acquisition rights of a minority stakeholding held by APW-1 to certain transmissions lines in Brazil will be transferred to Abengoa in exchange for monetary compensation of 450 million dollars by Abengoa. This monetary compensation is subject to the Restructuring Agreement to which EIG has adhered. As a result, this monetary compensation will be subject to the alternative restructuring conditions which call for 70% to be settled by transferring certain Abengoa shares to EIG and the remaining 30% to be refinanced under the terms of the agreement. In keeping with IAS 39, Abengoa has estimated that the fair value is 128 million euros. Therefore, a financial expense in this amount was recognised in the income statement (see Note 20.5).

Regarding EIG's minority holding in the Brazilian transmission lines, it should be noted that as of 30 June 2016 the shares were owned by APW – I, which means that the transaction was completed in a timely manner. However, under the agreements reached with EIG in October 2016 and in line with what has been previously discussed, the partners of APW-I have committed to take steps needed for the shares to be returned to Abengoa once the debt is recognised by Abengoa as compensation for the breach of contract.

The best estimate as of the present date is that Abengoa will not have to recognise any additional commitments above and beyond those already recognised in relation to APW – 1. This is due to the fact that under the October 2016 agreement with EIG all contracts signed with the partner are terminated and cancelled in their entirety, including the Investment and Contribution Agreement, EIG Commitment Letter, Abengoa Rofo, Brazil Shareholders' Agreement and Abengoa Guarantee. The following contracts are also cancelled: Support Services Agreement and the Transition Agreement.

Finally, regarding note 33.2 on related party transactions, APW-1 has signed contracts with CSP Atacama I and PV Atacama I for solar power plant construction. On this subject, the October 2016 agreement includes an addendum to the original (EPC) solar power plant construction agreement. In addition, it was agreed that Abengoa would find a back-up EPC contractor to participate in the remaining phases of the construction. The documents and materials related to the Abengoa's intellectual property have been deposited into an escrow account. With this information, the back-up contractor would be able to complete the work in the event of an eventual breach by Abengoa as the principal contractor.

- During 2015 financial year, the most significant provisions were as follows:
  - Abengoa has closed the sale of certain assets to Atlantica Yield, pursuant to the plan to accelerate the sale of assets approved at the end of 2014 and the beginning of 2015, which was made in compliance with the Right of First Offer agree the details of asset transferred to Atlantica Yield are described below:
    - The sales of Solacor 1 and Solacor 2 and PS10 and PS 20 (thermo-solar assets with a combined capacity of 131 MW located in Spain) and Cadonal (wind farm of 50 MW, located in Uruguay) were concluded in early 2015. This sale of assets was completed for a total amount of USD 312 million and it was made pursuant to the Right of First Offer agreement signed between the two companies.
    - During February 2015, full stake held in Skikda and Honnaine (two desalination plants in Algeria), as well as 29.6% of the stake held in Helioenergy 1 and 2 (thermo-solar assets in Spain) was sold. The sale of assets has been completed for a total amount of €79.5 million. Furthermore, on June 25, 2015, the sale of the full stake held in transmission lines in Peru (ATN2) (40% stake) has been closed. The sale of assets has been completed for a total amount of €30.1 million.

      As a result of this transaction, Abengoa registered a negative impact of €6 million, recognized in retained earnings reserves, related to the difference between the amount received from the sale, net of expenses, and the net book value of the transferred assets without impact on the consolidated equity.
    - On the other hand, as of May 11, 2015, Abengoa reached an agreement with Atlantica Yield to sell a third asset package for total cash proceeds of approximately €610 million (ROFO 3). The transaction was approved by both Atlantica Yield and Abengoa's Board of Directors. Abengoa subscribed a 51 % of the capital increase that Atlantica Yield has placed to finance this acquisition, resulting in a net cash outflow for Abengoa of USD341.7 million (€311 million).

      Regarding this third package, full stake held in Helios 1 and 2 (100 MW solar complex), Solnova 1, 3 and 4 (150 MW solar complex) and the remaining 70.4% stake in Helioenergy 1 and 2, all in Spain, have been sold at the end of May. The sale of assets was completed for a total amount of €503.6 million. In relation to Helioenergy 1 and 2, 29.6% of the stake held by Abengoa had been sold to Atlantica Yield during February 2015 (Abengoa held a 50% stake at the end of 2014) and the acquisition of the 50% stake held by external partners was closed prior to the sale of the remaining stake held by Abengoa.

      As a result of this transaction, Abengoa registered a negative impact of €61 million, recognized in retained earnings reserves, related to the difference between the amount received from the sale, net of expenses and the net book value of the transferred assets without impact on the consolidated equity.
    - Additionally, the third asset package included the sale of 51% stake in Kaxu (100 MW solar complex) in South Africa, which was closed on July 30, 2015, for a total amount of USD 120 million (€109.2 million).

      As a result of this transaction, Abengoa registered a negative impact €19 million, recognized in retained earnings reserves, related to the difference between the amount received from the sale net of expenses and the net book value of the transferred assets without impact on the consolidated equity.
    - As of July 27, 2015 Abengoa has reached an agreement with Atlantica Yield to sell a fourth asset package (ROFO 4) comprised of two renewable assets. The sale of those assets to Atlantica Yield closed for €277 million. The payment of €19 million is outstanding as of December 31, 2015 which have been collected in 2016. In opinion of the Directors it is expected to be collected in the short term. The assets consist of Solaben 1 and 6 (100MW solar complex), located in Spain and in operation since 2013, which has recently been rated by S&P as BBB. On September 30, 2015, the assets closed their refinancing in the capital markets and the sale to Atlantica Yield was completed. As a result of the aforementioned refinancing, Abengoa registered an additional net cash inflow of €71 million (€25 million on September 30, 2015 and €46 million on October 1, 2015).

      As a result of this transaction, Abengoa registered a negative impact of €7 million, recognized in retained earnings reserves, related to the difference between the amount received from the sale net of expenses and the net book value of the transferred assets without impact on the consolidated equity.

The following table summarizes the assets transferred to Atlantica Yield under the ROFO agreements:

ROFO	Proyect
ROFO 1	Solacor 1 y 2
ROFO 1	PS10 y PS20
ROFO 1	Cadonal
ROFO 2	Skikda
ROFO 2	Honnaine
ROFO 2 y 3	Helioenergy 1 y 2
ROFO 2	ATN2
ROFO 3	Helios 1 y 2
ROFO 3	Solnova 1, 3 y 4
ROFO 3	Kaxu Solar One
ROFO 4	Solaben 1 y 6

› During December 2015, and as a consequence of the agreement reached with the holder non-controlling shareholder of Rioglass Solar, control over the company was transferred. Accordingly, as established by IFRS 10, Consolidated Financial Statements, the loss of control over the company and its subsidiaries led to the recognition from the Financial statements of all the assets and liabilities related to those companies at their book values at the date when control was lost as well as all non-controlling interest on those companies. Additionally, the investment retained was recognized at its fair value at the date when control was lost. This operation had no significant impact in the Consolidated financial statement at the end of 2015

› During May 2015, the Company has concluded the sale of the stake of 51% in Linha Verde Transmissora de Energia S.A. ("Linha Verde").

6.3. Business combinations

› There are no new significant business combinations in the Group in FY 2016.

› The most significant business combinations in FY 2015 were as follows:

› During February 2015, Consolidation of Kaxu Solar One, Ltd., the company that owns the thermo-solar plant in Kaxu, in South Africa, previously accounted through the equity method, began during February 2015, once control over this company was obtained as it entered a stage in which relevant decisions were no longer subject to the control and approval of the Public Administration. This change of control of the company and its consolidation meaned that its assets and liabilities had been integrated according to IFRS 3 ('Business combinations') with no significant differences arising between the book value in Abengoa's consolidation and its fair value.

The assets and liabilities related to Kaxu Solar One, Ltd. consolidated at the date of control acquisition are shown in the following table:

	Amount at the date of taking control
Non-current assets	502,807
Current assets	16,002
Non-current and current liabilities	(480,084)
Equity	(38,725)

Furthermore, there were no significant contingent liabilities in the above project. Lastly, revenue and profit or loss of Kaxu Solar One, Ltd since the taking of control through December 31, 2015 were €44,968 thousand and a loss of €19,815 thousand, respectively. The aforementioned amounts of revenue and profit or loss for the current reporting period, as though the taking control date would have occurred on January 1, 2015, did not differ significantly from those recorded since the date when control was obtained outlined above.

The sale of Kaxu Solar One to Atlantica Yield was closed on July 30, 2015, in compliance with the Right of First Offer agreement signed between Abengoa and Atlantica Yield (see Note 6.2).

At the end of the year ended December 31, 2015, as Kaxu Solar One, Ltd became an Atlantica Yield´s subsidiary and was integrated by the equity method within the Consolidated Statements of Financial Position (see Note 11).

- Consolidation of project companies Helioenergy 1 and 2 (thermo-solar assets with a capacity of 100MW in Spain), previously accounted through the equity method, began on April 29, 2015, once control over these companies was obtained as result of the acquisition of the 50% stake hold from external partners, bringing the holding in Helioenergy 1 and 2 to 100%.This acquisition brought Abengoa a cash outflow of €38.8 million. This change of control of the companies and consequently their consolidation meaned that their assets and liabilities had been integrated according to IFRS 3 ('Business combinations') with no significant differences arising between the book value in Abengoa's consolidation and their fair value.

  The amount of assets and liabilities related to Helioenergy 1 & 2 consolidated at the date of taking control is shown in the following table:

Current and non-current	Notas de memoria
Financial debt	Note 19 Project debt y Note 20 Corporate financing
Lease-back	Note 20 Corporate financing
Finance lease	Note 20 Corporate financing
Borrowings and other loans	Note 20 Corporate financing
Trade and other accounts payable	Note 25 Trade payables and other current liabilities
Derivatives and hedging instruments	Note 14 Derivative financial instruments
Other liabilities	Note 21 Grants and other liabilities

  Furthermore, there were no significant contingent liabilities in the above projects. Lastly, revenue and profit or loss of Helioenergy 1 & 2 since the taking of control was €44,805 thousand and an income of €4,856 thousand, respectively. The aforementioned amounts of revenue and profit or loss for the current reporting period, as though the taking control date had occurred on January 1, 2015, were €57,690 thousand and an income of €5,088 thousand, respectively.

  In addition, during 2015 the sale of Helioenergy 1 & 2 to Atlantica Yield was closed, in compliance with the Right of First Offer agreement signed between Abengoa and Atlantica Yield (see Note 6.2).

  Therefore, at the end of year 2015, as Helioenergy 1 & 2 became an Atlantica Yield's subsidiaries and were integrated by equity method within the Consolidated Statements of Financial Position (see Note 11).

Note 7.- Non-current assets held for sale and discontinued operations

The asset disinvestment plan started at the end of 2014. Abengoa's Board of Directors, on September 23, 2015, aimed to reinforce its financial structure through the implementation of the plan through the sale or partial divestment, in case of external equity partners, of certain assets through a new plan that involves the divestment of those assets included in the initial plan which had not been sold at that date, as well as the new assets which were incorporated. Based on this initial plan, others assets have been incorporated given the situation of the Company and the Updated Viability Plan approved by the Board of Directors last August 3, 2016 (see Note 2.1.1) with a view to creating a single asset disinvestment plan.

7.1. Assets in the asset disinvestment plan

The table below shows the included assets of such plan at December 31, 2016. These assets are classified (see Note 6.3) as non-current assets and liabilities held for sale in the Consolidatedstatement of financial position because of the compliance of all the stipulations and requirements of IFRS 5, 'Non-Current Assets Held for Sale and Discontinued Operations':

Asset	Details	Capacity	Net book value of asset 2016 (5)	Net book value of asset 2015 (5)
Solar Power Plant One (SPP1)	Combine cycle in Algeria	150 MW	193,762	222,499
Manaus Hospital / Concecutex	Concessions in Brazil and Mexico	300 camas / 10.000 personas	193,986	157,820
Khi Solar One / Xina Solar One	Solar plants in South Africa	150 MW	397,545	155,308
Tenés / Ghana / Chennai	Desalination plants	360.000 m3/día	315,391	341,872
Abent 3T & ACC4T (2)	Cogeneration plant in Mexico	840 MW	541,811	1,319,284
Atacama 2 (2)	Solar platform in Chile	280 MW	35,150	490,062
Ashalim (1)	Solar plant in Israel	110 MW	-	74,101
Norte III	Combine cycle in Mexico	924 MW	272,572	159,074
ATN 3, S.A. (2)	Transmission lines in Peru	355 km	75,460	77,388
Bioethanol (3)	1G and 2G Bioethanol plant in USA, Europe and Brazil	3.200 ML	725,189	3,035,897
ATE IV-VIII, XVI-XXIV, Manaus y Norte Brasil (4)	Transmission lines in Brazil	9.750 km	1,614,589	2,030,654
Sociedades fotovoltaicas (1)	Solar plants in Spain	11,7 MW	-	52,730
Shams (1)(2)	Solar plants in Abu Dhabi	100 MW	-	18,535
Nicefield S.A (1)	Widn farm in Uruguay	70 MW	-	62,300

(1) Sold during 2016.

(2) Companies related to assets held for sale at December 31, 2015. Circumstances and loss of control of these companies since last August 2015 (see Note 2.1) have delayed the rotation process. However, the intention of Directors remains to sale such companies as established in the Updated Viability Plan approved by the General Shareholders meeting in August 2016.

(3) 1G and 2G plants in USA have been sold during September and December 2016 (see Note 6.2).

(4) €1,454 million correspond to transmission lines in operation.

(5) Carrying amount of assets after the impairment recognized based on its fair value when applicable see Note 7.2).

Additionally, as a consequence of the different open sale proceedings and the discontinuance of the Bioenergy and Brazilian transmission lines businesses based on the Updated Viability Plan of Abengoa, and due to their significant activities developed within Abengoa, they have been classified in the Income Statement, as well as, the cash flow statement for the period ended December 31, 2016, and 2015, to Discontinued operations in the Consolidated Income Statement and the consolidated cash flow statement, in compliance with all assumptions and requirements of the IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations'.

7.2. Asset impairment analysis

The main standards applied to the analysis of fair value andthe calculation of possible impairment in the value of assets held for sale when fair value less the cost of sale is less than the carrying value are discussed below.

For cases where there is a difference between the carrying value and fair value, an impairment loss is recognised in the Consolidated Income Statement at December 31, 2016.

The table below summarises the impairment losses arising as the difference between book value and fair market values less the cost of sale (in millions or euros):

Item	Net book value (1)	Fair value	Amount
Bioethanol (1G and 2G plants in USA) (*)	2,258	1,375	(883)
Bioethanol (1G plants in Brazil) (*)	1,643	938	(705)
Transmission lines in Brazil (in operation) (*)	1,640	1,472	(168)
Transmission lines in Brazil (in construction) (*)	964	142	(822)
Solar (Atacama platform in Chile)	945	490	(455)
Power generation (Abent 3T and ACC4T plants)	2,438	1,490	(948)
Khi Solar One / ATN3	653	563	(90)
Tenés / Ghana / Chennai	108	75	(33)
Solar Power Plant One (SPP1)	212	194	(18)
			(4,122)

(*)Registered as Profit (loss) from discontinued operations.

(1) Book value before the impairment based on its fair value

a) Bioethanol segment assets

The assets connected with the 1G and 2G bioethanol plants in the United States (Indiana, Illinois, Nebraska, York and Hugoton) and the 1G plant in Brazil has been recognised at fair value less the cost of sale, since this was less than the book value.

The calculation of fair value was based on the anticipated recovery value after the sale, considering the prices of the offers received in each one of the sale processes involving those assets, which in the USA has been concluded at the end of September and December (see Note 6.2).

The most significant changes in the key assumptions compared to the 2015 year-end were brought about by the circumstances and events that occurred throughout 2016 involving the bioenergy assets (open sales processes and approval of the Updated Viability Plan). This led to the decision by the directors to sell the bioenergy segment (and therefore not to include it in Abengoa's Updated Viability Plan) and as a consequence to classify the bioenergy segment assets under the heading of non-current assets and liability held for sale on the consolidated balance sheet at 31 December 2016, since all of the suppositions and requirements of IFRS 5, "non-current assets held for sale and discontinued operations" were met. Therefore, as of 31 December 2015 the impairment analysis was based on the continued use of the assets at their recoverable value calculated as value-in-use as it was greater than fair less cost to sale, which was estimated using the cash flows from each project.

The change in the key assumptions considered led to the recognition at the 2016 year-end of an impairment loss of €883 million for the 1G and 2G plants in the USA (Indiana, Illinois, Nebraska, York and Hugoton) and €705 million for the 1G plants in Brazil.

b) Assets associated with the Brazil transmission lines

The assets related to transmission lines in Brazil were accounted at the end of 2016 for at fair value less the cost of sale, which is less than the book value.

The calculation of fair value was based on the expected recovery value after the assets were sold, considering the purchase prices offered for the operational assets and the settlement prices assigned in the sales plan presented as part of the recovery plan considered in the legal proceedings underway in Brazil (see Note 2.1) for lines under construction.

The main change in the key assumptions compared to those considered at December 31, 2015 was brought about by the circumstances and events that occurred in 2016 in relation to the ongoing legal actions for recovery involving the companies that owned the transmission line assets. This led the directors to consider selling the transmission lines in Brazil as part of Abengoa's Updated Viability Plan and as a consequence to classify the assets and liabilities related to the transmission line business in Brazil under the heading of non-current assets and liabilities held for sale in the consolidated statement of financial position at December 31, 2016, since all of the suppositions and requirements of IFRS 5 "non-current assets held for sale and discontinued operations" had been met. Therefore, as of 31 December 2015 the impairment analysis was based on the continued use of the assets at their recoverable value calculated as value-in-use, which was estimated using the cash flows from each project and it was higher than fair value less cost to sale.

The change in such key assumptions considered led to the recognition of an impairment loss of €168 million for the transmission lines in operation and €822 million for the lines under construction at the 2016 year-end.

c) Cogeneration and other assets in Mexico

The assets linked to generation plants in Mexico (Abent 3T and ACC4T) were recognised at fair value less the cost to sell, since this is less than the carrying value.

The calculation of fair value was based on the anticipated recovery value following the sale, using market variables adapted to the specific situation of each asset included in the Updated Viability Plan approved by the company in August 2016.

The recovery value was obtained using the discounted cash flow method, applying a Weighted Average Cost of Capital of 11.5% and 9.1% for the Tercer Tren and Cuarto Tren co-generation plants, respectively, without applying growth rates.

The main change in the key assumptions compared to those considered at 31 December 2015 were the result of updating the macroeconomic variables of the models (inflation, interest rate, risk-free rate, country risk etc.) as well as the expected sale price of power based on the most recent auctions. Additionally, in the case of ACC4T, as a consequence of the current situation of the project, with an additional investment need of €516 million, and given the limitations of the Company to obtain funds in the financial market to be able to finance the investment, the Company has revaluated the leverage hypothesis.

The change in such key assumptions under consideration led to the recognition of an impairment loss of €948 million for the difference between carrying value and fair value less the cost of sale.

d) Assets connected to the solar segment in Chile

Assets related to the solar plants located in Chile (Plataforma Solar Atacama) were carried at fair value less the cost to sell because this is less than the book value.

The calculation of recovery value was based on the higher value between the fair value less cost to sell and the value in use, in which has been used the market variables adapted to the specific situation of each asset included in the Updated Viability Plan approved by the company in August 2016.

The recovery values were obtained using the discounted cash flow method, applying a Weighted Average Cost of Capital of 6.4% without any growth rate.

The main change in the key assumptions compared to those considered at 31 December 2015 were the result of updating the macroeconomic variables of the models (inflation, interest rate, risk-free rate, country risk etc.) as well as the expected sale price of power based on the most recent auctions.

The change in the key assumptions under consideration led to the recognition of an impairment loss of €455 million as the difference between carrying value and fair value less the cost to sell.

e) Other assets classified as held for sale

At December 31, 2016 the other assets classified as held for sale are SPP1, Hospital Manaus, Concecutex, Khi, Xina, Tenés, Ghana, Chennai and Norte III and ATN3.

Concecutex, Ghana, Chennai, Xina and Norte III are carried at what their book value was prior to being classified as held for sale (the carrying value being less than fair value less cost to sell.

The calculation of fair value was based on the anticipated recovery value following the sale, using market variables adapted to the specific situation of each asset included in the Updated Viability Plan approved by the Company in August 2016.

Since they are all concession-type assets they share certain similarities with respect to duration, which is limited, and financing, which usually entails long-term project financing in the operational phase, the estimate of recovery value is based on projected cash flows through the end of the asset’s useful life, which normally coincides for the most part with the life of the concession. In the few cases in which has been considered the terminal value of the asset, it has supposed an insignificant value in comparison with the whole value of the asset.

The use of these financial forecasts is based on the fact that the concession assets are characterised by a contractual structure (framework agreement) that allows the project to be clearly identified (both in the initial investment phase and in the operational phase) and makes it possible to reasonably project revenues over the useful life, since they are regulated by long-term “take or pay” or “PPA” (power purchase agreement) type agreements.

The forecasts include all known data based on project agreements as well as fundamental assumptions provided by specific studies conducted by experts, such as demand and production hypotheses. In addition, macroeconomic data are projected (exchange rates, interest rates, etc.). In the case of inflation, revenues are contractually indexed and consistent with expenditure inflation considered.

› Solar Power Plant One (SPP1)

The Hassi R'Mel hybrid solar-gas plant, commissioned in 2011, has signed a 25-year PPA that accounts for most of the project's key variables. This plant’s revenues are based on the signed PPA contract that establishes the sale price of electricity over the entire life of the plant. On the other hand, the operating and maintenance expenses are based on already signed contracts which coincide with the lifetime of the plant.

For the initial calculation of discount rates Abengoa relies on the reports of independent experts, the last one being prepared by AFI, International Financial Analysts, in September 2015. For each subsequent closing the inputs used to calculate the discount rate were updated using a similar methodology.

The recovery value has been obtained through a discounted cash flow annalisys appliying a weighted average cost of capital of 10.4%. No growth rate has been applied. The main change in the hypothesis taken into consideration in comparison to those applied at December 31, 2015 comes from a change in the discount rate applied in the valuation model, of a more conservative country risk rate, aligning it with the perception of country risk of an international buyer without previous presence in Algeria.

A change in the applied discount rate mainly by the country risk considerated. The change in the key hypothesis has supposed a loss of €18 million due to the difference between the book value and its fair value less cost to sale.

› Hospital Manaus/Concecutex

Both the Hospital of Manaus in Brazil and Concecutex (Centro Cultural Mexiquense de Oriente Cultural) in Mexico are 20 and 21 years respectively concessions with public-private participation. This includes building construction, outfitting, maintenance and management of the building over the life of the contract in exchange for a fee.

The recovery values have been obtained using the discounted cash flow method, applying a discount rate of 15.1% to Hospital de Manaus and 14.2% to Concecutex. Growth rates in either case have not been applyied.

In the case of Manaus Hospital, the company is subsidiary of Abengoa Construçao Brasil, which is in the judicial recuperation proceeding, whic is the reason why no recuperable equity value has been considered.

In the specific case of Concecutex, the discount rate is supported by the reports of independent experts, the latest one by AFI, International Financial Analysts, in September 2015. For each subsequent closing the inputs used to calculate the discount rate were updated using a similar methodology.

› Norte III

The cogeneration plant in Northern Mexico III, Abeinsa Juárez Norte III, S.A. Of C.V., has signed a 25 year PPA that determines most of the key variables of the project. This plant's revenues are based on the signed PPA contract that establishes the sale price of electricity over the entire life of the plant. On the other hand, the operation and maintenance expenses of the plant are projections of the company's historical data.

The recovery values were obtained through fair value less cost to sale. Such fair value takes into account the estimated price to sell under negotiation with a third party, with which a memorandum of understanding has been reached in January 2017.

› Xina Solar One

The thermo-solar plant in South Africa Xina has signed a PPA for 20 years which determines the majority of key variables of the project. Revenues are based on a contract PPA signed which establish the price to sell electricity during the major part of the plant lifetime. On the other hand, operational and maintenance expenses are based on already signed contracts which coincide with the plant lifetime.

The recoverable value has been obtained through a discounted cash flow method, applying a discount rate of 9.9% without any growth rate.

For the calculation of discount rate Abengoa relies on the reports of independent experts, the last one being prepared by AFI, International Financial Analysts, in May 2015. For each subsequent closing the inputs used to calculate the discount rate were updated using a similar methodology.

The recoverable value calculated is 157% higher than the book value the plant Xina. A sensitivity analysis was carried out, especially in relation to the discount rate used and the changes in the key variables of business, being necessary a production of electricity below the 70% of the discount rate of the plant Xina, or a delay in the entry into operation higher than 7 months in order to have a repercussion on the recovery of the asset.

› Khi

The Khi solar thermal power plants in South Africa has been accounted at its fair value less cost to sale given its lower amount than the book value. Such fair value has been obtained from its recovery value after its sale though a discounted cash flow analysis applying a discount rate of 10.1%, and no growth rate.

Khi thermo-solar plant, which entered into operation at the end of 2016, has signed PPAs for 20 years, which determine most of the key variables of project. These plant' revenues are based on the signed PPA contract that establish the sale price of electricity over the entire life of the plant. On the other hand, the operation and maintenance expenses are based on already signed contracts which coincide with the plant lifetime.

The main change in the key hypothesis in comparison with the considerated at December 31, 2015 comes from the facts and circumstances that took place during 2016 which have triggered problems in the ramp up process of the plant and therefore the update of inputs related with the production of the plant and the consequently penalties.

The change in the considered key hypothesis has supposed an impairment loss of €73 million due to the difference between the book value and its fair value less cost to sell.

› Tenés / Ghana / Chennai

The Tenés, Ghana and Chennai desalination plants located in Algeria, Ghana and India have all signed PPAs for 25 years, which determine most of the key variables for each project. The revenues from these plants are based on the signed PPA contracts which establish the sale price of desalinated water throughout the life of the plants. On the other hand, the operation and maintenance expenses are based on already signed contracts that coincide with the plant lifetime.

For the calculation of discount rates Abengoa relies on the reports of independent experts, the last one being prepared by AFI, International Financial Analysts, in September 2015. For each subsequent closing the inputs used to calculate the discount rate were updated using a similar methodology.

In relation with Tenes, the recovery value has been obtained through a discounted cash flow annalisys appliying a discount rate of 10.2% and no growth rate. The main change in the considered hypothesis in comparison with the considered in December 2015, 31 comes from a change in a more conservative discount rate applied aligning it with the perception of country risk of an international buyer without previous presence in Algeria. The change in the key considered hypothesis has supposed a loss of €33 million as a difference between its book value and its fair value less cost to sale.

Both for Ghana and Channai, the net book value corresponds to the recovery value, which has been obtained through the fair value less cost to sale. Such fair value takes into account the expected price of sale which is being negotiated with a third party.

› ATN3

The transmission line in Perú ATN3 has been registered at its fair value less cost to sale due to its lower amount in books. Such fair value has been obtained given its expected recovery value in the offers received in the sale transaction process.

The main change in the considered hypothesis in comparison with the considered in December 2015, 31 comes from the offer received with lower prices than its book value given the facts and circumstances during 2016 which have triggered the deceleration in works of construction and the corresponding loss of value of the asset. The change in the key hypothesis considered has supposed an impairment loss of €17 million as the difference between the book value and its fair value less cost to sale.

7.3 Detail of assets held for sale

At 31 December 2016 and 2015, the details of assets and liabilities classified under assets and liabilities held for sale in the consolidated statement of financial position are as follows:

Item	Balance as of 12.31.16	Balance as of 12.31.15
Property plant and equipment	227,589	-
Fixed assets in projects	4,033,198	3,021,586
Investments in associates	104,542	163,667
Financial investments	257,586	3,306
Deferred tax assets	554,328	11,298
Current assets	727,249	31,589
Project debt	(2,136,622)	(923,497)
Corporate financing	(439,951)	-
Other non-current liabilities	(490,615)	(168,537)
Other current liabilities	(819,349)	(74,976)
Total net assets and liabilities held for sale	**2,017,955**	**2,064,436**

7.4. Details of discontinued operations

a) Brazilian transmission lines segment

› At December 31, 2016 and 2015, the details of the companies which owned the concession assets of the Brazilian transmission lines which were restated under the heading of profit (loss) from discontinued operations on the income statement are as follows:

Item	Balance as of 12.31.16	Balance as of 12.31.15
Revenue	131,531	141,830
Other operating income	15,889	(1,107)
Operating expenses (*)	(1,055,945)	(252,464)
I. Operating profit	(908,525)	(111,741)
II. Financial expense, net	(94,525)	(59,175)
III. Share of profit/(loss) of associates carried under the equity method	204	214
IV. Profit before income tax	(1,002,846)	(170,702)
V. Income tax benefit	(4,488)	(1,455)
VI. Profit for the period from continuing operations	(1,007,334)	(172,157)
VII. Profit attributable to minority interests	(484)	38
VIII. Profit for the period attributable to the Parent Company	(1,007,818)	(172,119)

(*) The impairment recognized over the assets amounts to 990 million (see Note 7.1).

› Additionally, the details of the cash flow statements of the companies that own the concession assets of the Brazilian transmission lines at December 31, 2016 and 2015 which were reclassified under the heading of discontinued operations are as follows:

Item	12.31.16	12.31.15
Profit for the year from continuing operations adjusted by non monetary items	90,483	105,936
Variations in working capital	(48)	437,080
Interest and income tax received / paid	(44,285)	(55,286)
A. Net cash provided by operating activities	46,149	487,730
B. Net cash used in investing activities	(24,582)	(515,025)
C. Net cash provided by financing activities	(21,157)	42,237
Net increase/(decrease) in cash and cash equivalents	411	14,942
Cash, cash equivalents and bank overdrafts at beginning of the year	29,844	22,989
Translation differences cash or cash equivalent	7,639	(8,087)
Cash and cash equivalents at end of the year	37,893	29,844

b) Bioenergy segment

› At December 31, 2016 and 2015, the details of the bioenergy business that was restated under the heading of profit (loss) from discontinued operations on the income statement are as follows:

Item	2016 (*)	2015
	1,005,337	1,966,887
Revenue	40,970	73,175
Other operating income	(3,030,421)	(2,197,815)
Operating expenses (*)	(1,984,114)	(157,753)
I. Operating profit	(106,347)	(111,810)
II. Financial expense, net	-	-
III. Share of profit/(loss) of associates carried under the equity method	(2,090,461)	(269,563)
IV. Profit before income tax	(254,582)	66,994
V. Income tax benefit	(2,345,043)	(202,569)
VI. Profit for the period from continuing operations	(420)	3,567
VII. Profit attributable to minority interests	(2,345,463)	(199,002)

(*) Includes the impairment recognized over the assets amounted to €1,658 million (see Note 7) as well as the impact due to the loss of control of Abengoa Bioenergy Netherlands, B.V. amounted to €454 million (see Note 8.2), and the impairment over tax credits amounted to €119 million (see Note 24).

› Additionally, the details of the cash flow statements of the bioenergy business at December 31, 2016 and 2015 which were reclassified under the heading of discontinued operations are as follows:

Item	12.31.16	12.31.15
Profit for the year from continuing operations adjusted by non monetary items	(194,725)	37,731
Variations in working capital	(11,116)	(208,484)
Interest and income tax received / paid	(13,789)	(41,397)
A. Net cash provided by operating activities	(219,629)	(212,151)
B. Net cash used in investing activities	336,950	(134,433)
C. Net cash provided by financing activities	(202,458)	(42,000)
Net increase/(decrease) in cash and cash equivalents	(85,137)	(388,584)
Cash, cash equivalents and bank overdrafts at beginning of the year	297,257	674,785
Translation differences cash or cash equivalent	14,859	11,055
Cash and cash equivalents at end of the year	226,979	297,257

Note 8.- Intangible assets

8.1. The detail of variations in 2016 of the main categories included in intangible assets divided into internally generated and other intangible assets is show as follows:

Cost	Goodwill	Development assets	Other	Total
Total cost as of December 31, 2015	364,429	1,241,032	185,497	1,790,958
Additions	-	3,127	-	3,127
Disposals and decreases	-	-	(11,391)	(11,391)
Translation differences	-	446	308	754
Transfer to assets held for sale	(308,922)	(894,601)	(26,933)	(1,230,456)
Total cost as of December 31, 2016	55,507	350,004	147,481	552,992

Accumulated Amortization and Impairment	Goodwill	Development assets	Other	Total
Total amort. as of December 31, 2015	-	(256,769)	(88,212)	(344,981)
Additions (amortization)	-	(41,706)	(14,145)	(55,851)
Additions (impairment)	(55,507)	(105,762)	(1,608)	(162,877)
Disposals	-	-	7,628	7,628
Translation differences	-	(416)	(286)	(702)
Change in consolidation	-	(130)	7,088	6,958
Transfer to assets held for sale		54,779	18,151	72,930
Total accum Amort. and Impairment as of December 31, 2016	(55,507)	(350,004)	(71,384)	(476,895)
Net balance at December 31, 2016	-	-	76,097	76,097

The most significant variation during 2016 mainly corresponds to a decrease caused by the reclassification as assets held for sale of intangible assets related to the Bioenergy business segment given the compliance of all conditions and requirements of the IFRS5 – "non-current assets held for sale and discontinued operations" after its exclusion as continuing operations in the Updated Viability Plan approved by the Company´s Directors. In relation to the aforementioned, intangible assets related to Bioenergy in Brazil (1G plants) and in United States (Hugoton 2G plant) that, after the beginning of their respective sale processes and given that their carrying value are higher than their fair value less cost to sell (taking into account as a reference the price in purchase offer to estimate the fair value), there is an impairment loss of such assets in the Consolidated Income Statement, classified as profit from discontinued operations (see Note 7).

Additionally, there has been a decrease due to the impairment registered over certain intangible assets (goodwill, and development assets) pertaining to the Engineering and Construction segment, due to the uncertain recovery given the problems arisen during the period to keep the activity in an appropriate way because the current situation of the Company. In accordance with the available information for the Directors and based on the best estimates, an expense for such concept amounted of €163 million for has been recorded in the Consolidated Income Statement at December 31, 2016.

8.2. The detail of variations in 2015 of the main categories included in intangible assets divided into internally generated and other intangible assets is show as follows:

Cost	Goodwill	Development assets	Other	Total
Total cost as of December 31, 2014	487,645	1,063,405	295,478	1,846,528
Additions	-	125,764	27,026	152,790
Disposals and decreases	-	-	(41,527)	(41,527)
Translation differences	(80,645)	83,227	5,315	7,897
Change in consolidation	(38,909)	(1,064)	(101,388)	(141,361)
Reclassifications	-	(30,300)	593	(29,707)
Transfer to assets held for sale	(3,662)	-	-	(3,662)
Total cost as of December 31, 2015	364,429	1,241,032	185,497	1,790,958

Accumulated Amortization and Impairment	Goodwill	Development assets	Other	Total
Total amort. as of December 31, 2014	-	(192,587)	(85,567)	(278,154)
Additions (amortization)	-	(49,536)	(22,341)	(71,877)
Additions (impairment)		(12,998)	(7,442)	(20,440)
Disposals	-	-	1,024	1,024
Translation differences	-	(2,567)	(477)	(3,044)
Change in consolidation	-	919	26,741	27,660
Reclassifications	-	-	(150)	(150)
Total accum Amort. and Impairment as of December 31, 2015	-	(256,769)	(88,212)	(344,981)
Net balance at December 31, 2015	364,429	984,263	97,285	1,445,977

The decrease in the cost of goodwill was due to the conversion differences caused by the appreciation of the US dollar and the depreciation of the Brazilian real against the Euro, as well as the decrease of goodwill and other intangible assets related to Rioglass Solar once lost its control and integrated by the equity method.

According to the information available to the Directors, and based on the best estimates, during the year 2015, an impairment charge of approximately €20 million related to Engineering and Construction segment, was recognized in intangible assets mainly related to R&D investments amounting to €13 million due to its doubtful recovery given the current problems and the situation of the Company which was resulted in the filing of the communication provided by the article 5 bis of Ley Concursal (see Note 2.1.1 Basis of Presentation). The methodology used for the valuation of the impairment losses and discount rates are described in Note 2.8.

8.3. There are no intangible assets with indefinite useful life other than goodwill. There are no intangible assets with restricted ownerships or that may be under pledge as liabilities guarantee.

Note 9.- Property, plant and equipment

9.1. The table below shows the detail and movement on the different categories of Property, plant and equipment (PP&E) for 2016:

Cost	Lands and buildings	Technical installations and machinery	Advances and fixed assets in progress	Other fixed assets	Total
Total balance as of December 31, 2015	485,721	1,219,863	56,589	104,992	1,867,165
Additions	37,980	1,659	-	1,237	40,876
Disposals and decreases	(3,931)	(23,920)	(3,768)	(11,681)	(43,300)
Translation differences	1,039	4,528	46	1,239	6,852
Change in consolidation	(261,011)	(311,374)	(1,863)	(96)	(574,344)
Reclassifications	479	319	-	(9)	789
Transfer to assets held for sale	(93,635)	(745,229)	(48,668)	(30,497)	(918,029)
Total Balance as of December 31, 2016	166,642	145,846	2,336	65,185	380,009

Accumulated Amortization and Impairment	Buildings	Technical installations and machinery	Advances and fixed assets in progress	Other fixed assets	Total
Total accum. deprec. as of December 31, 2015	(125,876)	(512,300)	-	(74,915)	(713,091)
Additions (amortization)	(4,447)	(9,971)	-	(14,709)	(29,127)
Additions (impairment)	(14,723)	-	-	-	(14,723)
Disposals and decreases	-	15,258	-	20,823	36,081
Translation differences	(14)	(457)	-	(454)	(925)
Change in consolidation	18,594	79,710	-	96	98,400
Reclassifications	-	941	-	14,734	15,675
Transfer from assets held for sale	55,482	361,108		(11,451)	405,139
Total accum. Amort. and Impairment as of December 31, 2016	(70,984)	(65,711)	-	(65,876)	(202,571)
Net balance at December 31, 2016	95,658	80,135	2,336	(691)	177,438

The most significant variation during the period ended December 31, 2016, mainly corresponds to the decrease generated by the exit of the consolidation perimeter of Abengoa Bioenergy Netherlands, B.V. after its loss of control over this company as a consequence of the beginning of the liquidation process after the declaration of bankruptcy in May (see Note 2.1.1). In this way, and in accordance with the IFRS 10 – Consolidated Financial Statements, the loss of control over this Company has generated the disposal of all the assets and liabilities related to the Company at book value on the date in which the loss of control was effective, as well as the recognition of the retained interest over this company. Additionally, all assets and liabilities arisen after the loss of control have been recorded at fair value. Given the situation of bankruptcy of the company, the investment fair value has been obtained based on the recovery amount after the finalization of the liquidation process (no recovery value), recognizing an impairment charge amounted to €454 million in the Consolidated Income Statement as results from discontinued operations, consequence of its reclassification as assets held for sale like all assets and liabilities related to the Bioenergy business segment (see Note 7). Additionally, as a consequence of the financial support given by its parent company Abengoa Bioenergía, S.A. to Abengoa Bioenergy Netherlands, B.V. there is a liability amounted to €96 million (classified as other loans and borrowings) as a claim made by the liquidator.

Additionally to the aforementioned, there is a decrease due to the reclassification as assets held for sale, of the rest of net assets related to the Bioenergy business segment given the compliance of all conditions and requirements of the IFRS5 – "non-current assets held for sale and discontinued operations" after its exclusion as continuing operations in the Updated Viability Plan by the Company Directors. In relation to the aforementioned, there are assets of 1G bioethanol plants in United States (Nebraska and York) that, after the beginning of the sale process initiated within the Chapter 11 proceedings (see Note 2.1.1) and given that the carrying amount is greater than its fair value less cost to sell (taking into account as a reference the price in purchase offer to estimate the fair value), there is an impairment expense in the Consolidated Income Statement, classified as Profit (loss) from discontinued operations (see Note 7).

Finally, it should be noted that there is a decrease caused by the impairment registered in Technical facilities and machinery, as well as in certain lands and constructions not affected to the Abengoa´s business given their uncertain future recoverability given the current situation of the Company. In accordance with the available information by Directors and based on best estimations, there is an expense for such concept in the depreciation, amortization and impairment charges line in the Engineering and Construction segment amounted to €15 million

9.2. The detail and the evolution in each category included in the assets in projects as of December 31, 2015 is as follows:

Cost	Lands and buildings	Technical installations and machinery	Advances and fixed assets in progress	Other fixed assets	Total
Total balance as of December 31, 2014	513,103	1,303,197	59,441	103,392	1,979,133
Additions	13,974	8,089	8,365	9,136	39,564
Disposals and decreases	(9,968)	(11,100)	-	(5,222)	(26,290)
Translation differences	(4,121)	27,864	1,932	(917)	24,758
Change in consolidation	(30,845)	(108,412)	(3,148)	(1,437)	(143,842)
Reclassifications	3,578	225	(10,001)	40	(6,158)
Total Balance as of December 31, 2015	485,721	1,219,863	56,589	104,992	1,867,165

Accumulated Amortization and Impairment	Buildings	Technical installations and machinery	Advances and fixed assets in progress	Other fixed assets	Total
Total accum. deprec. as of December 31, 2014	(117,892)	(515,207)	-	(58,721)	(691,820)
Additions (amortization)	(8,358)	(13,130)	-	(16,810)	(38,298)
Additions (impairment)	(4,800)	(48,160)	-	(4,000)	(56,960)
Disposals and decreases	499	5,729	-	3,205	9,433
Translation differences	190	(14,962)	-	563	(14,209)
Change in consolidation	4,670	73,478	-	854	79,002
Reclassifications	(185)	(48)	-	(6)	(239)
Total accum. Amort. and Impairment as of December 31, 2015	(125,876)	(512,300)	-	(74,915)	(713,091)
Net balance at December 31, 2015	359,845	707,563	56,589	30,077	1,154,074

During 2015, the decrease of Property, plant and equipment (PP&E) cost was mainly due to the disposal of all the assets related to Rioglass Solar once lost its control and, therefore, consolidated by the equity method (see Note 6.2).

According to the information available to the Directors, and based on the best estimates, during the year 2015, there was an impairment charge of approximately €57 million, of which €47 million were contributed by thermo-solar investments projects impairment located in US due to its doubtful recovery given the current problems and the situation of the Company which has resulted in the filing of the communication provided by the article 5 bis of Ley Concursal (see Note 2.1.1 Basis of Presentation). The aforementioned impairment losses corresponded to assets related to Engineering and construction segment (€40 million) and Bioenergy segment (€17 million). The methodology used for the valuation of the impairment losses and discount rates are described in Note 2.8.

9.3. Property, plant and equipment not assigned to operating activities at the year-end is not significant.

9.4. The companies' policy is to contract all insurance policies deemed necessary to ensure that all Property, plant and equipment is covered against possible risks that might affect it.

9.5. The amount of interest costs capitalized included in PP&E at December 31, 2016 was zero euros (€5,341 thousand in 2015).

9.6. At the end of 2016 and 2015, Property, Plant and Equipment include the following amounts where the group is a lessee under a finance lease:

Item	Balance as of 12.31.16	Balance as of 12.31.15
Capitalized finance-lease cost	2,998	16,575
Accumulated depreciation	(701)	(3,167)
Net carrying amount	2,297	13,408

9.7. The cost of land included in the land and buildings subcategory amounted to €17,515 thousand at December 31, 2016 (€73,661 thousand in 2015).

9.8. The table below sets out the information related to those assets constructed by the Group during 2016 and 2015 classified under the heading Property, plant and equipment of the Consolidated Statement of Financial Position:

Item	12.31.16	12.31.15
Property, plant and equipment constructed by the Group (accumulated)	47,276	945,665
Revenue generated by property, plant and equipment constructed by the Group	16,901	699,883
Operating result of property, plant and equipment constructed by the Group	5,691	202,406

9.9. The book value of Propety, plant and equipment which is in any way restricted or pledged to guarantee liabilities is detailed in Note 23.3.

Note 10.- Fixed assets in projects

As indicated in Note 2.5, included in the consolidation perimeter, there are several interest in companies whose purpose is the development of projects including the design, construction, financing, operation and maintenance of owned assets or assets under concession-type agreements which are financed through project debt.

This note provides a breakdown of fixed assets in projects as well as relevant information related to the assets mentioned before (excluding the detail of project debt which is disclosed in Note 19 to the Consolidated Financial Statements).

10.1. Concession assets in projects

a) The following table shows the changes of 'Concession assets in projects' for 2016:

Cost	Intangible assets	Financial assets	Total
Total as of December 31, 2015	2,485,489	280,166	2,765,655
Additions	-	50,623	50,623
Disposals and decreases	(132,178)	(8,089)	(140,267)
Translation differences	68	(8,953)	(8,885)
Transfer to assets held for sale	(2,343,136)	-	(2,343,136)
Total as of December 31, 2016	10,243	313,747	323,990

Accumulated Amortization and Impairment	Intangible assets	Financial assets	Total
Total accum. amort. as of December 31, 2015	(354,364)	-	(354,364)
Additions (amortization)	(51)	-	(51)
Translation differences	(6)	-	(6)
Transfer to assets held for sale	334,469	-	334,469
Total accum Amort. and Impairment as of December 31, 2016	(19,952)	-	(19,952)
Net balance at December 31, 2016	(9,709)	313,747	304,038

The most significant variation during the period ended December 31, 2016, mainly corresponds to the decrease due to the reclassification, as assets held for sale, of intangible assets of the concessional assets related to the transmission lines in Brazil. These assets comply with all assumptions and requirements of the IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations' after the sale process initiated in the "recuperação judicial" framework provided by the Brazilian law (see Note 2.1.1 and 7). Given that the carrying amount is greater than fair value less cost to sell (taking into account as a reference the purchase offer to estimate the fair value) there is an impairment expense in the Income Statement, included as profit (loss) from discontinued operations (see Note 7).

b) The following table shows the evolution in each category of 'Concession assets in projects' for the year 2015:

Cost	Intangible assets	Financial assets	Development assets (*)	Total
Total as of December 31, 2014	4,940,972	284,201	-	5,225,173
Additions	1,171,510	563,409	190,029	1,924,948
Disposals and decreases	-	-	-	-
Translation differences	(685,479)	(29,324)	-	(714,803)
Change in consolidation	(1,839,600)	(28,698)	(190,029)	(2,058,327)
Transfer to assets held for sale	(1,101,914)	(509,422)	-	(1,611,336)
Total as of December 31, 2015	**2,485,489**	**280,166**	**-**	**2,765,655**

(*) Corresponds to the investment in the Atacama I thermo-solar project in Chile until its sale to the APW-1 joint venture (see Note 7.1.b).

Accumulated Amortization and Impairment	Intangible assets	Financial assets	Development assets	Total
Total accum. amort. as of December 31, 2014	(282,984)	-	-	(282,984)
Additions (amortization)	(106,679)	-	-	(106,679)
Additions (impairment)	(241,075)	-		(241,075)
Disposals and decreases	-	-	-	-
Translation differences	23,196	-	-	23,196
Change in consolidation	168,138	-	-	168,138
Reclassifications	2,188	-	-	2,188
Transfer to assets held for sale	82,852	-	-	82,852
Total accum Amort. and Impairment as of December 31, 2015	**(354,364)**	**-**	**-**	**(354,364)**
Net balance at December 31, 2015	**2,131,125**	**280,166**	**-**	**2,411,291**

During the year 2015, the decrease in the concession-type assets cost in projects was mainly due to the classification as assets held for sale of those related to the companies detailed in Note 7.1, included in the sale of assets during the year to Atlantica Yield, and its consolidation by the equity method (see Note 6.3.b and Note 7.1) and the depreciation of the Brazilian real against the Euro. Such decrease was partially offset by the work in progress of various transmission lines in Brazil and Peru (€665 million), thermo-solar plant in Chile (€653 million), water and generating projects in México (€389 million), desalination plants and water projects in Ghana, Algeria, Morocco and US (€98 million), the construction of an Hospital in Brazil (€40 million) and wind farms and a prison in Uruguay (€17 and €11 million respectively).

According to the information available to the Directors, and based on the best estimates, during the year 2015, there was an impairment charge of €241 million related certain concessional assets under construction given the current problems and the situation of the Company which resulted in the filing of the communication provided by the article 5 bis of Ley Concursal (see Note 2.1). The aforementioned impairment losses corresponded to concessional assets of the electric transmissions segment (€185 million), Water segment (€21 million), Solar segment (€23 million) and Cogeneration and other segment (€12 million). All these assets are concessional assets in progress that, according to IFRIC12, revenues, costs and margin of services delivered during the period of construction are recorded in accordance to IAS 11 "construction contracts" (see Note 2.5). The methodology used for the valuation of the impairment losses and discount rates described in Note 2.8.

Capitalized interest cost in project assets for the year ended December 31, 2016 amounts to zero euros (€87,159 thousand in 2015).

Appendix VII to these Consolidated Financial Statements includes certain information on project companies included within the scope of IFRIC 12.

10.2. Other assets in projects

a) The table below shows the detail and movement in 'Other assets in projects' for 2016:

Cost	Land and buildings	Technical installations and machinery	Advances and fixed assets in progress	Other PP&E	Software and other intangibles	Total
Total as of December 31, 2015	280,505	752,550	9,561	294,591	53,737	1,390,944
Additions	699	-	1	-	-	700
Disposals and decreases	-	(655)	-	(246)	-	(901)
Translation differences	499	143	-	3	-	645
Change in consolidation	-	-	-	-	-	-
Reclassifications	-	(3,055)	-	-	-	(3,055)
Transfer to assets held for sale	(114,824)	(737,041)	(9,544)	(290,962)	(53,021)	(1,205,392)
Total as of December 31, 2016	166,879	11,942	18	3,386	716	182,941

Accumulated Amortization and Impairment	Buildings	Technical installations and machinery	Advances and fixed assets in progress	Other PP&E	Software and other intangibles	Total
Total accum. deprec. as of December 31, 2015	(48,572)	(275,945)	-	(92,055)	(26,000)	(442,572)
Additions (amortization)	(2,793)	(258)		(46)	(99)	(3,196)
Aumentos (deterioro)	(63,234)	-				-
Disposals and decreases	-	-		-	-	-
Translation differences	(1)	(94)		(3)	-	(98)
Change in consolidation	-	-		-	-	-
Reclassifications	(458)	1,979		-	-	1,521
Transfer to assets held for sale	32,339	269,033		91,108	25,775	418,255
Total accum. Amort. and Impairment as of December 31, 2016	(82,719)	(5,285)	-	(996)	(324)	(89,324)
Net balance at December 31, 2016	84,160	6,657	18	2,390	392	93,617

The most significant variation during the year 2016 mainly corresponds to the decrease caused by the reclassification, as assets held for sale, of the fixed assets related to the 1G bioethanol plants in United States (Indiana and Illinois) and Brazil, in compliance with all assumptions and requirements of the IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations' after its exclusion from continuing operations in the Updated Viability Plan by the Company Directors. In relation to the aforementioned, after their respective sale processes (both for assets in Brazil and United States) and given that their carrying amount is lower than their fair value less cost to sell (taking into account as a reference the price in purchase offer to estimate the fair value), there has been recognized an impairment charge for such assets in the Consolidated Income Statement, classified as profit (loss) from discontinued operations (see Note 7).

Finally, there is a decrease given the impairment registered over lands and buildings not affected by the Abengoa´s business due to the uncertainty in its future recovery given the situation of the company. According to the information available by the Directors and based on the best estimates possible, an expense amounting to €63 million has been registered as depreciation, amortization and impairment charges in the Engineering and Industrial Construction segment.

b) The table below shows the detail and movement in 'Other assets in projects' for the year 2015:

Cost	Land and buildings	Technical installations and machinery	Advances and fixed assets in progress	Other PP&E	Software and other intangibles	Total
Total as of December 31, 2014	305,587	997,274	22,391	372,170	78,987	1,776,409
Additions	4,125	5,352	11,639	39,925	3,062	64,103
Translation differences	(3,122)	(38,219)	(3,659)	(95,103)	(17,700)	(157,803)
Change in consolidation	(8,356)	(4,683)	-	(46)	-	(13,085)
Reclassifications	44,694	(31,372)	(20,520)	(22,033)	-	(29,231)
Transfer to assets held for sale	(62,423)	(175,802)	(290)	(322)	(10,612)	(249,449)
Total as of December 31, 2015	280,505	752,550	9,561	294,591	53,737	1,390,944

Accumulated Amortization and Impairment	Buildings	Technical installations and machinery	Advances and fixed assets in progress	Other PP&E	Software and other intangibles	Total
Total accum. deprec. as of December 31, 2014	(67,591)	(304,027)	-	(131,902)	(26,713)	(530,233)
Additions (amortization)	(7,811)	(50,400)	-	(13,649)	(2,657)	(74,517)
Disposals and decreases	163	951	-	-	1,318	2,432
Translation differences	1,370	24,227	-	31,237	1,448	58,282
Reclassifications	(2,336)	306	-	22,033	-	20,003
Transfer to assets held for sale	27,633	52,998	-	226	604	81,461
Total accum. Amort. and Impairment as of December 31, 2015	(48,572)	(275,945)	-	(92,055)	(26,000)	(442,572)
Net balance at December 31, 2015	231,933	476,605	9,561	202,536	27,737	948,372

During the year 2015, the decrease in other assets in project cost was mainly due to the classification as assets held for sale of those related to the companies detailed in Note 7, and the depreciation of the Brazilian real against the euro.

According to the information available to the Directors, no significant losses from impairment of 'Other assets in projects' were recorded during 2015.

c) During the years 2016 and 2015 no financial costs were capitalized in project assets.

d) Fixed assets in projects whose ownership are restricted or pledged as collateral for liabilities (as described in Note 19 for project finance) are detailed in Note 23.3.

e) It is the policy of the Group to enter into a number of insurance policies to cover risks relating to property, plant and equipment.

f) For property, plant and equipment located over third party land, the company has estimated the dismantling costs of affected items, as well as the rehabilitation costs of the place where they are settled (see Note 22.1).

g) At the end of the year 2016, there are no biological assets (€196 millions in 2015).

10.3. Assets constructed by the group

The table below sets out the information related to those assets constructed by the Group during the years 2016 and 2015 classified under the fixed assets in projects heading of the Consolidated Statement of Financial Position (concessions and other assets in projects):

Item	12.31.16	12.31.15
Fixed assets in projects constructed by the Group (accumulated)	397,655	3,067,370
Revenue generated by fixed assets in project constructed by the Group	52,285	1,401,404
Operating result of fixed assets in project constructed by the Group	(36,471)	340,864

Note 11.- Investments in associates

11.1. The detail of the main categories included in financial investment as of December 31, 2016 and 2015 is as follows:

Item	Balance as of 12.31.16	Balance as of 12.31.15
Associates	816,793	918,136
Joint Ventures	6,386	279,555
Total Investments accounted for using the equity method	823,179	1,197,691

The evolution in investments accounted by the equity method during 2016 and 2015:

Investments accounted by the equity method	31.12.16	31.12.15
Initial balance	1,197,691	311,261
Equity contributions	-	28,558
Changes in consolidation	(4,498)	1,024,853
Reclassification to assets held for sale	(49,766)	(153,590)
Distribution of dividends	(373)	(230)
Impairments	(330,778)	-
Translation differences and Others	11,172	(5,068)
Share of (loss)/profit	(269)	(8,093)
Final balance	823,179	1,197,691

The most significant variations in investments in associates and joint ventures during the year 2016 correspond to the decrease due to the depreciation caused by the impairment over the APW-1 JV interest (see Note 6.2) which amounted to €244 million after the loss of control of all economic rights over such investment due to the agreement reached with EIG in 2016 (see Note 6), the sale of the investments over Explotaciones Varias, S.L. (see Note 6.2), the reclassification to assets held for sale of the investment in the thermo-solar project Xina in South Africa and the desalination project of Chennai in India (see Note 7) and the impairment over non-significant investments related to the water activity amounted to €5 million. All this variation has been partially offset by the consideration of Abengoa Water USA as associate as a consequence of the loss of control due to the transaction of the 80% interest in Abengoa Vista Ridge LLC (see Note 6.2).

Additionally, there has been a decrease in the investment over the associate Rioglass Solar. In this sense, it should be noted that, related to the agreement reached at the 2015 closing with the minority partner (Rioglass Laminar) in which the control was transferred to that company, a convertible loan had been signed between Abengoa Rioglass as borrower and Rioglass Laminar as lender for an amount of €15 million. Such convertible loan was indispensable to keep the business under going concern and avoiding the bankruptcy of Rioglass. The conversion of the loan into preferred equity (with preference only in the case of liquidation of sale of the company if Abengoa would take part in that) would happened if Abengoa would not have made a number of payments as client until April 20, 2016. In case of the 100% conversion, the preferred equity would be transferred to the outstanding capital and thus, Abengoa´s interest would be diluted to 15%. Once the period ended without compliance by Abengoa given the situation of the Company, a negotiation with the partner Rioglass Laminar is being carried out in order to reach an agreement of the shareholders and specifically concerning the minority interest protection. On December 31, 2016 the loan has not been legally converted yet.

Regardless of the aforementioned, and given the high probability expected by the Directors in the conversion of the loan, at the end of 2016, it has been registered the potential dilution and the expense due to the impairment in the investment over Rioglass Solar in the Consolidated Income Statement for 2016 amounting to €82 million as Share of profit (loss) of associates carried under the equity method.

11.2. The table below contains the details of the main joint ventures and investments carried by the equity method at the end of the years 2016 and 2015:

Company	Typology	% share	Book value	Equity	Assets	Revenues	Profit/loss 2016
Atlantica Yield y filiales	Asoc.	41.47	755,501	1,862,804	9,791,575	878,376	(4,388)
Rioglass Solar Holding y filiales	Asoc.	15.00	36,665	130,792	220,912	116,653	10,336
Others	-	-	31,013	-	-	-	-
Total 2016			823,179	1,993,596	10,012,487	995,029	5,948

Company	Typology	% share	Book value	Equity	Assets	Revenues	Profit/loss 2015
APW-1 y filiales	Neg. Cto.	45.00	249,316	766,786	1,405,311	2,623	(33,855)
ATE VIII Transmissora de Energía, S.A.	Neg. Cto.	50.00	9,540	19,080	21,642	1,990	391
Atlantica Yield y filiales	Asoc.	41.86	744,913	1,857,412	9,743,158	712,876	(188,688)
Explotaciones Varias, S.L.	Neg. Cto.	50.00	14,546	29,093	43,923	175	(316)
Rioglass Solar Holding y filiales	Asoc.	49.99	114,286	79,827	154,626	70,450	(8,573)
Xina Solar One (Rf) (Pty), Ltd.	Asoc.	40.00	33,140	63,460	421,154	-	(482)
Others			31,950	-	1,508,844	435,050	3,808
Total 2015			1,197,691	2,815,658	13,298,658	1,223,164	(227,715)

11.3. The shareholding percentages in associates do not differ from the voting rights percentage on them.

The accumulated other comprehensive income as of December 31, 2016 related to investments in associates amounts to €15,142 thousand (€-18,624 thousand as of December 31, 2015).

11.4. At the end of 2016, the most significant contribution to disclose the assets, liabilities and profit and losses corresponding to Atlantica Yield amounted to €755,501 thousand (€744,913 thousand in 2015). Abengoa controls a 41.47% stake in Atlantica Yield. 99.94% of the shares of Atlantica Yield owned by Abengoa have been pledged as collateral for the December 2015, March 2016 and September 2016 credit lines.

At December 31, 2016 and 2015 the Atlantica Yield consolidated assets and liabilities are the following:

Item	Balance as of 12.31.16	Balance as of 12.31.15
Fixed assets in projects	8,477,328	8,554,873
Investments in associates	52,304	49,880
Financial investments	71,859	92,152
Deferred tax assets	192,917	173,118
Other Non-current assets	2,725	-
Current assets	994,443	873,135
Project debt	(5,703,783)	(5,648,284)
Other non-current liabilities	(2,052,010)	(2,059,018)
Other current liabilities	(172,979)	(178,444)
Total net assets and liabilities	1,862,804	1,857,412

The amount of other comprehensive income amounted to a loss of €80 million (€78 million at 31 December 2015).

The income statement of Atlantica Yield at the closing of fiscal years 2016 and 2015 is shown below:

Item	2016	2015
Revenue	878,376	712,876
Other operating income	59,238	62,355
Operating expenses	(573,864)	(464,646)
I. Operating profit	363,750	310,585
II. Financial expense, net	(366,744)	(474,990)
III. Share of profit/(loss) of associates carried under the equity method	6,007	7,240
IV. Profit before income tax	3,013	(157,165)
V. Income tax benefit	(1,506)	(21,600)
VI. Profit for the period from continuing operations	1,507	(178,765)
VII. Profit attributable to minority interests	(5,895)	(9,923)
VIII. Profit for the period attributable to the Parent Company	(4,388)	(188,688)

Regarding the restrictions on Atlantica Yield transferring funds to Abengoa, at 31 December 2015, in accordance with the terms and conditions of the parent company support agreement signed on 9 December 2014 with Atlantica Yield, Abengoa undertook to pay Atlantica an annual dividend of $18.4 million from the preferred shares held in the company Abengoa Concesiones Brasil Holding (hereinafter "ACBH"), a Brazilian subsidiary through which Abengoa holds the shares in various concession assets pertaining to transmission lines in Brazil. The guaranteed dividend was initially set for a period of five years and Abengoa committed to keep the amount of the dividends to be received from Atlantica Yield on deposit in a bank account.

If at any time during the 5-year period the amount on deposit was less than the amount of outstanding dividends, Atlantica Yield would have the right to withhold all payments due to Abengoa and any of its affiliates, including dividends payable to Abengoa by Atlantica and any payments under agreements entered into by Atlantica Yield and/or its affiliates and Abengoa and/or its affiliates, without affecting the respective obligations to be performed under those agreements.

At December 31, 2016, Atlantica Yield had withheld $19 million of the dividend payable to Abengoa in accordance with the support agreement reached with the parent company.

In relation to the commitments, obligations and contingent liabilities with Atlantica Yield, and as indicated in note 33.2, according to the terms of the Financial Support Agreement, Abengoa has provided Atlantica Yield and its subsidiaries with certain bonds and guarantees totalling €35 million and €786 million to guarantee the performance of certain concession projects for the generation of solar thermal power, wind power and electric transmission lines.

On October 26, 2016, an agreement was signed by Abengoa and Atlantica Yield as part of Abengoa's financial restructuring process and also, as a result of the judicial recovery proceeding of Abengoa Concessões Brasil Holding S.A. in Brazil. Under the agreement, Abengoa will recognise a loan to Atlantica Yield in the amount of USD 333 million related to the cancellation of the guarantee provided by Abengoa in connection with the ACBH preferred stock (Parent Support Agreement). The loan is subject to the court’s approval of the financial Restructuring Agreement , which was approved by the Commercial Court No. 2 of Seville.

This recognised loan is subject to the terms of the Restructuring Agreement which was signed by Atlantica Yield. As a result, this loan is subject to the alternative restructuring conditions which call for 70% to be settled by transferring certain Abengoa shares to Atlantica Yield and the remaining 30% to be refinanced under the terms of the agreement. In accordance with the IAS 39, Abengoa has estimated that the fair market value is €95 million and this amount was recognised in the Consolidated Financial Statements.

Atlantica Yield has agreed to invest up to €48 million in Abengoa as part of the first tranche of new money. As a result, 30% of the loan recognised by Abengoa will be considered senior rather than junior debt, in accordance with the terms and conditions of the Restructuring Agreement. The new money provided by Atlantica Yield to Abengoa is guaranteed by shares of Atlantica Yield, which is owned by Abengoa, as well as a cogeneration asset under construction in Mexico (A3T).

Note 12.- Financial instruments by category

The Group's financial instruments are primarily deposits, clients and other receivables, derivatives and loans. Financial instruments by category (current and non-current), reconciled with the Consolidated Statement of Financial Position, are as follows:

Category	Notes	Loans and receivables / payables	Non-hedging derivatives	Hedging derivatives	Available for sale	Balance as of 12.31.16
Available-for-sale financial assets	13	-	-	-	10,252	10,252
Derivative financial instruments	14	-	1,888	-	-	1,888
Financial accounts receivables	15	202,683	-	-	-	202,683
Clients and other receivables	15	1,327,449	-	-	-	1,327,449
Cash and cash equivalents	17	277,789	-	-	-	277,789
Total Financial assets		1,807,921	1,888	-	10,252	1,820,061
Project debt	19	2,015,504	-	-	-	2,015,504
Corporate financing	20	7,665,151	-	-	-	7,665,151
Trade and other current liabilities	25	2,654,260	-	-	-	2,654,260
Derivative financial instruments	14	-	17,133	-	-	17,133
Total Financial liabilities		12,334,915	17,133	-	-	12,352,048

Category	Notes	Loans and receivables / payables	Non-hedging derivatives	Hedging derivatives	Available for sale	Balance as of 12.31.15
Available-for-sale financial assets	13	-	-	-	46,399	46,399
Derivative financial instruments	14	-	4,320	24,435	-	28,755
Financial accounts receivables	15	1,557,394	-	-	-	1,557,394
Clients and other receivables	15	2,004,436	-	-	-	2,004,436
Cash and cash equivalents	17	680,938	-	-	-	680,938
Total Financial assets		4,242,768	4,320	24,435	46,399	4,317,922
Project debt	19	3,070,106	-	-	-	3,070,106
Corporate financing	20	6,325,001	-	-	-	6,325,001
Trade and other current liabilities	25	4,379,252	-	-	-	4,379,252
Derivative financial instruments	14	-	67,682	78,237	-	145,919
Total Financial liabilities		13,774,359	67,682	78,237	-	13,920,278

The information on the financial instruments measured at fair value, is presented in accordance with the following:

- Level 1: assets or liabilities listed on active markets.
- Level 2: Measured on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as un quoted prices) or indirectly (i.e. derived from valuation models).
- Level 3: Measured on inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following is a breakdown of the Group's assets and liabilities measured at fair value as of December 31, 2016 and 2015 (except assets and liabilities with a carrying amount close to their fair value, non-quoted equity instruments measured at cost and contracts with components that cannot be reliably measured):

Category	Level 1	Level 2	Level 3	Balance as of 12.31.16
Non-hedging derivatives	-	(15,245)	-	(15,245)
Hedging derivatives	-	-	-	-
Available-for-sale	-	-	10,252	10,252
Total	-	(15,245)	10,252	(4,993)

Category	Level 1	Level 2	Level 3	Balance as of 12.31.15
Non-hedging derivatives	-	(37,493)	(25,869)	(63,362)
Hedging derivatives	-	(53,802)	-	(53,802)
Available-for-sale	29	-	46,370	46,399
Total	29	(91,295)	20,501	(70,765)

Additionally, Note 20 shows the notes and bonds´ fair value. On the other hand, relating to corporate financing recognized at amortized cost, in the past, its amortized cost was similar to its fair value, however, since the circumstances mentioned in Note 2.1.1 its fair value has changed, and cannot be reliably estimated at December 31, 2016.

The financial instruments at fair value, determined from prices published in active markets (Level 1), consist of shares.

The majority of Abengoa's portfolio comprises financial derivatives designated as cash flow hedges, is classified as level 2 and corresponds mainly to the interest rate swaps (see Note 14).

The caption Non-hedging derivatives includes the fair value of the embedded derivatives in the exchangeable and convertible notes (except for the 2019 convertible notes), the fair value of the call options over Abengoa's own shares, as well as those derivatives purchased with the purpose of hedging market risk (interest rate, foreign exchange or commodities) that do not fulfill all the requirements, according to IAS 39 to be recorded as hedges from an accounting point of view.

The most significant item included under level 3 corresponds to the disposal of the investment that Abengoa had in Xfera Moviles, S.A. (see Note 13) as well as the decrease of the convertible loan received as part of the transaction for the sale of Befesa that has been cancelled after closing the agreement between Abengoa and the investment fund Triton Partner for the sale of the convertible loan into Befesa, S.L.U. shares. (see Note 15).

The following table shows the changes in the fair value of level 3 assets for the years 2016 and 2015:

Movements	Amount
Beginning balance as of December 31, 2014	38,118
Gains and losses recognized in Equity (see Note 13.1)	1,240
Changes in Non-hedging derivatives	(17,371)
Change in consolidation, reclassifications and translation differences	(1,486)
Total as of December 31, 2015	20,501
Gains and losses recognized in Equity (see Note 13.1)	(126)
Changes in Non-hedging derivatives	-
Change in consolidation, reclassifications and translation differences	(10,123)
Total as of December 31, 2016	10,252

During the years ended December 31, 2016 and December 31, 2015, there have not been any significant reclassifications amongst the three levels presented above.

Note 13.- Available-for-sale financial assets

13.1. The following table shows the detail and the evolution of available-for-sale financial assets during the years 2016 and 2015:

Available for sale financial assets	Balance
At December 31, 2014	46,649
Additions	702
Gain/Losses transferred to equity	1,240
Derecognitions	(2,192)
At December 31 , 2015	46,399
Additions	7,884
Gain/Losses transferred to equity	(126)
Derecognitions	(43,905)
At December 31 , 2016	10,252
Less: Non-current portion	6,537
Current portion	3,715

The most significant variation in the available for sale financial investments corresponds to a decrease due to the sale of the investment owned by Abengoa over Xfera Moviles, S.A.

In relation with such investment, it should be known that, on June 20, 2016 an agreement was signed between Abengoa and Masmovil Phone & Internet, S.A.U. for the transaction of the 3% interest owned by Abengoa until that moment over Xfera Moviles, S.A. (Yoigo as trademark), as well as the corresponding rights on the equity loans conceded to such company. On the other hand, Telia, with a 76.56%; ACS with a 17% and FCC with a 3.44% interest; have agreed the sale of their investments to Masmovil. With this transaction, Abengoa could have collected up to €35 million by mean of the following instruments:

a) An amount of €21 million as loan amortization in 7 years since the seventh year which accrues a fix interest rate of 2% and a variable interest rate of 3% depending on the compliance by Xfera of several financial ratios and an early redemption option by Abengoa since the third month to the second year after the contract enters in force. Such early redemption option would be assured by an unconditional bank guaranty in first requirement. Additionally, it is conceded to Abengoa the right to capitalize the loan when several temporary terms and conditions about several financial ratios are met by Xfera.

b) An amount of €14 million as "earn-Out" in accordance to the established rules in the contract. In early redemption case, Abengoa will not have the right to collect any amount for this concept. €21 million will be collected at the operation closing, while the outstanding €14 million will be subjected to the results obtained by Yoigo in the following years.

At December 31, 2016 the company has recognized as financial losses the impairment charge of €33 million (see Notes 7 and 22.2) as the difference between the book value and the amount collected of €21 million after implementing the mentioned early redemption option.

13.2. The following table shows entities which, in accordance with the current regulation, were not consolidated in the years 2016 and 2015 and in which the parent company's direct and indirect shareholding is higher than 5% and lower than 20%. The net carrying amount of these holdings is €4,652 thousand (€7,810 thousand in 2015).

Non-current financial assets	2016 % Holding	2015 % Holding
Dyadic Investment	-	7.00
Norpost	10.00	10.00
Proxima Ltd. (Nexttel)	-	10.00
Soc. Con. Canal Navarra	10.00	10.00
Sociedad Andaluza de Valoración Biomasa	-	6.00

Current financial assets	2016 % Holding	2015 % Holding
OMEL (antogua Comeesa)	5.31	5.31
Chekin	14.28	14.28
Medgrid, SAS	-	5.45
Mediación Bursátil, S.V.B., S.A.	8.00	8.00
Operador Mercado Ibérico (OMIP)	5.00	5.00

13.3. All necessary notifications have been made to the companies in which the Group holds an interest of over 10%, as required under Article 155 of Spanish Corporate Law (Ley de Sociedades de Capital).

13.4. There are no circumstances which have a material impact on the financial assets on the Group's portfolio, such as litigations, pledges, etc.

13.5. There are no firm agreements in place regarding the sale or purchase of these investments which could be considered material in relation to the Group's Consolidated Financial Statements.

13.6. The amount of interest accrued but not yet collected is not material.

13.7. There are no fixed-yield securities in arrears. The average rate of return on fixed-yield securities is in line with the market.

Note 14.- Derivative financial instruments

14.1. The fair value of derivative financial instruments (see Note 12) as of December 31, 2016 and 2015 is as follows:

		12.31.16		12.31.15	
Item	Note	Assets	Liabilities	Assets	Liabilities
Exchange rate derivatives – cash flow hedge	14.2.a	700	262	22,067	37,181
Exchange rate derivatives – non-hedge accounting	14.2.c	-	295	4,313	4,139
Interest rate derivatives – cash flow hedge	14.3.a	1,188	10,515	1,522	6,736
Interest rate derivatives – non-hedge accounting	14.3.c	-	6,061	-	32,998
Commodity derivatives – cash flow hedge	14.4.a	-	-	846	34,320
Embedded derivatives of convertible bonds, exchangables bond and shares options	20.3	-	-	7	30,545
Total		1,888	17,133	28,755	145,919
Non-current part		1,185	5,535	14,941	38,002
Current part		703	11,598	13,814	107,917

Information about the valuation techniques of derivative financial instruments is described in Notes 2.11 and 12.

The most significant variation during the period ended December 31, 2016 corresponds to the net decrease in derivative financial liabilities mainly due to the sale of the convertible bond of Befesa to Triton Investment Fund (see Note 12), to the decrease due to an early settlement of interest rate derivatives associated to the syndicated loan, to the decrease in the fair value of the convertible bond embedded derivative to ordinary shares of Atlantica Yield maturing on 2017 (see Note 18.3) as well as the decrease due to the reclassification of all derivative assets and liabilities related to Bioenergy as held for sale, in accordance with the IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations' given their open sale processes due to their inconsideration as continuing activity in the Updated Viability Plan approved by the Directors of the Company (see Note 7).

The fair value amount transferred to the Consolidated Income Statement in 2016 concerning the financial instruments derivatives designated as hedging instruments corresponds to a loss of €134,987 thousand (€251,261 thousand as of December 31, 2015).

The net amount of derivatives fair value transferred directly to the Consolidated Income Statement as a result of not meeting all the requirements of IAS39 to be designated as accounting hedges represents a loss of €141 thousand (loss of €20,912 thousand as of December 31, 2015).

Fair value of each of the categories of financial instruments presented in the table above is disclosed as the following sections. The net position of assets and liabilities for each line item of the summary table above is reconciled with the net amount of the fair values of collections and payments for exchange rate derivatives, the net amount of the fair values of caps and swaps for interest rates hedges and the net amount of the fair values of commodity price derivatives, respectively.

14.2. Exchange rate derivatives

The terms 'Collection hedges' and 'Payment hedges' refer to foreign currency derivatives designated as instruments of future cash inflows and outflows associated to highly probable forecasted sales and purchase, respectively, denominated in a foreign currency.

The following table shows a breakdown of the notional amounts (for their countervalue in thousands of euro) of the financial instruments relating to amounts receivable and payable in foreign currencies as of December 31, 2016 and 2015:

	12.31.16		12.31.15	
Exchange Rates	Collections	Payments	Collections	Payments
Kenyan Shilling (Kenya)	-	-	1,267	119
Krona (Sweden)	-	-	-	-
Dinar Kuwaití (Kuwait)	1,132	-	15,340	7,149
Dirhams (UAE)	-	-	-	-
Dollar (Australia)	-	-	-	-
Dollar (USA)	236,706	1,089	869,524	241,020
Euro	-	-	124,935	90,401
Franc (Switzerland)	-	-	-	-
Pound Sterling (UK)	-	4	522	13
Peso (Mexico)	-	-	-	-
Peso (Uruguay)	-	-	-	-
Real (Brazil)	-	-	22,005	-
Yen (Japan)	-	-	-	-
Zloty (Poland)	-	-	-	-
Total	237,838	1,093	1,033,593	338,702

The following table shows a breakdown of the fair values of exchange rate derivatives relating to amounts receivable and payable in foreign currencies as of December 31, 2016 and 2015:

	12.31.16		12.31.15	
Exchange Rates	Collections	Payments	Collections	Payments
Kenyan Shilling (Kenya)	-	-	(128)	7
Danish Krone (Denmark)	-	-	73	(131)
Swedish Krona (Sweden)	-	-	-	-
Dinar Kuwaití (Kuwait)	(106)	-	(674)	179
Dirhams (UAE)	-	-	(233)	193
Dollar (Australia)	-	-	-	-
Dollar (USA)	(295)	542	(18,995)	3,524
Euro	-	-	(1,200)	775
Franc (Switzerland)	-	-	-	0
Pound Sterling (UK)	-	2	-	1
Peso (Mexico)	-	-	-	-
Peso (Uruguay)	-	-	-	-
Real (Brazil)	-	-	8,178	-
Israeli Shekel (Israel)	-	-	-	251
Yen (Japan)	-	-	-	-
Zloty (Poland)	-	-	(9,235)	2,475
Total	(401)	544	(22,214)	7,274

a) Cash flow hedges

The table below shows a breakdown of the notional amount maturities of exchange rate derivatives designated as cash flow hedges at the end of the years 2016 and 2015:

	12.31.16		12.31.15	
Notionals	Collections	Payments	Collections	Payments
Up to 1 year	1,132	1,093	424,046	235,013
Between 1 and 2 years	-	-	124,834	90,705
Between 2 and 3 years	-	-	92,085	12,984
Subsequent years	-	-	143,938	-
Total	1,132	1,093	784,903	338,702

The table below shows a breakdown of the fair value amount maturities of exchange rate derivatives designated as cash flow hedges at the end of 2016 and 2015 year end:

	12.31.16		12.31.15	
Fair value	Collections	Payments	Collections	Payments
Up to 1 year	(106)	544	(25,907)	5,688
Between 1 and 2 years	-	-	(2,372)	1,411
Between 2 and 3 years	-	-	2,021	175
Subsequent years	-	-	3,870	-
Total	(106)	544	(22,388)	7,274

The net amount of the fair value of exchange rate derivatives designated as cash flow hedges transferred to the Consolidated Income Statement in 2016 and 2015 has been of €-50,748 thousand and €-2,430 thousand, respectively (see Note 17.4).

The ineffective amount recognized in the Consolidated Income Statement for the years 2016 and 2015 with respect to exchange rate derivatives designated as cash flow hedges amounts to €0.5 thousand and €-24,614 thousand, respectively.

The after-tax gains/losses accumulated in equity from exchange rate derivatives designated as cash flow hedges at December 31, 2016 amounted to zero euros (€-35,763 thousand in 2015) (see Note 18.3).

b) Fair value hedges

The group does not have any exchange rate derivatives designated as fair value hedges at the end of 2016 and 2015.

c) Non-hedge accounting derivatives

The detail of the notional amount maturities at the end of 2016 and 2015 is the following.

	12.31.16		12.31.15	
Notionals	Collections	Payments	Collections	Payments
Up to 1 year	-	-	145,874	-
Between 1 and 2 years	236,706	-	78,120	-
Between 2 and 3 years	-	-	24,697	-
Subsequent years	-	-	-	-
Total	236,706	-	248,691	-

The breakdown at the end of 2016 and 2015 of the fair value maturities of the derivative financial instruments that not meet the requirements to be designed as cash flow hedges is the following:

	12.31.16		12.31.15	
Fair value	Collections	Payments	Collections	Payments
Up to 1 year	-	-	219	-
Between 1 and 2 years	(295)	-	(35)	-
Between 2 and 3 years	-	-	(10)	-
Subsequent years	-	-	-	-
Total	(295)		174	-

The net amount of the fair value of exchange rate derivatives charged directly to the Consolidated Income Statement as a result of not meeting all the requirements of IAS 39 to be designated as hedges represented a null impact (null impact in 2015) (see Note 30.2).

14.3. Interest rate hedges

As stated in Note 4 to these Consolidated Financial Statements, the general hedging policy for interest rates is to purchase call options in exchange of a premium to fix the maximum interest rate cost. Additionally, under certain circumstances, the company also uses floating to fixed interest rate swaps.

a) Cash flow hedges

The table below shows a breakdown of the maturities of notional amounts of interest rate derivatives designated as cash flow hedges at the 2016 and 2015 year end:

	12.31.16		12.31.15	
Notionals	Cap / Collar	Swap	Cap / Collar	Swap
Up to 1 year	279,490	-	178,668	223
Between 1 and 2 years	43,779	-	136,397	238
Between 2 and 3 years	83,615	-	2,702,777	254
Subsequent years	492,202	11,472	216,936	10,910
Total	899,086	11,472	3,234,778	11,625

The table below shows a breakdown of the fair values maturities of interest rate derivatives designated as cash flow hedges at the 2016 and 2015 year end:

	12.31.16		12.31.15	
Fair value	Cap / Collar	Swap	Cap / Collar	Swap
Up to 1 year	(5,314)	-	304	-
Between 1 and 2 years	-	-	(15,494)	(61)
Between 2 and 3 years	84	-	(4,592)	(65)
Subsequent years	994	(5,091)	(674)	15,368
Total	(4,236)	(5,091)	(20,456)	15,242

The fair value net amounts of interest rate derivatives designated as cash flow hedges transferred to the Consolidated Income Statement in 2016 and 2015 have been of €-45,502 thousand and €-237,147 thousand, respectively (see Note 17.4).

The after-tax gains/losses accumulated in equity in connection with derivatives designated as cash flow hedges at the end of 2016 and 2015 amount to €-41,354 thousand and €-11,532 thousand, respectively (see Note 18.3).

The net amount of the time value component of the cash flow derivatives fair value recognized in the Consolidated Income Statement for the years 2016 and 2015 has been zero euros and €16,289 thousand, respectively.

b) Fair value hedges

The Group does not have any interest rate derivatives designated as fair value hedges at the end of the years 2016 and 2015.

c) Non-hedges accounting derivatives

The table below shows a detail of the maturities of notional amounts of interest rate derivatives that do not meet the requirements to be designed as hedging instruments at the end of the years 2016 and 2015:

	12.31.16	12.31.15
Notionals	Floor	Floor
Up to 1 year	400,000	930,000
Between 1 and 2 years	-	1,500,000
Between 2 and 3 years	-	315,000
Subsequent years	-	-
Total	400,000	2,745,000

The table below shows a detail of the maturities of fair values of non-hedge accounting interest rate derivatives at the end of the years 2016 and 2015:

	12.31.16	12.31.15
Fair value	Floor	Floor
Up to 1 year	(6,061)	(7,567)
Between 1 and 2 years	-	(20,301)
Between 2 and 3 years	-	(5,130)
Subsequent years	-	-
Total	(6,061)	(32,998)

At the end of the years 2016 and 2015, the fair value net amount of interest rate derivatives charged directly to the Consolidated Income Statement, as a result of not meeting all the requirements of IAS 39 to be designated as hedges, represented an impact of €141 thousand and €-8,094 thousand, respectively (see Note 30.1).

14.4. Commodity price hedges

In relation to hedges of commodity prices, as stated in Note 4.a) to these Consolidated Financial Statements of Abengoa for the year ended on December 31, 2016, the main commodities prices change risk for the Group is related to the price of gas and (until classified as discontinued operations in the Bioenergy operating segment, the price of grain, ethanol and sugar posed a significant risk to the Company).

To hedge these risks, Abengoa uses derivative contracts and OTC derivatives for commodity prices.

a) Cash flow hedges

The table below shows a breakdown of the notional amount maturities for the commodity price derivatives designated as cash flow hedges at the 2016 and 2015 years end:

2016	Fuel (ML)	Ethanol (Gallons)	Gas (MMbtu)	Grain (Bushels)	Aluminum (Tons)
Up to 1 year	-	-	-	-	-
Total	-	-	-	-	-

2015	Fuel (ML)	Ethanol (Gallons)	Gas (MMbtu)	Grain (Bushels)	Aluminum (Tons)
Up to 1 year	4,662	-	-	16,095,000	48,443
Total	4,662	-	-	16,095,000	48,443

The table below shows a breakdown of the fair value maturities of commodity price derivatives designated as cash flow hedges at the 2016 and 2015 years end:

2016	Fuel	Ethanol	Gas	Grain	Aluminum
Up to 1 year					
Total					

2015	Fuel	Ethanol	Gas	Grain	Aluminum
Up to 1 year	(637)	-	-	836	(33,673)
Total	(637)	-	-	836	(33,673)

The net amounts of the fair value of commodity price derivatives designated as cash flow hedges transferred to the Income statement in 2016 and 2015 accounted for €-38,737 thousand and €-11,684 thousand, respectively (see Note 17.4).

The non-effective portions recognized on the Consolidated Income Statement in the years 2016 and 2015, related to derivative financial instrument cash flow hedges, were zero and €6,413 respectively.

The after-tax gains/losses accumulated in equity in connection with derivatives designated as cash flow hedges at December 31, 2016 amounted to zero euros (€-33,600 thousand in 2015), (see Note 18.3).

b) Non-hedge accounting derivatives

At the end of the years 2016 and 2015, the Group does not hold non-hedge accounting derivative financial instruments related to commodity prices.

The amount of the fair value of commodity price derivatives charged directly to the operating Profit in the Consolidated Income Statement, as a result of not meeting all the requirements of IAS 39 to be designed as hedges, represented losses of zero euros (losses of €5,383 thousand in 2015) (see Note 17.4).

Note 15.- Clients and receivable accounts

15.1. Clients and other receivable accounts

a) The breakdown of Clients and Other Receivable Accounts as of December 31, 2016 and 2015 is as follows:

Item	Balance as of 12.31.16	Balance as of 12.31.15
Trade receivables	606,673	515,088
Unbilled revenues	379,120	787,535
Bad debt provisions	(73,737)	(63,707)
Tax receivables	318,461	552,958
Other debtors	96,932	212,562
Total	1,327,449	2,004,436

The balance of 'Unbilled revenues' are generally billed within the three months following completion of the work being performed on the project. Nevertheless, given the highly-tailored characteristics of some construction contracts, some projects may take longer to be billed due to specific billing milestones in the contracts. These balances are supported by contracts signed with such customers and do not include any receivables relating to customer claims. At December 31, 2016, because of the considerable slowdown in the company's engineering and construction activities, it was not possible in certain cases to comply with the general rule. Consequently, a provision was set up to cover the increase in construction costs due to the reactivation of the projects in question compared to the previously estimated costs (see Note 2.1.1).

The balances with related parties at the end of 2016 and 2015 are detailed in Note 33.2.

b) The fair value of Clients and Other Financial Receivable accounts does not differ significantly from its carrying value.

c) The list of Clients and Other Accounts Receivable according to foreign currency as at December 31, 2016 and 2015 are as follows:

	Balance as of 12.31.16	Balance as of 12.31.15
Algerian dinar	574	3,142
Dirhams (Morocco)	19,300	18,749
American dollar	244,904	259,878
New peruvian sol	33,758	46,513
Argentinian peso	7,003	13,000
Chilean peso	21,722	46,777
Mexican peso	16,736	18,116
Uruguayan peso	11,035	8,452
South African rand	8,885	5,043
Brazilian real	105,571	42,728
Indian rupee	31,585	29,629
Saudi riyal	31,736	35,813
Chinese yuan	4,958	4,243
Polish zloty	922	15,780
Others	55,067	53,774
Total	593,756	601,637

d) The following table shows the maturity detail of trade receivables as of December 31, 2016 and 2015:

Maturity	Balance as of 12.31.16	Balance as of 12.31.15
Up to 3 months	459,367	344,132
Between 3 and 6 months	10,554	26,045
Over 6 months	136,752	144,911
Total	606,673	515,088

e) The credit quality of outstanding Trade receivables, that are neither past due nor impaired, may be assessed under the following categories

Categories	Balance as of 12.31.16	Balance as of 12.31.15
Trade receivables subjet to non-recourse factoring by the bank	336,131	141,296
Trade receivables subject to recourse factoring by the bank	3,370	46
Trade receivables covered by credit insurance	424	8,966
Trade receivables in cash or by transfer	164,041	218,692
Trade receivables UTE/Public Entities/Other accounts	102,707	146,088
Total trade receivables	606,673	515,088

f) The evolution in the bad debt provision for 2016 and 2015 is the following:

Item	Balance as of 12.31.16	Balance as of 12.31.15
Initial Balance	(63,707)	(82,209)
Provision for receivables impairment	(32,160)	(13,011)
Receivables written off during the year as uncollectible	3,081	19,998
Reversal of unused amounts	21,695	1,522
Transfer from assets held for sale	269	-
Change in consolidation	25	4,750
Translation differences and other movements	(2,940)	5,243
Total	(73,737)	(63,707)

g) The Company maintains a number of non-recourse factoring lines of credit. The Company enters into these factoring agreements with certain financial institution by selling the Company's credit rights in certain commercial contracts. The factoring agreements are entered into on a non-recourse basis, meaning that the financial institutions undertake the credit risk associated with the Company's customers. The Company is responsible for the existence and legitimacy of the credit rights being sold to the financial institutions. Credit rights from recurring customers or with terms of up to one year are supported by annual revolving factoring lines of credit. Credit rights from non-recurring customers or with terms longer than a year are supported with global transfer agreements commencing on the date when the underlying commercial contract comes into force and expiring when the contracted works are completed

At the end of the 2016 financial year, approximately €14 million (€92 million in 2015) were factored.

The finance cost in the 2016 fiscal year derived from factoring operations amounted to €2 million (€14 million in 2015).

h) Furthermore, as of December 31, 2016 accumulated collections amounted to €413 million (€400 million in 2015), related to a construction contract for a combined cycle plant in Mexico with a transfer agreement of the non-recourse collection rights signed with a financial institution under the 'Pidiregas' deferred financing scheme, in which a financial institution provides the funds required to construct the project until the provisional handover of the plant, when the amount of the contract is paid directly by the client to the financial institution. Consequently, Abengoa is being paid as the construction milestones are completed. The financial expense associated with this scheme in 2016 amounted to €14 million (€15 million in 2015).

i) The breakdown of Tax receivables as of December 31, 2016 and 2015 is as follows:

Item	Balance as of 12.31.16	Balance as of 12.31.15
Income and other taxes receivable	129,905	332,241
Social Security debtors	206	764
VAT charged	141,629	153,795
Witholdings tax and income tax advance	46,721	66,158
Total tax receivables	318,461	552,958

15.2. Receivable accounts

The following table shows a breakdown of financial accounts receivable as of December 31, 2016 and 2015:

Description	Balance as of 12.31.16	Balance as of 12.31.15
Loans	45,062	1,021,038
Fixed-term deposits and down payments and lease deposits	12,147	36,689
Other financial assets	-	2
Total non-current portion	57,209	1,057,729
Loans	18,684	22,988
Fixed-term deposits and down payments and lease deposits	126,310	468,095
Other financial assets	480	8,582
Total current portion	145,474	499,665

This heading includes the loans, deposits and other accounts receivable considered as non-derivative financial assets not listed in an active market, with a maturity period of less than twelve months (current assets) or exceeding that period (non-current assets).

The market value of these assets does not differ significantly from their carrying amount.

The most significant variations in receivable accounts correspond to a decrease due to the maturity of deposits associated to non-recourse confirming (see Note 25), the reclassification as held for sale of certain financial investments related to transmission lines in Brazil, the segment of Bioenergy, the decrease of the Befesa convertible loan and the impairment in receivables in the investment in APW-1 (see Note 6.2).

In relation to the Befesa convertible loan, it should be known that, at the beginning of May 2016 the agreement signed between Abengoa and the investment fund Triton Partner to sell the mentioned convertible loan in shares of Befesa Medio Ambiente, S.L.U. after the exercise of the sold purchase option by Abengoa on March 2016 for an amount of €20 million. As of September 30, the sale amount had already been collected and a loss was recognized for an amount of €136 million in the Consolidated Income Statement at December 31, 2016 (see Note 30.3).

Additionally, in relation with receivables in the investment in APW-1, and as a consequence of the agreement reached with EIG (see Note 6.2), a loss of €130 million has been recognized as Share of profit (loss) of associates carried under the equity method in the Consolidated Income Statement at December 31, 2016 due to the resignation of the collection right from Abengoa.

Finally, regarding the credit applied to the Bioenergy segment, that credit stems from a decision from November 2011 by the Arbitral Tribunal appointed by the International Court of Arbitration of the International Chamber of Commerce with seat in New York, United States, issued two arbitral awards in favor of our subsidiary ASA Bioenergy Holding A.G. ('ASA'), in relation to several claims for certain contract breaches by Adriano Gianetti Dedini Ometto and Adriano Ometto Agrícola Ltda. (the 'Adriano' Defendants). In each of the proceedings, Adriano Defendants filed various counterclaims. Both arbitration proceedings were decided in ASA's favor, in the approximate total amount of USD 118.3 million plus accrued interest. In October 2012 Adriano Defendants presented motions to vacate such arbitral awards in the ordinary courts of New York City, which were in turn decided in our favor in first instance and in the Court of Appeals of the Second Circuit. In March 2014, Adriano Defendants filed a petition for a writ of Certiorari with the Supreme Court of the United States. In June 2014 the Supreme Court denied the petition for Certiorari. The awards are final and not subject to further appeal in United States. In addition, the Company has started the actions for the recognition of the awards in Brazil at the date, the approval proceeding is on the Supreme Court of Brazil (STJ), where the judge has shown the argument and has voted in favor of the approval of the awards, as previously included in the General Attorney report which was in favor as well. At 31 December 2016, the book value of the loan in the amount of €138.5 million has been classified in the assets held for sale category, at the fair value based on the recoverable value expected after the sale in view of the offer received during the sales process. An impairment loss in the amount of €69 million euros was recognised in the consolidated income statement which, as part of the bioenergy segment's assets classified as held for sale, was recorded under the caption titled "Profit(loss) from discontinued operations" (see Note 7).

Other financial accounts receivables include other amounts considered as non-derivative financial assets that does not quote in an active market and which are not classified in any other category.

Balances between group companies at December 31, 2016 and 2015 are detailed in Note 33.2.

Note 16.- Inventories

16.1. Inventories as of December 31, 2016 and 2015 were as follows:

Item	Balance as of 12.31.16	Balance as of 12.31.15
Goods for sale	1,560	5,766
Raw materials and other supplies	32,259	114,424
Work in progress and semi-finished products	36	139
Projects in progress	5,374	33,368
Finished products	17,600	55,350
Advance Payments to suppliers	42,977	102,215
Total	99,806	311,262

Inventories for entities located outside Spain were €64,419 thousand (€217,492 thousand in 2015).

The most significant variations correspond to the reclassification as assets held for sale of Bioenergy´s inventories due to the compliance of all assumptions and requirements of the IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations' (see Note 7).

16.2. There are no restrictions on the availability of inventories, with the exception of guarantees provided for construction projects in the normal course of business, which are released as the contractual milestones of the project are achieved.

Note 17.- Cash and cash equivalents

The following table sets out the detail of Cash and cash equivalents at December 31, 2016 and 2015:

Item	Balance as of 12.31.16	Balance as of 12.31.15
Cash at bank and on hand	272,464	507,882
Bank deposit	5,325	173,056
Total	277,789	680,938

Within cash and cash equivalents is included at the end of the year 2016 an amount of zero euros (€232 million at the end of the year 2015) pledged as collateral for non-recourse confirming submissions. Additionally, at the end of the year 2015 cash and cash equivalents pledged is included for various concepts for an amount of €0.2 million (€78 million in 2015).

The following breakdown shows the main currencies in which cash and cash equivalent balances are denominated:

	12.31.16		12.31.15	
Currency	Domestic companies	Non-domestic companies	Domestic companies	Non-domestic companies
Euro	89,914	14,860	158,905	52,375
US dollar	23,891	82,841	67,255	156,283
Swiss franc	2,596	66	2,713	86
Peso (Chile)	516	2,358	85	3,016
Dirhams (UAE)	-	-	-	-
Rupee (Indian)	2,675	728	3,562	1,951
Argentinian peso	-	3,102	-	1,139
Mexican Peso	9	1,378	-	98,076
Peruvian sol	-	1,096	3	1,408
Algerian dinar	2,829	-	5,931	-
Brazilian real	-	1,044	-	46,983
South african rand	3,413	9,731	2,047	19,085
Shekel	812	198	-	36,372
Pound Sterling	10,834	1	5,634	16
Others	13,405	9,492	8,734	9,279
Total	150,894	126,895	254,869	426,069

Note 18.- Shareholders´ equity

18.1. Share capital

- As of December 31, 2016 the share capital amounts to €1,834,252.65 corresponding to 941,805,965 shares completely subscribed and disbursed, divided into two distinct classes, as follows:
  - 83,125,831 class A shares with a nominal value of 0.02 Euro each, all in the same class and series, each of which grants the holder a total of 100 voting rights ('Class A Shares').
  - 858,680,134 class B shares with a nominal value of 0.0002 Euros each, all in the same class and series, each of which grants One (1) voting right and which affords its holder economic rights identical to the economic rights of Class A shares as stated in article 8 of the Company's by-laws ('Class B Shares' and, together with class A shares, 'Shares with Voting Rights').
- The parent company, Abengoa, S.A. has incurred in losses since 2015, which has supposed a significant decrease in Equity, and, consequently, at the end of the period ended December 31, 2016 the company presents a situation of financial instability (negative net equity). In accordance with the Article 363 of the Spanish Corporation Law, a Company will be in dissolution situation when losses lead Net Equity to an amount lower than the half of the shared capital, unless an increase or decrease in capital share was enough. In this sense, the Directors are adopting necessary measures to restore the financial stability (see Note 2.1).
- Abengoa's shares are represented by class A and class B, shares which are listed on the Madrid and Barcelona stock exchanges and on the Spanish Stock Exchange Electronic Trading System (Electronic Market). Class A shares have been listed since November 29, 1996 and class B shares since October 25, 2012. The Company presents mandatory financial information quarterly and semiannually.
- In accordance with notifications received by the company and in compliance with reporting requirements to communicate shareholding percentages (voting rights) and the information received from relevant parties, shareholders with a significant holding as of December 31, 2016 are as follows:

Shareholders	Share %
Inversión Corporativa IC, S.A. (*)	44.71
Finarpisa, S.A. (*)	5.96

(*) Inversión Corporativa Group.

(**) Percentages will be changed after implementing the Restructuring Agreement

- On September 30, 2012 the General Shareholders' Meeting approved a capital increase of 430,450,152 Class B shares with a nominal value of €0.01 each reducing its unrestricted reserves, which would be delivered to all shareholders on a proportion of four Class B shares by each owned Class A or B share. Such General Shareholders' Meeting approved a voluntary conversion right to change Class A shares with one euro nominal value (€0.002 nominal value as of December 31, 2015) to Class B shares of €0.01 nominal value (€0.0002 nominal value as of December 31, 2015) during certain pre-established periods until December 31, 2017. After exercising this right and after a capital reduction decreased the nominal value of all the class A shares at 0.98 each at that moment and all Class B shares at 0.0098 each at that moment, with the agreement of the Extraordinary Shareholders' Meeting of the company in October 10, 2015, a capital reduction decreasing the nominal value of the converted shares at the value of €0.0198 per share will take place, with unrestricted reserves credit.
- With respect to the foregoing, after closing the 16th conversion period dated January 15, 2016, the Company carried out on January 22, 2016, a reduction of capital share by the amount of €898.74 converting 45,391 Class A shares into new Class b shares.
- Additionally, after closing the 17th conversion period dated April 15, 2016, the Company carried out on April 19, 2016, a reduction of capital share by the amount of €1,323.91 converting 66,864 Class A shares into new Class b shares.
- On the other hand, after closing the 18th conversion period dated July 15, 2016, the Company carried out on July 27, 2016, a reduction of capital share by the amount of €3,314.12 converting 167,380 Class A shares into new Class B shares.
- After closing the 19th conversion period dated October 15, 2016, the Company carried out on October 27, 2016, a reduction of capital share by the amount of €1,219.98 converting 61,615 Class A shares into new Class B shares.

- Finally, after closing the 20th conversion period dated January 15, 2016, the Company carried out onJanuary 23, 2016, a reduction of capital share by the amount of €1,507. converting 76,156 Class A shares into new Class B shares.

- On January 4, 2016 a capital increase take place, without preferential subscription right, with the issue of 34,013 Class B shares with a nominal value of €6.80 for the purpose of meeting the conversion requests related to the Convertible Bond €400,000,000 at an interest rate of 6.25% maturing in 2019, issued by the Company on January 2013.

- On the other hand, on July 19, 2016, the Company carried out a capital increase, without preferential subscription right as well, for an amount of 40.82 euros of nominal value issuing 204,081 new Class B shares aiming to attend the conversion applications received in relation to the 400,000,000 euros convertible bond at 6.25% interest rate and maturing on 2019 issued by the Company in January 2013.

- Additionally, on October 24, 2016, the Company has carried out a capital increase, without preferential subscription right as well, for an amount of 6.80 euros of nominal value issuing 34,013 new Class B shares aiming to attend the conversion applications received in relation to the 400,000,000 euros convertible bond at an interest rate of 6.25% interest rate and maturing on 2019 issued by the Company in January 2013.

- As a consequence of the mentioned operations, the share capital of Abengoa at the date of February 27, 2017, amounts € 1,832,744.76 represented by 941,805,965 shares fully subscribed and paid, pertaining to two different classes: : 83,049,675 Class A shares and 858,756,290 Class B shares.

- The proposed distribution of 2015 of the parent company approved by the General Shareholders 'Meeting in September 30, 2016 has been charged to retained earnings.

- The Board of Directors of Abengoa, at its meeting held on October 10 and 17, 2016, unanimously resolved to call an Extraordinary General Shareholders' Meeting of the Company to propose the approval of agreements due to the Restructuring Agreement signed on September 24, 2016. Such Extraordinary General Shareholders' Meeting was held at its registered address, Campus Palmas Altas, in Seville, on November 22, 2016, at 11:00 a.m. on second call where the following agreements were reached.

  1. The provision of essential assets to "Abengoa Abenewco 2, S.A.U." and the subsequent provision of the same by "Abengoa Abenewco 2, S.A.U." to "Abengoa Abenewco 1, S.A.U." Delegating the necessary powers to the Board to carry out this provision.

  2. The increase of the capital stock in order to build up the Company's funds to a specific amount pursuant to the terms of this agreement by issuing and circulating new class A shares, each with a par value of 0.02 euro, and new class B shares, each with a par value of 0.0002 euro (in the same proportion as the class A and class B shares issued and in circulation on the date when the Board of Directors executed this agreement proposal), to be paid out by credit offset on the likelihood that not all shares will be sold.

  3. The issuance by the Company of a guarantee concerning the obligations undertaken by certain of its subsidiaries regarding the issuance of debt securities and loans to be agreed on in the future pursuant to the Restructuring Agreement.

  4. The issuance of warrants in favor of the Company shareholders carrying the right to acquire new class A or class B shares.

  5. Changes in the Board of Directors.

  6. The amendment of Company Bylaws.

  7. The amendment of the Regulations for Operation of the Abengoa, S.A. General Shareholders' Meetings

- As mentioned, the Extraordinary General Shareholders' Meeting approved the inclusion of all the resolutions to be agreed in the agenda with the exception of the fifth proposal that appeared in the agenda, related to the incorporation of class A and class B shares into a single class of ordinary Company shares, which was not voted due to the lack of quorum. However, this fact does not affect to the necessary agreements to implement the Restructuring Agreement.

- In relation to the investment agreement signed by Abengoa and the First Reserve Corporation (FRC) on October 3, 2011, on December 23, 2016 it is announced that the parties have decided to terminate the investment agreement. At the time of the announcement, FRC held no class B shares in Abengoa or any other securities convertible into class B shares and therefore did not hold any interest in the company's share capital.

18.2. Parent company reserves

The following table shows the amounts and evolution of the Parent Company Reserves in the yeasrs 2016 and 2015:

	Balance as of 12.31.15	Distribution of 2015 profits	Capital increase/decrease	Other movements	Balance as of 12.31.16
Share premium	1,115,940	-	-	-	1,115,940
Revaluation reserve	3,679	-	-	-	3,679
Other reserves of the parent company:	-	-	-	-	-
- Unrestricted reserves	612,939	-	681	-	613,620
- Legal reserves	51,486	(1,062,761)	-	-	(1,011,275)
Total	1,784,044	(1,062,761)	681	-	721,964

	Balance as of 12.31.14	Distribution of 2014 profits	Capital increase	Other movements	Balance as of 12.31.15
Share premium	903,377	-	212,563	-	1,115,940
Revaluation reserve	3,679	-	-	-	3,679
Other reserves of the parent company:			-		-
- Unrestricted reserves	338,914	104,705	65,072	104,248	612,939
- Legal reserves	88,316	-	(36,830)	-	51,486
Total	1,334,286	104,705	240,805	104,248	1,784,044

The amount corresponding to 'Other movements' for the years 2016 and 2015 is mainly part of operations carried out with treasury shares. The change in non-distributable "Other reserves of the parent company" corresponds to the reclassification to equity of the fair value of the embedded derivative of the convertible note due in 2019 because during the year 2015, the conversion option met the definition of equity instruments.

The Legal Reserve is created in accordance with Article 274 the Spanish Corporate Law (Ley de Sociedades de Capital), which states that in all cases an amount of at least 10% of the earnings for the period will be allocated to this reserve until at least 20% of the share capital is achieved and maintained. The Legal Reserve may not be distributed and, if used to compensate losses in the event that there are no other reserves available to do so, it should be replenished from future profits.

On November 19, 2007, the company entered into a liquidity agreement on class A shares with Santander Investment Bolsa, S.V. Replacing this liquidity agreement, on January 8, 2013, the company entered into a liquidity agreement on class A shares with Santander Investment Bolsa, S.V. in compliance with the conditions set forth in CNMV Circular 3/2007 of December 19. Such agreement temporarily suspended with effect from September 28, 2015.

On November 8, 2012, the company entered into a liquidity agreement on class B shares with Santander Investment Bolsa, S.V. in compliance with the conditions set forth in CNMV Circular 3/2007 of December 19. The Company cancelled this agreement on April 21, 2015.

As of December 31, 2016 treasury stock amounted to 5,662,480 shares (5,662,480 in 2015), 5,662,480 class A shares and 0 class B shares.

There has not been any transaction during 2016.

The proposed distribution of the year 2016 result and other reserves of the Parent Company to be proposed to the General Shareholder´s Meeting will be charged to retained earnings.

18.3. Other reserves

Other reserves include the impact of the valuation of hedge instruments (derivatives) and available for sale investments at the end of the year.

The following table shows the balances and movements of other reserves by item for the years 2016 and 2015:

Item	Hedging reserves	Available-for-sale financial assets reserves	Total
Balance as of December 31, 2015	(80,894)	1,423	(79,471)
- Gains/ (losses) on fair value for the year	(55,628)	(126)	(55,754)
- Transfer to the Consolidated Income Statement	134,987	(2,155)	132,832
- Tax effect	(39,336)	35	(39,301)
Balance as of December 31, 2016	(40,871)	(823)	(41,694)

Item	Hedging reserves	Available-for-sale financial assets reserves	Total
Balance as of December 31, 2014	(289,388)	(195)	(289,583)
- Gains/ (losses) on fair value for the year	43,614	1,240	44,854
- Transfer to the Consolidated Income Statement	251,261	-	251,261
- Tax effect	(86,381)	378	(86,003)
Balance as of December 31, 2015	(80,894)	1,423	(79,471)

For further information on hedging activities, see Note 14.

18.4. Accumulated currency translation differences

The amount of accumulated currency translation differences for fully and proportionally consolidated companies and associates at the end of the years 2016 and 2015 is as follows:

Item	Balance as of 12.31.16	Balance as of 12.31.15
Currency translation differences:		
- Fully and proportionally consolidated companies	(863,831)	(1,022,854)
- Associates	18,420	(7,559)
Total	(845,411)	(1,030,413)

The increase in the accumulated currency translation differences during the year 2015 is mainly due to the appreciation of the US Dollar and the Brazilian real with respect to the euro.

18.5. Retained earnings

The breakdown and movement of Retained earnings during the 2016 and 2015 fiscal years are as follows:

Item	Balance as of 12.31.15	Dist. of 2015 profit	2016 profit	Other movements	Balance as of 12.31.16
Reserves in full & proportionate consolidated entities	391,240	(142,410)	-	92,157	340,987
Reserves in equity method investments	208,521	(8,307)	-	(83,975)	116,239
Parent company dividends and reserves	-	(1,062,761)	-	1,062,761	-
Total reserves	599,761	(1,213,478)	-	1,070,943	457,226
Consolidated profits for the year	(1,342,690)	1,342,690	(7,615,037)	-	(7,615,037)
Profit attributable to non-controlling interest	129,212	(129,212)	(14,019)	-	(14,019)
Profit attributable to the parent company	(1,213,478)	1,213,478	(7,629,056)	-	(7,629,056)
Total retained earnings	(613,717)	-	(7,629,056)	1,070,943	(7,171,830)

Item	Balance as of 12.31.14	Dist. of 2014 profit	2015 profit	Other movements	Balance as of 12.31.15
Reserves in full & proportionate consolidated entities	708,966	(81,325)	-	(236,401)	391,240
Reserves in equity method investments	3,841	7,018	-	197,662	208,521
Parent company dividends and reserves	-	199,599	-	(199,599)	-
Total reserves	712,807	125,292	-	(238,338)	599,761
Consolidated profits for the year	121,877	(121,877)	(1,342,690)	-	(1,342,690)
Profit attributable to non-controlling interest	3,415	(3,415)	129,212	-	129,212
Profit attributable to the parent company	125,292	(125,292)	(1,213,478)	-	(1,213,478)
Total retained earnings	838,099	-	(1,213,478)	(238,338)	(613,717)

The Reserves in full and proportionate consolidated entities and equity method investments are as follows:

	Balance as of 12.31.16		Balance as of 12.31.15	
Business unit	F.C/P.C	E.M.	F.C/P.C	E.M.
Engineering and construction	988,408	124,178	743,054	109,932
Concession-type infraestructure	440,142	(7,939)	245,439	98,589
Industrial production	(1,087,563)	-	(597,253)	-
Total	340,987	116,239	391,240	208,521

18.6. Non-controlling interest

This section contains the proportional portion of the Group companies´ equity consolidated by the global integration method and the portion in which other shareholders are participating.

The balances and movements for the year 2016 of Non-controlling interest are set out in the table below:

Company	Balance as of 12.31.15	Change in consolidation	Variations (1)	Profit and loss in 2016	Balance as of 12.31.16
LAT Brasil en operación	328,278	-	126,731	484	455,493
Solar Powe Plant One	22,551	-	(2,083)	1,717	22,185
Abengoa Bionenergy France	26,554	-	(111)	280	26,723
Société d'Eau Déssalée d'Agadir	4,969	-	140	4,445	9,554
Khi Solar One	-	-	18,327	(931)	17,396
Other	8,281	61	7,452	8,024	23,818
Total	390,633	61	150,456	14,019	555,169

(1) Variationes caused by increases/decreases of capital share, mainly currency transactions and changes in the consolidation method applied

At the year-end 2016, the increase of non-controlling interest mainly relates to the appreciation of the Brazilian real.

The balances and movements for the year 2015 of Non-controlling interest are set out in the table below:

Company	Balance as of 12.31.14	Change in consolidation	Variations	Profit and loss in 2015	Balance as of 12.31.15
Atlantica Yield y filiales	595,323	(1,830,388)	1,144,349	90,716	-
LAT Brasil en operación	436,502	-	(108,186)	(38)	328,278
Rioglass Solar Holding y filiales	68,585	(71,950)	-	3,365	-
Skikda	17,963	-	(17,314)	(649)	-
Solar Power Plant One	26,539	-	(1,932)	(2,056)	22,551
Abengoa Bionenergy France	25,296	-	2,089	(831)	26,554
Otros menores	30,694	(27,470)	(28,679)	38,705	13,250
Total	1,200,902	(1,929,808)	990,327	129,212	390,633

The increase in the non-controlling interest during the year 2015 was mainly caused by the consolidation trhough the equity method of the investment on Atlantica Yield and Rioglass, after their loss of control.

The list of non-Group Companies / Entities that hold an interest of 10% or more in any company consolidated by the global integration method in the consolidation perimeter for 2016 it is shown in annex VIII.

In most cases, non-controlling interest have the ordinary right of protection, mainly those related to investments, divestments and financing.

The most significant affiliates with a non-controlling interest contribution correspond to transmission lines in Brazil which are operating (ATE XI, Manaus Transmissora de Energía, S.A. and ATE XIII, Norte Brasil Transmissora de Energía, S.A.) for an amount of €455 million (€328 million in 2015).

In relation to the affiliates ATE XI, Manaus Transmissora de Energía, S.A. and ATE XIII Norte Brasil Transmissora de Energía, S.A. the detail of the assets and liabilities at year ended 2016 and 2015 are the following:

Item	ATE XI, Manaus Transmissora de Energía, S.A. Balance as of 12.31.16	ATE XIII, Norte Brasil Transmissora de Energía, S.A Balance as of 12.31.16
Non-current assets	598,528	867,328
Current assets	36,224	46,532
Non-current assets liabilities	233,503	350,912
Current liabilities	69,182	69,010
Equity	332,067	493,938

Item	ATE XI, Manaus Transmissora de Energía, S.A. Balance as of 12.31.15	ATE XIII, Norte Brasil Transmissora de Energía, S.A Balance as of 12.31.15
Non-current assets	502,003	712,103
Current assets	26,447	32,500
Non-current assets liabilities	190,483	272,467
Current liabilities	61,337	81,634
Equity	276,630	390,502

At the end of the year ended on December 31, 2016 and 2015, the income statement of the affiliates ATE XI, Manaus Transmissora de Energía, S.A. and ATE XIII Norte Brasil Transmissora de Energía, S.A. are the following

Item	ATE XI, Manaus Transmissora de Energía, S.A. 2016	ATE XIII, Norte Brasil Transmissora de Energía, S.A 2016
Revenue	43,572	76,145
Operating expenses	(28,414)	(40,479)
I. Operating profit	15,158	35,666
II. Financial expense, net	(17,857)	(31,442)
IV. Profit before income tax	(2,699)	4,224
V. Income tax benefit	918	(1,436)
VI. Profit for the period from continuing operations	(1,781)	2,788
VIII. Profit for the period attributable to the Parent Company	(1,781)	2,788

Item	ATE XI, Manaus Transmissora de Energía, S.A. 2015	ATE XIII, Norte Brasil Transmissora de Energía, S.A 2015
Revenue	45,026	79,055
Operating expenses	(24,908)	(40,024)
I. Operating profit	20,118	39,031
II. Financial expense, net	(24,080)	(34,326)
IV. Profit before income tax	(3,962)	4,705
V. Income tax benefit	1,142	(1,781)
VI. Profit for the period from continuing operations	(2,820)	2,924
VIII. Profit for the period attributable to the Parent Company	(2,820)	2,924

On the basis of the above, during the year 2016 the profit and loss attributable to the non-controlling interest of the companies ATE XI, Manaus Transmissora de Energía, S.A. and ATE XIII Norte Brasil Transmissora de Energía, S.A. amounted to €1.4 and €-1.4 million respectively. Due to the discontinuance of the LAT companies in Brazil, the assigned results to non-controlling interests have been classified as Profit attributable to non-controlling interests discontinued operations.

On the other hand, at the end of the year ended on December 31, 2016 and 2015, the detail of the cash flow statements of the companies ATE XI, Manaus Transmissora de Energía, S.A. and ATE XIII Norte Brasil Transmissora de Energía, S.A are the following:

Item	ATE XI, Manaus Transmissora de Energía, S.A. 2016	ATE XIII, Norte Brasil Transmissora de Energía, S.A 2016
Profit for the year from continuing operations	(1,781)	2,788
I. Profit for the year from continuing operations adjusted by non monetary items	15,742	25,127
II. Variations in working capital	(8,586)	(34,706)
III. Interest and income tax received / paid	(918)	1,436
A. Net cash provided by operating activities	6,238	(8,143)
I. Investments/Disposals	7,699	2,523
B. Net cash used in investing activities	7,699	2,523
I. Proceeds from loans and borrowings	20,543	49,670
II. Repayment of loans and borrowings	(32,896)	(43,836)
III. Other finance activities	-	-
C. Net cash provided by financing activities	(12,353)	5,834
Net increase/(decrease) in cash and cash equivalents	1,584	214
Cash, cash equivalents and bank overdrafts at beginning of the year	8,061	12,077
Translation differences cash or cash equivalent	2,237	3,096
Cash and cash equivalents at end of the year	11,882	15,387

Item	ATE XI, Manaus Transmissora de Energía, S.A. 2015	ATE XIII, Norte Brasil Transmissora de Energía, S.A 2015
Profit for the year from continuing operations	(2,820)	2,924
I. Profit for the year from continuing operations adjusted by non monetary items	14,187	27,885
II. Variations in working capital	80	(24,186)
III. Interest and income tax received / paid	(633)	1,365
A. Net cash provided by operating activities	13,634	5,064
I. Investments/Disposals	-	8,861
B. Net cash used in investing activities	-	8,861
I. Proceeds from loans and borrowings	20,026	32,590
II. Repayment of loans and borrowings	(25,908)	(36,249)
III. Other finance activities	-	-
C. Net cash provided by financing activities	(5,882)	(3,659)
Net increase/(decrease) in cash and cash equivalents	7,752	10,266
Cash, cash equivalents and bank overdrafts at beginning of the year	2,004	4,527
Translation differences cash or cash equivalent	(1,695)	(2,716)
Cash and cash equivalents at end of the year	8,061	12,077

Also, during the years 2016 and 2015 the affiliate companies ATE XI, Manaus Transmissora de Energía, S.A. and ATE XIII Norte Brasil Transmissora de Energía, S.A, did not distribute any amount for dividends to non-controlling interest.

Note 19.- Project debt

The Consolidation perimeter includes interests in various companies that, in general, have been created to develop an integrated product that consists of designing, constructing, financing, operating and maintaining a specific infrastructure (usually a large-scale asset such as a power transmission line). These may be owned outright or under a concession arrangement for a specific period of time and whose financing sources are various non-recourse project financing schemes (project finance).

Project finance (non-recourse financing) is generally used as a means of constructing an asset, using the assets and cash flows of the company or group of companies that will perform the activity associated with the project being financed as collateral. In most cases the assets and/or contracts are used as a guarantee for the repayment of the financing.

Compared to corporate financing, the project finance has certain key benefits, which include a longer borrowing period due to the profile of the cash flows generated by the project and a clearly defined risk profile.

Despite having a commitment from a financial institution during the awarding phase of the project and since the financing is usually completed in the latter stages of a construction project –mainly because these projects require a significant amount of technical and legal documentation to be prepared and delivered that is specific to the project (licenses, authorizations, etc.) –bridge loan (formerly named non-recourse project financing in process) needs to be available at the start of the construction period in order to begin construction activities as soon as possible and to be able to meet the deadlines specified in the concession agreements.

Obtaining this financing is considered as a temporary funding transaction and is equivalent to the advances that clients traditionally make during the different execution phases of a construction project or works.

Bridge loan has specific characteristics compared to traditional advances from clients. For example the funds are usually advanced by a financial institution (usually for terms of less than 2-3 years), although, there are similarities in the implicit risk that mainly relates to the capacity of the formerly owner company of the project to construct it correctly in time and form.

The specific funding requirements that usually accompany bridge financing agreements normally include the following:

› The funds that are drawn down as the project is executed can only be used for developing the project to construct the asset, and

› The obligation to use the project finance to repay the bridge loan.

This means that conversion of the bridge loan in a long-term project finance arrangement has a very high degree of security from the start of the project (which generally has a comfort letter or support from the institutions that are going to participate in the long-term financing).

In terms of guarantees, both the bridge loan and the project finance have the same technical guarantees from the contractor in relation to price, deadlines and performance.

The difference is that the bridge loan in most cases also has corporate guarantee from the project's sponsor in order to cover the possibility of a delay in the financial closing of project finance.

Both guarantees (contractor and sponsor) are intended to underwrite the future cash flows from the project in the event that technical risks give rise to variations in them (failure to comply with the construction schedule or with the deadlines for finalizing the project finance).

Therefore the bridge loan and the project finance are –from a contractual perspective– independent loan transactions, although they are linked in terms of their overall aim (for example, with the exception of the aforementioned guarantees, both share the same risks; their sole purpose is for financing projects; they are generally repaid with funds from the project itself; and they are separate from the company's other cash sources) and commercially (the financial institution itself has an interest in favorably resolving the continuity of both transactions). These two types of financing are therefore considered to be similar in terms of managing the company's business.

Consequently, the internal criteria for classifying a financial liability in the Consolidated Statement of Financial Position as project debt is based on the characteristics and use of that financing and not on the guarantees provided.

In relation to the return on the project, usually it has been more beneficial to obtain bridge loan via the special purpose entity responsible for operating and maintaining the asset to be constructed. However, the cheaper cost of financing obtained at a corporate level has enabled projects to be financed centrally, generating important competitive advantages as well as reducing start times for project construction. Consequently, during 2014 and 2015 bridge loans with a corporate guarantee were issued, structured in a similar way to the bridge loans used previously in terms of their purpose (project financing) and repayment (from project cash flows). This financing is therefore also considered to be similar to the project finance in terms of managing the business and the company's risk and it is therefore classified under the same heading.

The details of project debt applied to projects, for both non-current and current liabilities, as at December 31, 2016 and December 31, 2015 is as follows:

Project debt	Balance as of 12.31.16	Balance as of 12.31.15
Project finance (Non-recourse project financing)	171,596	1,021,047
Project bridge loan (Non-recourse project financing in process)	1,843,908	2,049,059
Total project debt	**2,015,504**	**3,070,106**
Non current	12,563	503,509
Current	2,002,941	2,566,597

At the 2016 year-end, the amount of non-recourse projects overdue and unpaid amounts to €278 million €164 million of which is principal and the remaining €114 million is interest.

19.1. The balances and movements for the year 2016 of project debt are set out in the table below:

Item	Project debt - long term	Project debt - short term	Total
Balance as of 12.31.15	503,509	2,566,597	3,070,106
Increases	3	143,660	143,663
Decreases (reimbursement)	(776)	(133,718)	(134,494)
Currency translation differences	(1,224)	4,327	3,103
Changes in consolidation and reclassifications	(1,972)	(29,868)	(31,840)
Transfer to liabilites held for sale	(486,977)	(548,057)	(1,035,034)
Balance as of 12.31.16	**12,563**	**2,002,941**	**2,015,504**

At the end of 2016, the total amount of project financing has decreased mainly due to the reclassification, as liabilities held for sale, of the non-recourse debt of certain transmission lines concessional assets and Bioenergy business segment, given its compliance with all assumptions and requirements of the IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations' after the sale process initiated due to the exclusion as continued activity within the Updated Viability Plan approved by the Board of Directors (see Note 2.1 and 7). Additionally, the evolution of the project financing is affected by the repayment of the new bridge loan obtained by Abengoa Concessions Investments Ltd, for the promotion, development and construction of concessional assets for an amount of €123 million.

The balances and movements for the year 2015 of project debt are set out in the table below:

Item	Project debt - long term	Project debt - short term	Total
Balance as of 12.31.14	4,158,904	799,210	4,958,114
Increases	626,954	419,488	1,046,442
Decreases (reimbursement)	(190,886)	(614,679)	(805,565)
Currency translation differences	(167,963)	4,221	(163,742)
Changes in consolidation and reclassifications	(1,441,737)	315,573	(1,126,164)
Transfer to liabilites held for sale	(618,617)	(220,362)	(838,979)
Reclassification for enforceable financing (*)	(1,863,146)	1,863,146	-
Balance as of 12.31.15	503,509	2,566,597	3,070,106

(*) As a consequence of certain breaches of covenants resulting in either default or cross default induced by the facts and circumstances which occurred from August 2015 onwards described within these Consolidated condensed financial statements (see Note 2.1.1) and which has caused the Company requesting the protection of article 5 bis of the Spanish Insolvency Law, some financing arrangements have been reclassified from non-current liabilities to current liabilities in an amount of €1,863 million due to considering that the financing arrangements are due in the short term (see Note 19.5).

As of December 31, 2015 project debt decreased due to the classification as liabilities held for sale of project financing or bridge loans corresponding to companies classified as held for sale (€-839 million) and the derecognition of project debt of Atlantica Yield and its affiliates (which is accounted for under the equity method, see Note 7.1 and Note 11) (€-1,117million) the repayment of the bridge loan of the Zapotillo aqueduct project in Mexico (€-261 million), the repayment of the loan related to the energy transmission line projects in Brazil (€-60 million) and to the translation differences caused by the depreciation of the Brazilian real against the euro. The most significant increases are due to Abengoa Greenbridge, S.A bridge loan for an amount of €221 million, the new bridge loan obtained by Abengoa Concessions Investments Limited of which €123 million are drawn down to the new bridge loan obtained for the project Norte III for an amount of €183 million and the new loan obtained for the energy transmission line projects in Brazil (€74 million).

19.2. The table below lists projects with bridge loans in progress (bridge loans) as of December 31, 2016 (amounts in thousands of euros):

Item	Bridge financing amount drawn (2) (3)	Guarantee type (4)
LAT Brasil (1)	999,487	Contractor and Sponsor / Corporate
Abent T3	271,464	Corporate
ACC4T	65,930	Corporate
Plataforma Solar Atacama (1)	507,027	Contractor and Sponsor / Corporate
Total	1,843,908	

(1) Includes the transmission line projects in Brazil relating to ATE XVI Transmissora de Energía, S.A. (Miracema), ATE XVII Transmissora de Energía, S.A. (Milagres), ATE XVIII Transmissora de Energía, S.A. (Estreito), ATE XIX Transmissora de Energía, S.A. (Luiz Gonzaga), ATE XX Transmissora de Energía, S.A. (Teresina), ATE XXI Transmissora de Energía, S.A. (Parauapebas), ATE XXII Transmissora de Energía, S.A., ATE XXIII Transmissora de Energía, S.A. and ATE XXIV Transmissora de Energía, S.A. and to solar plant project in the Atacama Desert, Chile, which combines tower technology based on molten salts and photovoltaic.

(2) Green Bond funds used to finance Green Projects may be used to finance other Green Projects selected in accordance with the requirements of Use of Funds indicated in the Offering Memorandum, once obtained the long term funds related to projects. Additionally, Tranch B funds, once obtained the long term funds, may be allocated to new projects in progress once accomplished the specific requirements of the financing contract.

(3) Excludes amounts withdrawn from the project bridge loans, which have been issued by the projects with Contractor and Sponsor guarantee by Abengo and/or some of corporate subsidiaries (which are not project companies), amounting to €539,243 thousands and which have been transferred to liabilities held for sale and, for Atacama I project in Chile specifically, included in the consolidated statement of financial position of Abengoa Project Warehouse (APW-1), joint venture accounted for using the equity method (see Note 7and 10) amounted €267,604 thousand.

(4) The guarantee references "Contractor and sponsor" refer to corporate guarantees mainly related to the bridge financing of the projects. The references to "Corporate" guarantees refer to guarantees related to the Green Bonds. These guarantees cover all of the indicated bridge financing.

19.3. Within the assets on the Consolidated Statement of Financial Position and under the Cash and Cash equivalent and Financial Receivables headings, there are debt service reserve accounts in the amount of €14 million relating to project financing in 2016 (€27 million in 2015).

19.4. Appendix IX of this consolidated report details the Project companies financed by project debt as of the end of 2016.

19.5. Project finance maturities, as reflected in the original contracts and in the Statement of Financial Position, after the reclassification made to short term of debt payable on demand as a consequence of certain contractual breaches due to the fact and circumstances since the beginning of August 2015 (see Note 2.1.1) that have led at the end of the last year to the filing of the communication set forth under the article 5 bis of Ley Concursal is shown bellow.

	2017	2018	2019	2020	2021	Subsequent	Total
Total as contract	379,590	671,468	603,756	226,930	6,028	127,732	2,015,504
Reclassification for enforceable financing	1,623,351	(668,467)	(603,377)	(226,559)	(5,573)	(119,375)	-
Total as balance (*)	2,002,941	3,001	379	371	455	8,357	2,015,504

(*) The company is renegotiating the notional and the maturity of the loans based on the financial debt Restructuring Agreement (see Note 2.1.1).

19.6. Current and non-current loans with credit entities include amounts in foreign currencies for the total of €461,690 thousand (€1,494,099 thousand in 2015).

The equivalent in euros of the most significant foreign-currency-denominated debts held by the Group are as follows:

	12.31.16		12.31.15	
	Non-domestic companies	Domestic companies	Non-domestic companies	Domestic companies
Dirham (Morocco)	11,180	-	17,170	-
Dollar (USA)	7,170	306,704	432,536	273,992
Peso (Mexico)	7,540	-	8,643	-
Peso (Uruguay)	63,910	-	20,076	-
Peso (Chile)		-		-
Real (Brazil)	65,186	-	741,682	-
Total	154,986	306,704	1,220,107	273,992

19.7. The amount of accrued and not paid financial expenses related to projects amounts to €4,536 thousand at December 31, 2016 (€9,268 thousand as of December 31, 2015) and is included under current 'Project debt'.

Note 20.- Corporate financing

As indicated in Note 4, corporate financing is used to finance the activities of the remaining companies, which are not financed under project debt and is guaranteed by Abengoa, S.A. and, in some cases, jointly guaranteed by certain group subsidiaries.

20.1. The breakdown of the corporate financing as of December 31, 2016 and 2015 is as follows:

Non-current	Balance as of 12.31.16	Balance as of 12.31.15
Credit facilities with financial entities	6,032	6,566
Notes and bonds	-	-
Finance lease liabilities	8,014	19,522
Other loans and borrowings	252,983	345,437
Total non-current	267,029	371,525

Current	Balance as of 12.31.16	Balance as of 12.31.15
Credit facilities with financial entities	2,836,597	2,321,654
Notes and bonds	3,550,269	3,300,825
Finance lease liabilities	13,088	17,020
Other loans and borrowings	998,168	557,047
Total current	7,398,122	6,196,546
Total corporate financing	7,665,151	6,568,071

At the period ended December 31, 2016, the amount of corporate financing overdue and unpaid amounts to €1,933 million, which €1,581 million correspond to capital and €352 million to interests. Within the interests are recognized the default interests generated that reach €22 million. Such default interests correspond to those generated during the year 2016 in companies not affected by the standstill agreement, as well as to those generated before March 18, 2016 over companies affected by the standstill agreement, in which, among the obligations assumed by each parties, there is a express compromise of creditors of not charging default interests overdue and unpaid amounts since that date.

As a consequence of certain contractual breaches given the events since the beginning of the month of August 2015 (see Note 2.1.1) which led the Company at the end of 2015 to file the communication provided by the article 5 bis of Ley Concursal, €4,134 million were reclassified to current liabilities because its being considered as payable on demand corporate-financing.

The increase during the year 2016 in corporate financing is mainly due to the matured and not paid derivative instruments (€147 million), the executed bank guaranties with high probability of outflows (€386 million), as well as the default interest recognized, all above plus the interest accrued for different loans and the updating of preferred shares of ACBH with Atlantica Yield (see Note 22.1). Additionally, on March 2016, a liquidity line was subscribed for an amount of €137 million and another new liquidity line was subscribed in September 2016 amounted to US$211 million. Finally, it should be noted that there is an increase due to a financial liability recognized amounting to €128 million as a consequence of the agreement reached with EIG (see Note 6.2) for the transaction of the minority interest that APW-1 held in certain transmission lines in Brazil in exchange of an economic compensation. All the aforementioned has been partially offset by a decrease of due and unpaid account payables with suppliers which has not been recognized as Corporate Debt and has decreased as a consequence of the consideration of the Bioenergy business segment as held for sale (€209 million).

In relation to the liquidity line on March said before, it must be known that, in the framework of the negotiations with a group of creditors comprised of banks and bondholders issued by the Abengoa group for the restructuring of its indebtedness and its recapitalization in line with an agreement that was announced on March 10, 2016 (relevant fact number 236094), on March 21, 2016, Abengoa Concessions Investments Limited (“ACI”), a subsidiary of the Company, entered into a Secured Term Facility Agreement (the “Facility Agreement”) with, among others, the lenders as described below (the “Lenders”) and the agent appointed thereunder (the “Agent”), pursuant to which it is entitled to borrow up to €137,094,751.30 (the “Loan Amount”) and is required to enter into related security documents (collectively, the “Loan Documents”).The Facility Agreement will be used for the general corporate and working capital purposes of the Company and its subsidiaries (the “Group”).

Upon the occurrence of certain usual events for this type of loan, the Lenders may exercise their right to require ACI to repay all or part of the Loan Amount, grant additional collateral or foreclose on, and dispose of the Pledged Shares (as described below under “Security”) in accordance with the Loan Documents.

The loan will mature on September 23, 2016 or (if maturity for the September Facility and the December Facility is extended to at least the same date) twelve months after the disposition date. Loans will initially bear interest at a rate per annum equal to the aggregate of EURIBOR plus 14.5% (on a payment in kind basis). Default interest will be payable at a rate of 5% above the interest rate.

In certain circumstances, a make-whole amount, a restructuring fee and/or a rollover fee may become payable under the Facility Agreement.

As of September 18, 2016, and in the framework of the Updated Viability Plan and Financial Restructuring Terms announced on August 11,2016, Abengoa Concessions Investments Limited ("ACI"), a subsidiary of the Company, entered into a secured term facility agreement (the "Facility Agreement") among others, the lenders as described below (the "Lenders") and the agent appointed thereunder (the "Agent"), pursuant to which it is entitled to borrow US$211 million (the "Loan Amount") and is required to enter into related security documents (collectively, the "Loan Documents").

As of the date of the Facility Agreement, the Lenders are Arvo Investment Holdings S.À R.L., CCP Credit Acquisition Holdings Lxco S.À R.L, Lajedoa Investments S.À R.L., OCM Luxembourg ABG Debt S.À R.L., Potter Netherlands Coöperatief U.A., y SPV Capital Funding Luxembourg S.À R.L.

The amounts borrowed under the Facility Agreement will be used to refinance all amounts owing under a secured term facility agreement between ACI and Talos Capital Designated Activity Company (formerly Talos Capital Limited) dated October 22, 2015 for a nominal amount of US$130 million (the “Talos Loan”) and for the general corporate and working capital purposes of the Company and its subsidiaries (the "Group").

Upon the occurrence of certain events that are customary for this type of loan, the Lenders may exercise their right to require ACI to repay all or part of the Loan Amount, post additional collateral or foreclose on, and dispose of, the Pledged Shares (as described below under "Security") in accordance with the Loan Documents.

20.2. Credit facilities with financial entities

a) The following table shows a list of credit facilities with financial entities:

Item	Balance as of 12.31.16	Balance as of 12.31.15
Syndicated loan	717,087	690,640
ICO financing	31,044	30,082
Instalaciones Inabensa S.A. financing	276,036	280,930
Abener Energia S.A. financing	398,758	381,893
Teyma, Gestión de Contratos de Contrucc e Ing S.A financing	112,388	89,396
Abener Teyma Mojave General Partnership financing	66,998	65,636
Centro Morelos 264, S.A. de C.V financing	110,086	79,913
European Investment Bank financing	77,699	75,694
Revolving credit agreement September 15 (€125 million)	178,000	126,150
Working capital line December 15 (€106 million)	118,519	100,116
Working capital line March 16 (€137 million)	150,793	-
Working capital line September 16 ($211 million)	200,852	-
Remaining loans	404,369	407,770
Total	2,842,629	2,328,220
Non-current	6,032	6,566
Current	2,836,597	2,321,654

To ensure that the Company has sufficient funds to repay the debt regarding to its capacity to generate cash flow, Abengoa has to comply with a financial ratio (Net Financial Debt/Corporate EBITDA) with financial institutions. According to the financing agreements, the maximum limit of this ratio is 2.5 starting on December 31, 2014. As of December 31, 2016, Corporate Net Debt/EBITDA financial ratio is higher the set maximum indicated above.

As a consequence of the new ICO and BEI R&D&I project financing frame during 2015, Abengoa is obliged to meet a new financial covenant different to Corporate Net Debt/Corporate Ebitda detailed before. In this sense, Abengoa has to hold a ratio which numerator is the net corporate debt plus bridge loans minus treasury shares and the denominator is Group Ebitda, capped by 5.0. On December 31, 2016 this ratio is higher than 5.0.

With the aim of minimizing the volatility in interest rates of financial operations, specific contracts are signed to hedge the possible variations that may occur (See Note 14).

The long-term syndicated financing loan was signed for the purposes of financing investments and general financing requirements of Abengoa, S.A. and all the companies of the group without project financing.

b) The following table shows the maturity of the bank loans and borrowings as they are in the original contracts and reflected in the statement of financial position after the reclassification resulting from the presentation of the communication provided by article 5 bis of the Ley Concursal:

	2017	2018	2019	2020	2021	Subsequent years	Total
Syndicated loan	-	430,252	286,835	-	-	-	717,087
ICO financing	1,288	4,713	4,756	5,956	7,156	7,175	31,044
Instalaciones Inabensa SA financing	152,685	41,540	41,540	40,271	-	-	276,036
Abener Energia SA financing	201,207	102,151	41,288	28,866	13,495	11,751	398,758
Teyma, Gestión de Contratos de Contrucc e Ing S.A financing	51,613	28,362	14,085	7,962	4,088	6,278	112,388
Abener Teyma Mojave General Partnership financing	66,998	-	-	-	-	-	66,998
Centro Morelos 264, S.A. de C.V financing	110,086	-	-	-	-	-	110,086
Euopean Investment Bank loan	2,930	11,916	11,958	14,958	17,958	17,979	77,699
Revolving credit agreement September €125M (*)	178,000	-	-	-	-	-	178,000
Liquidity line December €106 M	118,519	-	-	-	-	-	118,519
Liquidity line December €137 M	150,793	-	-	-	-	-	150,793
Liquidity line December $211 M	200,852	-	-	-	-	-	200,852
Other loans	309,486	62,706	26,384	2,781	2,402	610	404,369
Total according to Contract	1,544,457	681,640	426,846	100,794	45,099	43,793	2,842,629
Reclassification to enforceable financing	1,292,140	(679,261)	(423,835)	(100,343)	(44,908)	(43,793)	-
Total balance (*)	2,836,597	2,379	3,011	451	191	-	2,842,629

(*) The company is renegotiating the notional and the maturity of the loans based on the financial debt Restructuring Agreement (see Noea 2.1.1)

The exposure of the Group to variations interest rates and the dates at which prices are revised is specified in Note 4 on the management of financial risks. Corporate financing is mainly based in variable interest rates, as such its fair value is close to its book value. The fair value is based on discounted cash flows, applying a discount rate being that of the third-party loan.

c) The amount of current and non-current credit facilities with financial entities as of December 31, 2016 includes debts denominated in foreign currencies in the amount of €709,394 thousand (€575,174 thousand in 2015).

The most significant amounts of debt in foreign currencies with financial entities are as follows:

Currency	12.31.16 Non-domestic companies	12.31.16 Domestic companies	12.31.15 Non-domestic companies	12.31.15 Domestic companies
Dollar (USA)	406,668	191,166	278,375	253,161
Peso (Argentina)	-	-	395	-
Peso (Chile)	14,964	-	-	-
Peso (Colombia)	-	-	194	-
Peso (Mexico)	59,282	-	14,094	-
Real (Brazil)	27,388	-	19,616	-
Rand (South Africa)	-	-	-	-
Rupee (Indian)	7,445	-	7,291	640
Sol (Peru)	-	-	-	-
Yuan (China)	1,226	-	1,408	-
Rial (Oman)	1,255	-		
Total	518,228	191,166	321,373	253,801

d) Interest expenses with financial credit entities accrued and not due reach to €45,917 thousand as of December 31, 2016 (€18,804 thousand in 2015) and is included under 'Short-term borrowings'.

e) Real estate pledged against mortgages corporate financing as of December 31, 2016 is not significant.

f) The average interest rates associated with the debt facilities reflect normal levels in each of the regions and areas in which the facility was agreed upon.

g) The average cost of total financing during 2016 was 7%.

20.3. Notes and bonds

a) The notional value of notes and bonds as of December 31, 2016 and 2015 is as follow:

Item	Balance as of 12.31.16	Balance as of 12.31.15
Exchangeable notes Atlantica Yield	571	12,889
Convertible notes Abengoa 2017 and 2019	166,500	167,300
Ordinary notes Abengoa	2,970,925	2,937,704
Commercial paper Abengoa Mexico	106,799	111,428
Euro-Commercial Paper Program (ECP)	58,470	56,727
Total	3,303,265	3,286,048
Non Current	-	-
Current	3,303,265	3,286,048

In accordance with IAS 32 and 39 and the terms and conditions of the issuance of all convertible notes, except the 2019 notes, since Abengoa has a contractual right to choose the type of settlement and considering that one of these possibilities is paying through a variable number of shares and cash, the conversion option is qualified as an embedded derivative. Thus, the convertible bonds are considered a hybrid instrument, which includes a component of debt and an embedded derivative for the conversion option held by the bondholder. This applies to 2017 convertible bonds and the exchangeable notes of Atlantica Yield 2017.

› Convertible notes Abengoa 2017

The liability component carrying value at December 31, 2016 amounts to €5,570 thousand (€5,211 thousand in 2015).

Additionally, at December 31, 2016, the valuation through the Black Sholes model of the embedded derivative liability component amounts to €0 being its impact, at that date, an income of €531 thousand (€4,020 thousand of income in 2015), given the difference between its value at the year end 2016 and the year ended December 2015.

The key data for the valuation model include the share price, the estimated profitability of the dividend, an envisaged option maturity life, an interest rate and underlying volatility as set forth in the table below:

	December 31, 2016	December 31, 2015
'Spot Abengoa ' Price (euros)	0.2	0.2
'Strike ' Price (euros)	5.2	5.2
Maturity	02/03/2017	02/03/2017
Volatility	0.3	0.9
Number of shares	1,068,702.0	1,068,702.0

On December 31, 2016, listed Price of these bonds was 6.277%.

At December 31, 2016, the option´s fair value of the subscribed shares to provide a partial hedge over this issuance obligation amounted €0 without any impact on profit and loss of this period.

The key data for the options valuation model included the share price, the estimated profitability of the dividend, an envisaged option maturity life, an interest rate and underlying volatility as set forth in the table below:

	December 31, 2016	December 31, 2015
'Spot Abengoa ' Price (euros)	0.2	0.2
'Strike ' Price (euros)	6.05	6.05
Maturity	02/03/2017	02/03/2017
Volatility	0.5	0.7
Number of shares	26,750,000.0	26,750,000.0

› Convertible notes 2019

On January 4, 2016, it was accepted applications for conversion from Noteholders corresponding to a total principal amount of €100 thousand. After July 28, 2016, new conversion request have been attended for an amount of €600 thousand. Additionally, on October 6, 2016 conversion applications were accepted for an amount of €100 thousand

The carrying value of the liability component of the notes at December 31, 2016 amounts to €144,899 thousand.

› Exchangeable notes Atlantica Yield 2017

The value of the liability component of the exchangeable bonds on December 31, 2016 amounts to €564 thousand.

Since the commencement of the exchange period for the Exchangeable Notes Atlantica Yield 2017 on September 1, 2015 (as set out the terms and conditions) through December 31, 2016, exchange notices for a total nominal amount of US$ 278 million, equivalent to 7,595,639 shares of Atlantica Yield, have been received and exchanged. This exchange has generated an income amounted to €8,881 in the Income Statement at December 31, 2016 (see Note 22.2).

On the other hand, the valuation of the embedded derivative liability component pending to exchange was €30,356, being its valuation €75 thousand at December 31, 2016 and the amount written off as a consequence of the exchange was €30,619 thousand, with an effect in the Income Statement of the difference between the two mentioned amounts of €338 thousand of finance expense.

The key data for the valuation model included the share price, the estimated profitability of the dividend, an envisaged option maturity life, an interest rate and underlying volatility as set forth in the table below:

	December 31, 2016	December 31, 2015
'Spot Abengoa ' Price (euros)	19.4	19.3
'Strike ' Price (euros)	35.6	36.4
Maturity	03/05/2017	03/05/2017
Volatility	0.5	0.8
Number of shares	16,875.0	384,404.0

› In connection with the General noteholders' meetings of the notes issued by the Company and Abengoa Greenbridge, S.A.U. held on first calling on October 27, 2016 (except the related to the Abengoa´s ordinary bond of €500 million maturing on 2016 and the Abengoa´s convertible bond of €250 million maturing on 2017 which will be held on second calling next November 28, 2016) approved the following agreements:

1. Amendment to the Terms and Conditions of the Notes in order to modify the governing law and jurisdiction.

2. Amendment to the terms of the Deeds of Guarantee and the Global Note in order to modify its governing law and jurisdiction.

3. Empower the Commissioner and the Fiscal Agent to enter into any documentation which would be deemed needed or necessary to give effect to the resolutions approved by the Noteholders' Meeting.

4. Discharge and exonerate the Company from all liabilities in respect of the convening of the Noteholders' Meeting and the proposals of amendments of the Terms and Conditions of the Issue.

5. Approval of the entering into any agreements and to the taking of such actions required to give effect to, and formalize, the resolution approved by the Noteholders' Meeting.

6. Discharge and exonerate the Commissioner and the Fiscal Agent from all liabilities in respect with the proposals subject to approval and the actions carried out for their implementation under the powers conferred by virtue of the proposal under paragraph (3) above.

7. Approval of the remuneration of the Commissioner, and other expenses related to its role as legal representative of the Syndicate of Noteholders and body for liaison between Syndicate of Noteholders and the Company.

8. Drafting and approval of the Minutes of the Noteholders' Meeting.

b) The table below shows the maturities of the existing notes and bonds as of December 31, 2015. According to the original contracts and as reflected in the Statements of financial position, due to reclassifications related to the presentations of the communication provided by Article 5 bis of the Ley Concursal:

Item	2017	2018	2019	2020	2021
Convertible notes Atlantica Yield	571	-	-	-	-
Convertible notes Abengoa	5,600	-	160,900	-	-
Ordinary notes Abengoa	1,118,047	550,000	-	802,878	500,000
Commercial paper Abengoa Mexico	106,799	-	-	-	-
Euro-Commercial Paper Programme (ECP)	58,470	-	-	-	-
Total notionals according to Contract	1,289,487	550,000	160,900	802,878	500,000
Reclassification to enforceable financing	2,013,778	(550,000)	(160,900)	(802,878)	(500,000)
Total notional due (*)	3,303,265	-	-	-	-

(*) The company is renegotiating the notional and the maturity of the loans based on the financial debt Restructuring Agreement (see Noea 2.1.1)

c) The balance of interest payable related to notes and bonds is €72,420 thousand as of December 31, 2016 (€72,809 thousand as of December 31, 2015) and is included under current 'Bonds and Notes'.

20.4. Finance lease liabilities

Finance lease creditors as of the end of 2016 and 2015 were:

Finance lease	Balance as of 12.31.16	Balance as of 12.31.15
Present values of future payments for finance lease	21,102	36,542
Liabilities: minimum payments for finance lease:		
Less than 1 year	13,666	18,001
From 1 to 5 years	6,280	15,219
More than 5 years	4,390	6,252
Net book value:		
Technical installations and machinery	10,281	30,342
Information processing equipment	1,725	3,093
Other tangible assets	17,465	23,618

20.5. Other loans and borrowings

The following table sets out the movement of other loans and borrowings at the 2016 and 2015 year end:

Item	Balance as of 12.31.16	Balance as of 12.31.15
Sale and lease back	-	35,410
Derivative premiums payable	12,661	35,051
Low interest loans	7,886	9,362
Preferred shares of ACBH	94,989	48,426
Non-recourse confirming due and unpaid	319,154	304,204
Non-recourse confirming non due group suppliers	-	202,316
Holding LAT Brasil's preferential shares	-	243,070
Overdue and not paid derivatives	147,156	-
Drawn bank guarantees	368,060	-
Debt after the agreement with EIG (see Note 20.5)	128,364	-
Debt with AB Netherland (*)	96,745	-
Loans with public institutions and others	76,135	24,645
Total	1,251,151	902,484

(*) Debt arisen from Abengoa Bioenergy Netherlands, B.V. when lossing its control as a consequence of the declaration of banckrutcy by the Rotterdam Courts on date May 11, 2016, the appointment of an administrator and the beginning of a liquidation process of the Company. Up to date, the administrators estimate that the liability may realize (see Notes 6.1 and 2.1).

On October 26, 2016 finished with Atlantica Yield an agreement the negotiations that have taken place during the last months as a consequence of the inability of the Company to comply with the terms of the agreement for the preferred shares in certain transmission lines in Brazil (ACBH) signed on 2014. In this sense, the main consequences of such agreement consist in the recognition of a liability amounted to €95 million approximately with an impact in the Consolidated Income Statement of €47 million.

Note 21.- Grants and other liabilities

Grants and Other Liabilities as of December 31, 2016 and 2015 are shown in the following table:

Item	Balance as of 12.31.16	Balance as of 12.31.15
Grants	16,711	145,799
Suppliers of non-current assets	311	1,975
Long-term trade payables	48,918	86,419
Grants and other non-current liabilities	65,940	234,193

The decrease in grants and other non-current liabilities is mainly due to the contribution of companies classified as held for sale.

Note 22.- Provisions and contingences

22.1. Provisions for other liabilities and charge

The following table shows the movement of the non-current heading of 'Provisions for other liabilities and charges' for the years 2016 and 2015:

Item	Taxes	Liabilities	Dismantling	Total
Balance as of 12.31.14	15,621	33,006	26,490	75,117
Net increase/ (decrease) with impact in profit and loss	623	11,749	2,914	15,286
Translation differences	11	1,080	(669)	422
Reclassifications and other movements	-	-	-	-
Transfer to liabilities held for sale	-	(104)	(27,956)	(28,060)
Balance as of 12.31.15	16,255	45,731	779	62,765
Net increase/ (decrease) with impact in profit and loss	(508)	(11,795)	66	(12,237)
Translation differences	10	283	(2)	291
Reclassifications and other movements	-	-	-	-
Transfer to liabilities held for sale	-	-	-	-
Balance as of 12.31.16	15,757	34,219	843	50,819

Provision for tax and legal contingencies

This provision represents the Group's best estimates in connection with risks relating to tax contingencies arising during the normal course of the Group's business, fundamentally in Latin America, when it is considered probable that there will be an outflow of resources in the medium or long term, which has been estimated being comprised in a period between 2 to 5 years, although the development of the contingencies and the new facts and circumstances that may arise overtime could change such estimated settlement period.

There are also provisions recorded by Group companies in relation with court rulings and unfavorable tax inspections that are under appeal but have not been resolved yet. For these tax disputes the Group considers that it is probable that there will be an outflow of resources in the medium term (between 2 and 5 years).

Provision for liabilities

This provision includes the Group's best estimates of probable cash outflows in connection with litigation, arbitration and claims in progress in which the various group companies are defendants as a result of the activities they carry out. Management considers that these liabilities will likely be settled in the medium or long term, which has been estimated being comprised in a period between 2 to 5 years.

Dismantling provision

This provision is intended to cover future expenditures related to the dismantlement of the solar plants and it will be likely to be settled with an outflow of resources in the long term (over 5 years).

22.2. Contingent liabilities

As of December 31, 2016 Abengoa and its Group of companies are involved in certain claims and litigations both against and in their favor. Such matters arise during the Group's normal course of business and represent the technical and economic claims that the contractual parties typically invoke.

We have briefly summarized below the most significant proceedings, which in the Management's opinion are not expected to have a material adverse effect in the Consolidated Financial Statements, individually or as a whole, or for which the future outcome cannot be reliably estimated.

- In May 2000, Abengoa Puerto Rico S.E., a subsidiary of Abengoa S.A, brought a lawsuit against the Electricity Power Authority (Autoridad de Energía Eléctrica, 'AEE') of Puerto Rico and terminated the agreement that both parties had entered into in relation to an EPC project for the construction of an electricity power station in Puerto Rico, in which the AEE was the Principal Contractor. The referred lawsuit contained different claims such as, inter alia, withholding payments, defaulted invoices, loss of future profits damages and several other costs, which tentatively amounted to USD 40 million.

  In response to the lawsuit brought by Abengoa Puerto Rico, S.E., the AEE brought a counterclaim premised upon unlawful termination and consequential damages relating to the agreement with Abengoa Puerto Rico, S.E. and, at the same time, brought an additional lawsuit for the same amount against Abengoa and its insurer, American International Insurance Co. of Puerto Rico. The amount claimed by the AEE is approximately USD 450 million. Currently the lawsuit is under hearing phase.

- In relation to the contingent liabilities concerning an inspection during 2013 by the European Commission of Abengoa and the companies that are directly or indirectly under its control, including Abengoa Bioenergy Trading Europe B.V., with regard to their possible participation in anti-competitive agreements or actions allegedly aimed at manipulating the results of the valuation of the Platts daily closing price (CDD), and to deny access to one or more companies wishing to participate in the valuation process of the CDD price, on December 7, 2015, the European Commission notified and made public the initiation of a formal investigation procedure in relation to the said inspection (case "AT-40054 Oil and Biofuel Markets" concerning the alleged manipulation of the Platts index in relation to, among other companies, Abengoa, S.A. and its subsidiaries Abengoa Bioenergía, S.A. and Abengoa Bioenergy Trading Europe B.V). Continuing the investigation without the notification of the schedule of charges. In relation with the inspection initiated on March 2015 (case "AT-40054 Oil and Biofuel Markets") of actions allegedly aimed at manipulating the results of the valuation of the Platts daily closing price (CDD) or enchange of commercial information related to the sale of ethanol out of Platts, there is not any new action in this proceeding.

- On February 11, 2010, the temporary joint venture (Unión Temporal de Empresas) formed by Befesa Construcción y Tecnología Ambiental, S.L. and Construcciones Alpi, S.A. (the 'UTE') took legal action against the Comunidad de Regantes de las Marismas del Guadalquivir (CRMG) regarding the project for the modernization of the Guadalquivir Marshes irrigation área (Proyecto de Modernización de la Zona Regable de las Marismas del Guadalquivir). The UTE asked for the following main claims: a) the declaration of the unlawful (i) termination of contract performed by the CRMG, (ii) application of penalties for delay; and (iii) other damages requested; and b) the termination of the agreement due to CRMG's breaches of contract, requesting a liquidation balance amounting to €32,454 thousand and additional €1,096 thousand based on different grounds. The CRMG answered the claim on November 4, 2010, requesting generically the dismissal of the UTE's claim.

On December 12, 2014, Abeinsa Infraestructuras Medio Ambiente, S.A. (Abeima, formerly Befesa Construcción y Tecnología Ambiental, S.L.) has been served with the claim brought by the CRMG against the UTE and its members (Abeima and Construcciones Alpi, S.A.), on the basis of the same dispute, project and factual issues of the aforementioned proceedings. The CRMG claims €120,353 thousand (approximately broken down as follows: €14,896 thousand for damages – works poorly executed, extra costs, alleged damages, etc. €-20,718 thousand for loss of profit and €84,682 thousand for penalties for delay). As at the date o these Consolidated Financial Statements the claim has been answered by the members of UTE.

Both civil proceedings are now suspended by the existence of criminal implications, particularly because they were pending of the preliminary investigation number 487/2013, by "Juzgado de Instrucción nº16 Sevilla". In this last proceeding is has not been asked the guarantee of any amount to Abeinsa nor any person who works or has worked for her nor for Befesa or any other entity related to Abengoa.

› In March 2015, Abener Energía, S.A. initiated arbitration proceedings against the client of a combined cycle power plant being built in Poland, Elektrocieplownia Stalowa Wola, S.A., seeking to extend the contractual deadline to complete the work due to *force majeure* and to claim additional amounts in excess of those stipulated in the contract for additional work and for damages and interests due to payment delays. On 17 October 2015, Abener Energía, S.A. filed an arbitration claim that was answered by the client, which was in turn answered by Abener Energía, S.A.

Also, in relation to this project, on 29 January 2016, Elektrocieplownia Stalowa Wola, S.A. informed Abener Energía, S.A. that it was cancelling the contract for the construction of a combined cycle plant alleging delays in the delivery of the plant and a series of technical breaches in the performance of the work. Abener Energía, S.A. replied by rejecting the termination of the contract and the seizure of the guarantees, arguing that the delay in the delivery of the plant is not attributable to Abener Energía, S.A. since the delays were caused by events that are beyond its control, that there were no technical breaches on its part and that there were certain prior breaches by the customer.

In Director´s opinion , there are sufficient technical and contractual arguments (expert reports) to defend the position that the delay in the construction of the plant was not attributable to the company and therefore the termination of the contract by the client is illegal.

In September 2016, Abener presented an extension of its claim (i) reinforcing the request for a time extension based on a new event attributable to the customer ("site risk"); (ii) requesting a declaration of illegal termination of the contract; and (iii) claiming amounts for unpaid work that was completed as well as damages sustained as a result of the termination of the contract. The amount of the arbitration claim filed by Abener Energía, S.A. for all items is approximately €105 million. The arbitration court gave Elektrocieplownia Stalowa Wola, S.A. until 14 April 2017 to respond to the additional demands of Abener Energía, S.A.

It is the opinion of the Company's legal advisors that at this stage in the arbitration proceedings it is impossible to assess the risk of a favourable or unfavourable outcome of the arbitration proceedings.

› On December 2015, Portland General Electric Company ("PGE") resolved unilaterally the contract which had signed with several Abengoa´s subsidiaries, for the design and construction of a 440 Mw combined cycle plant in Oregon, United States, when the contract was performed in a 90%. PGE claimed, among others, in a supposed insolvency of the contractor and Abengoa. At the end of December 2015, Abengoa, S.A. claimed to the International Court of Arbitration. The contractor was joined to the arbitration proceeding and filed a claim against PGE for damages to be defined, but au to date aer estimated in no less than US$60 million. PGE has claimed agains the contractor at the Federal District Couts of Oregon, requiring US$211 million for incurred damages when breaching the contract. Abengoa´s subsidiaries have filed a motion to obligue to resolve the dispute through arbitration, which is pending to be determined by the Court.

› In relation with the company Negocios Industriales y Comerciales, S.A (NICSA), the Markets and Competence National Comission (CNMC) initiated an inspection agains the manufacturers and some companies of the industry (where NICSA and its parent company Abengoa, S.A. are established) due to indications of anticompetitive practices in price and commercial conditions fixing and sale and distribution market sharing in medium and low voltage cable laying. During January 2017, NICSA and Abengoa received the facts schedule, attributing an infraction of the Law of defense of the competition. In relation with NICSA, the CNMC has considered the inspected facts as anticompetitive and, in relation with Abengoa, has considered that had participated in strategic decisions by means of its position of control partner trhough a system of authorisations, concluding that the actions have been considered as infractions mutually. On February 7, 2017 the statement of defense has been filed.

On January 18, 2017, the Markets and Competence National Comission sent an information requirement to several rail industry companies, which Inabensa, S.A. is established in relation with possible anticompetitive actions in manufacturing, installation, supply, maintenance and electrification system improvement hiring. On February 8, 2017, the statement of defense has been filed without receiving any response.

22.3. Claims

Regarding the legal claims or legal action initiated by creditors in connection with any past due and unpaid debts, we point out that the Company is not aware that any legal claim whatsoever has been initiated, nor any other significant legal measure by any other creditor in connection with past due and unpaid debts at year-end 2016, except for the following:

a) Claims arising at the end of FY 2015:

› Within the Bioenergy business, there has been received claims which are mostly due to commercial disputes filed in the United States for a total amount of approximately €11,235 thousand. These claims are generally in the response phase. On the other hand, there are applications to establish "liens" (preventive embargoes) in the United States for a total amount of approximately € 1,008 thousand. These applications require no response from the company subject to the claim.

› Regarding the Industrial Engineering and Construction business, legal claims have been received totaling approximately €75.5 thousand. These claims are in negotiation with the counterparties. Furthermore, there are claims in tort for a total aggregate amount of € 40 thousand, also in negotiation.

› In Mexico, claims have been received totaling around € 0.3 thousand that are in negotiation.

› In Brazil legal claims have been received totaling approximately €20,115 thousand, all of which are ongoing.

› In Chile, claims in tort have been received for a total of approximately €389.8 thousand and an additional €30.5 thousand that are currently in negotiation with the counterparties.

b) Claims arising during FY 2016:

› Between the closing date of the 2015 fiscal year and the date of the 2016 Annual Accounts, certain court claims were filed for unpaid debts of varying types and amounts which totalled approximately US$550,823 thousand, €152,178 thousand, MXN 31,443 thousand and CLP 5,463,811 thousand. Likewise, applications for liens were filed against Bioenergía Estados Unidos for a total amount of approximately US$42,580 thousand.

› Between the closing date of the 2015 fiscal year and the date of the 2016 annual accounts, Litigation claims regarding unattended accrued debts of different nature and amounts amounting up to US$130.431 thousand, €190.292 thousand, 51,437 thousand Mexican Pesos and 356,627 Chilean Pesos. On the other hand, there exist liens solicitations in United States for an approximate total amount of US$16,222 thousand. These solicitations do not need a reply by the claimed company.

22.4. Contingent assets

As of December 31, 2016 Abengoa and its Group of companies do not have significant contingent assets.

Note 23.- Third-party guarantees and commitments

23.1. Third-party guarantees

› At the end of 2016, the Group deposited to third parties (clients, financial entities, Public Entities and other third parties), directly by the group or by the parent company to other Group companies, various Bank Bond and Surety Insurances as guarantee to certain commitments (Bid bonds, performance and others) amounted to €1,048,708 thousand (€1,629,787 thousand at December 31, 2015).

In addition, the Group deposited to third parties (clients, financial entities, Public Entities and other third parties), directly by the group or by the parent company to other Group companies, various guarantees through the declarations of intention and documented commitments undertaken as guarantee of certain commitments (Bid Bonds, performance, financing and others) amounted to € 5,318,335 thousand (€7,053,099 thousand at December 31, 2015).

The following table details the guarantees undertaken by the Company classified by commitment type at December 31, 2016:

Typology	Guarantees/Surety Insurance	Guarantees	Total 12.31.2016	Total 12.31.2015
Bid Bond	35,100	1,995	37,095	1,161,492
Performance:				
Materials supply	4,479	766,810	771,289	1,144,090
Advance payments	73,763	8,810	82,573	285,996
Execution (construction/collection/payments)	865,682	4,268,455	5,134,137	5,653,083
Quality	13,086	20,830	33,916	72,261
Operation and maintance	17,669	251,435	269,104	335,370
Dismantilling	3,726	-	3,726	3,726
Other	35,203	-	35,203	26,867
Subtotal	1,048,708	5,318,335	6,367,043	8,682,886
Group Company financing guarantees	-	1,527,416	1,527,416	1,561,591
Total	1,048,708	6,845,751	7,894,459	10,244,477

Related to the above-mentioned amounts, and based on the terms of the Financial Support Agreement, Abengoa has conceded to Atlantica Yield and affiliates certain bank guarantees amounting to €35 and €786 million to assure the performance associated to certain concessional projects of thermos-solar energy generation, Eolic and electric transmission lines.

Additionally, the breakdown includes the amounts of bank guarantees and guarantees related to companies classified as held for sale amounted to €162 and €1,086 million respectively, being the amount associated to Bioenergy €897 million (€103 million bank guarantees and €794 million of guarantees) and the associated to transmission lines €350 million (€59 million of bank guarantees and €291 million of guarantees).

The most significant variations in guarantees assumed with third parties related to the information presented on the 2015 Consolidated Financial Accounts mainly correspond to the cancellation of guarantees presented by the parent company of the Group in bid offers, mainly certain water desalination concessional projects in Oman, as well as the execution of guarantees related to the divestment of Ashalim project and San Antonio Water as well as and the lack of renewal in overdue guarantees with suppliers and financial entities and the execution of guarantees provided to third parties which could lead to an outflow.

› In relation with the last mentioned of guarantees provided to third partines, at the end of 2016, there have been significant breaches since the date of the communication provided by the Article 5 bis of the Ley Concursal, which could lead to an outflow of resources and, therefore, a financial liability has been amounted to €368 million (see Note 20.5). The most significant guarantees correspond to performance bond and advance guarantee of the client of the project Al Khafji for an aggregate amount of €18 million, the credit letters of the client Portland General Electric Company for a total aggregated amount of €174, Guarantees of Emera Project amounted to €30 million and bank guarantees of Stalowa Project amounted to €40 million.

23.2. Contractual obligations

The following table shows the breakdown of the third-party commitments and contractual obligations as of December 31, 2016 and 2015 (in thousands of euros):

2016	Total	Up to one year	Between one and three years	Between three and five years	Total
Loans with credit institutions	4,858,133	4,839,538	8,770	1,468	8,357
Notes and bonds	3,550,269	3,550,269	-	-	-
Liabilities due to financial leases	21,102	13,088	3,188	1,687	3,139
Other loans and borrowings	1,251,151	998,168	148,773	103,109	1,101
Obligations under operating Leases	3,956	3,925	21	10	-
Purchase commitments	939,100	553,131	232,157	145,224	8,588
Accrued interest estimate during the useful life of loans	1,133,020	582,059	151,252	98,080	301,629

2015	Total	Up to one year	Between one and three years	Between three and five years	Total
Loans with credit institutions	5,398,326	4,888,251	84,193	81,352	344,530
Notes and bonds	3,300,825	3,300,825	-	-	-
Liabilities due to financial leases	36,542	17,020	6,874	1,629	11,019
Other loans and borrowings	659,414	557,047	42,393	54,181	5,793
Obligations under operating Leases	10,450	2,487	2,814	2,457	2,692
Purchase commitments	2,836,092	2,498,391	318,156	2,815	16,730
Accrued interest estimate during the useful life of loans	1,644,957	491,474	646,296	271,111	236,076

Amounts disclosed as Loans with credit institutions correspond to the notional amounts and not to the amortized costs as they has been recorded in the consolidated statement of financial position following the accounting policy and the basis of presentation (see Note 2.18).

23.3. Pledged Assets

- Related to the pledged assets book value at December 31, 2016, as guarantee of the total debt, the following table shows the breakdown:

Book value	Balance of 12.31.16 (*)	Balance of 12.31.15 (*)
Property, plants and equipment	83,335	103,539
Fixed assets in projects	3,443,896	4,004,016
Investments accounted for using the equity method	755,501	838,314
Clients and other receivable accounts, financial investments and cash and cash equivalents	256,649	1,119,797
Total	4,539,381	6,065,666

(*) Includes the pledged assets related to assets held for sale and discontinued operations disclosed in Note 7 of the Consolidated Financial Statements as of December 31, 2016 and amount to €3,136 million (€1,336 million in 2015)

It should be noted, for the avoidance of doubt, that when determining the book value of the pledged assets, it has been taken into account the concept of "garantía real" provided by the Spanish law (applying by analogy to those assets that are pledged under other legislation).

- Regarding the pledged assets deposited by the Group since the date of application by Abengoa S.A. of Article 5 bis of Ley Concursal, at year ended 2016, the Group has not been forced to give any asset as guarantee of debt, with the following exceptions:
  - An amount of €49,761 thousand, BRL129,964 thousand and US$20,535 thousand deposited in a bank account pledged on behalf of several group companies, whose pledge collateral was executed by the beneficiary thereof as a result of the maturity of the secured obligation.

Note 24.- Tax situation

24.1. Application of rules and tax groups in 2016

Abengoa, S.A. and other 197 and 214 consolidated subsidiaries (see Appendixes XI and XVI to these Consolidated Financial Statements) in 2016 and 2015, respectively, have filed its 2015 income taxes following the rules for tax consolidation in Spain under the 'Special Regime for Tax Consolidation' Number 2/97.

All the other Spanish and foreign companies included in the Consolidation group file income taxes according to the tax regulations in force in each country on an individual basis or under consolidation tax regulations. The fiscal policy of the company is based on compliance with the regulations in force in the countries where it operates.

In order to calculate the taxable income of the consolidated tax Group and the Consolidated entities individually, the accounting profit is adjusted for temporary and permanent differences, recording the corresponding deferred tax assets and liabilities. At each Consolidated Income Statement date, a current tax asset or liability is recorded, representing income taxes currently refundable or payable. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes, as determined under enacted tax laws and rates.

Income tax payable is the result of applying the applicable tax rate in force to each tax-paying entity, in accordance with the tax laws in force in the territory and/or country in which the entity is registered. Additionally, tax deductions and credits are available to certain entities, primarily relating to inter-company trades and tax treaties between various countries to prevent double taxation.

Abengoa, S.A., as the dominant company of the tax group regarding Corporate income tax with registered number 02/97, and Value Added Tax number 284/08 has been inspected by the Spanish Tax authorities regarding the following concepts and periods:

Corporate income tax	2009 – 2011
Value added tax	03/2010 – 12/2011
Withholdings and on-account payments for personal income tax for residents and non-residents	03/2010 – 12/2011

After the end of the reporting period 2015 the Company has signed the inspection reports in conformity which brought to an end the abovementioned inspection proceedings. Besides, Abengoa´s Management has regularized Corporate Income Tax statements for fiscal years 2012 to 2014 by applying the same criteria determined by the inspection body for the years under inspection (2009 to 2011). The Company has registered in the Consolidated Financial Statements as of December 31, 2015 all accounting impacts arising from the regularizations described above (FY 2009 to 2014), and the regularization of the tax rate of Deferred Tax Assets affected by them, registering an expense amounting approximately €123 million due to interests on arrears regarding VAT and Corporate Income Tax. No sanction whatsoever has been imposed to Abengoa by the inspecting authorities. Amounts corresponding to VAT have been already transferred to the Spanish Tax Authorities (Agencia Tributaria). Amounts corresponding to Corporate Income Tax have been compensated in its entirety against Deferred Tax Assets of the tax group and, thus, have not affected the Company´s cash and cash equivalents.

24.2. Deferred tax assets and liabilities

At the end of 2016 and 2015 the analysis of deferred tax assets and deferred tax liabilities is as follows:

Item	Balance as of 12.31.16	Balance as of 12.31.15
Tax credits for tax loss carryforwards	125,269	476,166
Tax credits for deductions pending application		
Tax credits for export activities	25,181	210,216
Tax credits for R+D+i	28,768	66,888
Other deductions	38,220	87,913
Temporary differences		
Provisions	95,371	148,446
Impairment	17,346	58,240
Remuneration plans	-	908
Derivatives financial instruments	33,744	70,493
Non-deductible expenses (Art. 20 y 22 LIS, Art. 14 TRLIS, Art. 7 Ley 16/2012)	182,579	295,158
Consolidation adjustments, homogenization adjustments and other	68,748	170,323
Total deferred tax assets	**615,226**	**1,584,751**

Item	Balance as of 12.31.16	Balance as of 12.31.15
Accelerated tax amortization	1,217	69,701
Business combination	-	44,971
Unrealized exchange differences	47,817	18,600
Derivatives financial instruments	15,478	2,988
Consolidation adjustments, homogenization adjustments and other	108,344	145,537
Total deferred tax liabilities	**172,856**	**281,797**

Most of the tax credits for Tax loss carryforwards correspond to Spain (€107 million) and United States (€14 million).

Tax loss carryforwards in Spain and United States correspond to the application of tax incentives and to other losses suffered in the last years, triggering the delay in the construction and lower range due to the financial postion of the group, which has caused a decrease in revenues in the last two years and an increase in expenses, mainly of financial kind and advisors. Additionally, the lack of new projects in the last two years caused the lack of new revenues when the organizational structure decreased at a lower rate.

Tax credits for deductions have been generated mainly in Spain. Among these tax credits the larger amount corresponds to deduction on export activities (DAEX), which is calculated as a percentage over investments effectively, made for the acquisition of foreign companies or capital increases in foreign companies. This percentage, which was initially 25% was been gradually reduced since 2007 to reach 3% in 2010. The deduction disappeared in 2011. To benefit from this deduction, among other requirements, the acquisition or incorporation of companies should be directly related to the export of goods and services from Spain. From the year 2012, the Company has not recorded any income in relation to this deduction, as it had been recorded entirely as of December 31, 2011.

In addition, efforts in research, development and innovation activities (R&D&i) that Abengoa has been carrying out during the last years have resulted in the generation of important tax deductions, some of which are recorded as deferred tax assets for an amount of €29 million as of December 31, 2016.

'Other deductions', which have been generated mainly in Spain, correspond primarily to deductions for double taxation (€27 million), and deductions for donations to non-profit organizations (€10 million).

At the end of 2016, the Company has made the best estimates and projections taking into account the last Viability Plan approved by the Company to assess the recoverability of deferred tax assets witting off those in which the recoverability is not expected. In such projections , the Company has taken into account the new limitations set by the Spanish tax regulations when offsetting the net operating losses and the application of deductions. Based on such recoverability projections, and taking into account the current situacion of the company and the new Updated Viability Plan approved by the Company which focusses the main activity of the group to the traditional engineering and contruction activity, the Comnpany has recognized and impairment loss of €369 million (see Note 31) in which €119 million correspond to assets classified as discontinued operations.

On the other hand, the Company has certain tax credits as of December 31, 2016 which have not been capitalized, as it determined that recoverability of such assets is not probable. These tax credits consist mainly of tax loss carryforwards related to our US subsidiaries amounting to €1,034 million (€274 million in 2015), with expiration dates in 2028; to our South African subsidiaries amounting to €168 million with expiration date in 2017, (€124 million in 2015), to our Mexican subsidiaries amounting to €199 million maturing in 2025 and 2026 (€145 million in 2015),to our Spanish subsidiaries amounting to €927 million ((€524 million in 2015) and to our Brazilian subsidiaries amounting to €345 million (€61 million in 2015), without expiration date in the last two jurisdictions; and R&D&i and environmental tax credits in Spain amounting to €322 million (€97 million in 2015) with expiration dates between 2021 and 2034.

The movements in deferred tax assets and liabilities during 2016 and 2015 were as follows:

Deferred tax assets	Amount
As of December 31, 2014	1,503,609
Increase / Decrease through the consolidated income statement	(20,687)
Increase / Decrease through the consolidated income statement for change in tax rate	2,547
Increase / Decrease through other comprehensive income (equity)	(44,023)
Increase / Decrease through other comprehensive income (equity) for change in tax rate	(1,384)
Transfer to assets held for sale	(3,465)
Change in consolidation, various reclassifications and translation diff.	148,154
As of December 31, 2015	1,584,751
Increase / Decrease through other comprehensive income (equity)	(334,334)
Increase / Decrease through other comprehensive income (equity) for change in tax rate	(28,819)
Transfer to assets held for sale	(716,612)
Change in consolidation, various reclassifications and translation diff.	110,240
As of December 31, 2016	615,226

Deferred tax liabilities	Amount
As of December 31, 2014	281,797
Increase / Decrease through the consolidated income statement	99,716
Increase / Decrease through the consolidated income statement for change in tax rate	(4,429)
Increase / Decrease through other comprehensive income (equity)	47,684
Increase / Decrease through other comprehensive income (equity) for change in tax rate	(284)
Transfers to liabilities held for sale	(6,704)
Change in consolidation, various reclassifications and translation diff.	(100,091)
As of December 31, 2015	317,689
Increase / Decrease through other comprehensive income (equity)	26,415
Increase / Decrease through other comprehensive income (equity) for change in tax rate	4,693
Transfers to liabilities held for sale	(127,412)
Change in consolidation, various reclassifications and translation diff.	(48,529)
As of December 31, 2016	172,856

The detail of tax deferred expenses and incomes recognized at the end of the year 2016 and 2015 for each kind of temporary difference and each kind of tax loss carriforward not used is the following:

Item	2016	2015 (*)
Tax credits for tax loss carryforwards	(44,967)	(75,730)
Tax credits for deductions pending application		
Tax credits for export activities	(43,071)	(32,656)
Tax credits for R+D+i	(26,683)	(6,093)
Other deductions	(35,902)	(70,996)
Temporary differences		
Provisions	(8,360)	14,063
Impairment	(13,829)	31,696
Remuneration plans	(3,181)	(16,088)
Derivatives financial instruments	(6,392)	7,593
Non-deductible expenses (Art. 20 y 22 LIS, Art. 14 TRLIS, Art. 7 Ley 16/2012)	(34,433)	136,025
Consolidation adjustments, homogenization adjustments and other	(117,516)	(5,954)
Total deferred tax assets	**(334,334)**	**(18,140)**

Item	2016	2015 (*)
Accelerated tax amortization	-	(19,670)
Business combination	17,494	-
Unrealized exchange differences	(26,533)	38,012
Consolidation adjustments, homogenization adjustments and other	35,455	76,945
Total deferred tax liabilities	**26,416**	**95,287**

(*) Restated figures. On December 31, 2016, the Company has reclassified the income statements for the years ended December 31, 2016 and 2015 of the operating segment of Bioenergy and of the concessional assets LAT Brazil owner companies to Profit/loss from discontinued operations due to their significant activities developed within Abengoa (see Note 7).

Note 25.- Trade payables and other current liabilities

25.1. Trade payable and other current liabilities as of December 31, of 2016 and 2015 are shown in the following table:

Item	Balance as of 12.31.16	Balance as of 12.31.15
Trade payables for purchases of goods	1,720,387	2,983,046
Trade payables for services	467,218	764,627
Billings in excess and advance payments from clients	280,142	304,830
Remunerations payable to employees	37,890	40,204
Suppliers of intangible assets current	3,062	10,566
Other accounts payables	145,560	275,979
Total	**2,654,260**	**4,379,252**

At the end of 2016 the total amount of trade payables and other current abilities due and unpaid (principal and interest) amounted to €974 million. Default interests for the above mentioned Liabilities were recognized.

Balances with related parties at the end of 2016 and 2015 are described in Note 33.2.

25.2. Nominal values of Trade payables and other current liabilities are considered to approximate fair values and the effect of discounting them is not significant.

25.3. The table below shows the details of the non-recourse confirming carried out with external and group suppliers as at December 31, 2016 and 2015.

Item	Balance as of 12.31.16	Balance as of 12.31.15
Non-group amounts payable through Confirming	660,300	1,019,155
Group amounts payable through Confirming	33,185	236,687
Total	**693,485**	**1,255,842**

Related to these amounts, there are deposits and cash recorded under assets in the Consolidated Statement of Financial Position associated with payment of "non-recourse confirming" for an amount of €0.3 million (€464 million in 2015).

Finally, It has been reclassified to corporate financing an amount of €319 million (€304 million in 2015) relating to due and not paid confirming transactions (principal and interests). Additionally, €357 million correspond to companies classified as held for sale.

25.4. Details on supplier maturities are provided in the following table:

Maturity	Balance as of 12.31.16	Balance as of 12.31.15
Up to 3 months	574,695	1,871,857
Between 3 and 6 months	99,303	658,922
Over 6 months	1,046,389	452,267
Total	1,720,387	2,983,046

25.5. Average period of payment to suppliers

In compliance with the duty to report the average period of payment to suppliers stated in Law 15/2010 and the eighth additional provision of Ley de Sociedades de Capital` according to the new composition given by the second final provision of `Ley 31/2014 de reforma de la ley de Sociedades de Capital` the company informs that the average period of payment to suppliers related to all the companies in the Group in Spain has been 254 days.

The following table details the information required by the article 6 of the January 29, 2016 resolution of the Instituto de Contabilidad y Auditoría de Cuentas, related to the information to be provided about the average period of payment during the year

2016	Days
Average payment period	254
Paid operations ratio	139
Pending payments ratio	352

2016	Amount
Payments	720,396
Pending payments	841,018

There is not comparable information in compliance with the only additional provision of the mentioned resolution.

Note 26.- Construction contracts

Further to the information set out in Note 2.24.b) relating to the accounting treatment of construction contracts, the table below includes aggregated information on outstanding construction contracts to which IAS 11 was applied at the end of the years 2016 and 2015:

2016	Construction contracts
Operating revenues	910,313
Billings in excess and advance payments received	1,694,764
Payment withholdings	12,846
Account receivables	3,714,149
Account payables	3,193,004

2015	Construction contracts
Operating revenues	2,848,322
Billings in excess and advance payments received	1,547,573
Payment withholdings	15,704
Account receivables	3,719,520
Account payables	2,965,134

The amount of unbilled revenue by the end of the years 2016 and 2015 is €379,120 and €787,535 thousand, respectively.

The aggregated total amount of the costs incurred and the aggregated total profits (less the related losses) recognized since origin for all the ongoing contracts at December 31, 2016 amount to €6,392,076 thousand and €466,684 thousand respectively (€12,095,510 thousand and €1,320,385 thousand in 2015).

Note 27.- Revenues

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

Item	2016	2015 (*)
Product sales	203,909	430,889
Rendering of services and construction contracts	1,306,144	3,215,876
Total revenue	1,510,053	3,646,765

(*) Restated figures. On December 31, 2016, the Company has reclassified the income statements for the years ended December 31, 2016 and 2015 of the operating segment of Bioenergy and of the concessional assets LAT Brazil owner companies to Profit/loss from discontinued operations due to their significant activities developed within Abengoa (see Note 7).).

Note 28.- Other operating income and expenses

The table below shows the detail of Other Operating Income and Expenses for the years 2016 and 2015:

Other operating income	2016	2015 (*)
Work performed by the entity and capitalized and other	6,015	15,946
Grants	7,175	12,808
Income from various services	52,563	95,586
Total	65,753	124,340

Other operating expenses	2016	2015 (*)
Research and development cost	(6,396)	(496)
Leases and fees	(46,274)	(90,029)
Repairs and maintenance	(15,845)	(10,356)
Independent professional services	(151,709)	(271,222)
Transportation	(13,561)	(28,941)
Supplies	(20,918)	(41,471)
Other external services	(42,993)	(121,209)
Taxes	(23,888)	(60,731)
Other minor management expenses	(66,209)	(49,205)
Total	(387,793)	(673,660)

(*) Restated figures. On December 31, 2016, the Company has reclassified the income statements for the years ended December 31, 2016 and 2015 of the operating segment of Bioenergy and of the concessional assets LAT Brazil owner companies to Profit/loss from discontinued operations due to their significant activities developed within Abengoa (see Note 7).

In 2016 there is an decrease in Other operating income mainly due to higher revenues registered in 2015 from various services by the favorable resolution of the Spanish Court of Arbitration, in relation to losses from project Arizona Solar One LLC, which were covered by an insurance policy.

Other operating expenses decreased during 2016 over 2015, the decrease is mainly due to the current situation of the Company and the decrease of inventory purchases, lower independent professional services and, finally, the decrease in travel expenses. All this decrease is derived from the decrease and deceleration of the activity of the Company. This decrease has been partially offset by higher independent professional services related to the restructuring process amounted to €26 million.

Note 29.- Employee benefit expenses

The breakdown of employee benefit expense for 2016 and 2015 is as follows:

Item	2016	2015 (*)
Wages	(369,316)	(636,204)
Social security costs	(70,996)	(115,296)
Stock plans and other employee benefits	-	(14,320)
Stock plans and other employee benefits reversal	-	52,545
Total	(440,312)	(713,275)

(*) Restated figures. On December 31, 2016, the Company has reclassified the income statements for the years ended December 31, 2016 and 2015 of the operating segment of Bioenergy and of the concessional assets LAT Brazil owner companies to Profit/loss from discontinued operations due to their significant activities developed within Abengoa (see Note 7).

Variable remuneration plans for managers

There are currently two extraordinary long-term variable remuneration plans for managers.

1) Extraordinary Variable Remuneration Plan for Managers – January 2014

This plan, which replaces and cancels the extraordinary plan previously approved in February 2011, was agreed by the Company's board of directors in January 2014 following a proposal by the Appointments and Remuneration Committee.

The plan expires on December 31, 2017 and is designed to help the achievement of the objectives set in the Strategic Plan at an individual level. The plan also requires beneficiaries to remain with the company for the corresponding period and for Abengoa's average share price during the last three months of 2017 to be higher than a specific value.

2) Extraordinary Variable Remuneration Plan for Managers – July 2014

On July 21, 2014, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, unanimously approved a five-year variable remuneration plan (2014-2018).

The plan expires on December 31, 2018 and accrues 20% annually. Its purpose is to incentivize certain managers to stay with the company or to achieve specific personal objectives. The plan requires the beneficiary to be employed by the company for the corresponding period and for the average price of Abengoa's Class B shares during the last three months of 2018 to be higher than a specific value.

As of December 31, 2015 the Company derecognized the existing provision of €57,456 thousand (€43,092 thousand, after tax) regarding the two existing variable remuneration plans for managers, because Abengoa´s Directors considers that the accomplishment of all established requisites in order to consolidate the benefits has a low Probability provided as a consequence of the company situation derived form the presentation of the communication provided by article 5 bis of the Ley Concursal.

Note 30.- Finance income and expenses

30.1. Finance income and expenses

The following table sets forth our Finance income and expenses for the years 2016 and 2015:

Finance income	2016	2015 (*)
Interest income from loans and credits	7,654	30,385
Interest rates benefits derivatives: cash flow hedges	6,092	21,189
Interest rates benefits derivatives: non-hedging	1,946	5,155
Total	15,692	56,729

Finance expenses	2016	2015 (*)
Expenses due to interest:		
- Loans from credit entities	(310,592)	(216,913)
- Other debts	(337,702)	(357,595)
Interest rates losses derivatives: cash flow hedges	(29,194)	(65,880)
Interest rates losses derivatives: non-hedging	(2,087)	(13,202)
Total	(679,575)	(653,590)
Net financial loss	(663,883)	(596,861)

(*)Restated figures. On December 31, 2016, the Company has reclassified the income statements for the years ended December 31, 2016 and 2015 of the operating segment of Bioenergy and of the concessional assets LAT Brazil owner companies to Profit/loss from discontinued operations due to their significant activities developed within Abengoa (see Note 7).

Financial incomes have decreased during 2016 mainly as a consequence of the variation of the temporal value component of interest rate derivative hedges and lower financial performance due to lower short term investments.

Finance expenses have increased in 2016 when compared to the same period of the previous year, mainly due to the debt updating of preferred shares of ACBH after the agreement with Atlantica Yield amounted to €47 million as well as higher early redemption fees, restructuring fees and liquidity line renewal fees amounted to €43 million. All the mentioned have been partially offset by lower expenses in 2015 due to the anticipated cancellation of the 2017 convertible bond , which caused an expense of €17 million, lower interests due to the decrease of nominal values as a consequence of the exchange related to the 2017 Atlantica Yield convertible bond, the conversion related to the 2019 convertible bond amounted to €15 million, as well as the lower financial expenses due to the transfer of solar plants in the ROFO3, 3+ and 4 agreement to Atlantica Yield during 2015.

The amount of net financial income and expenses relating to project companies amount to €-200.430 thousand (€-182.827 thousand in 2015).

30.2. Net exchange differences

The following table sets out the exchange rate differences for the years 2016 and 2015:

Net exchange differences	2016	2015 (*)
Gains and losses from foreign exchange transactions	19,628	15,868
Gains and losses from foreign exchange contracts: cash flow hedges	(10,568)	(27,044)
Gains and losses from foreign exchange contracts: non-hedging		-
Total	9,060	(11,176)

(*) Restated figures. On December 31, 2016, the Company has reclassified the income statements for the years ended December 31, 2016 and 2015 of the operating segment of Bioenergy and of the concessional assets LAT Brazil owner companies to Profit/loss from discontinued operations due to their significant activities developed within Abengoa (see Note 7).

The most significant amounts in net exchange differences during 2016 and 2015 corresponded to the different hedges in several subsidiaries that have not been offset perfectly with the differences generated by the hedged item.

Net exchange rate difference in 2016 for companies which are financed through project debt amounts to €-9,000 thousand (€-21,855 thousand in 2015).

30.3. Other net finance income and expenses

The following table sets out 'Other net finance income and expenses' for the years 2016 and 2015:

Other finance income	2016	2015 (*)
Profits from the sale of financial assets	79,182	793
Income on financial assets	930	777
Other finance income	13,062	18,255
Changes in the fair value of the derivatives embedded in the convertible bonds and options over shares	8,881	90,274
Commodity derivatives gains: non hedge	-	1,226
Total	102,055	111,325

Other finance expenses	2016	2015 (*)
Loss from sale of financial assets	(448)	(735)
Losses from partial repayment of the convertible notes due 2019	-	(15,141)
Outsourcing of payables	(4,809)	(30,750)
Other financial losses	(565,607)	(107,447)
Changes in the fair value of the derivatives embedded in the convertible bonds and options over shares	(365)	(34,038)
Loss derived from commodity price derivatives: cash flow hedge	(37,785)	(12,781)
Commodity derivatives losses: non hedge		
Total	(609,013)	(200,892)
Other net finance income/expenses	(506,958)	(89,576)

(*) Restated figures. On December 31, 2016, the Company has reclassified the income statements for the years ended December 31, 2016 and 2015 of the operating segment of Bioenergy and of the concessional assets LAT Brazil owner companies to Profit/loss from discontinued operations due to their significant activities developed within Abengoa (see Note 7).

The main variations in "Other financial income" correspond to the profit generated by the transaction of the 80% Abengoa Vista Ridge, LLC´s interest (see Note 6.2) and the partial exchange of convertible bonds of Atlantica Yield into Atlantica Yield shares (see Note 20.3).

"Other financial expenses" have increased mainly due to losses recognized as "Other financial losses" because of higher financial expenses derived from executed guarantees with high probability of resource outflows amounted to €317 million ,the sale of the convertible loan in shares of Befesa, S.L.U. to Triton Investment Fund (see Note 15), the impairment over the Xfera Moviles, S.A. interest (see Notes 13), as well as bank fees, guarantee fees, credit letter, transfer fees and other bank expenses arisen from the current situation of the company described before amounted to €88 million. Additionally, "outsourcing payables" are decreasing given the decrease in PPB issued.

The net amount of "Other incomes and financial expenses for companies" which are financed through project debt amounts to €7,012 thousand (€16,063 thousand in 2015).

30.4. Non-monetary items of derivative financial instruments

The table below provides a breakdown of the line item 'Fair value gains on derivative financial instruments' included in the Consolidated Cash Flow Statement for the years 2016 and 2015:

Fair value gains on derivative financial instruments	2016	2015 (*)
Change in fair value of the embedded derivative of convertible debt and shares options	(365)	(34,038)
Non-cash profit/(losses) from cash flow hedges	(1,110)	3,735
Non-cash profit/(losses) from derivatives - non-hedge accounting	(141)	(6,821)
Other non-cash gains/losses on derivative instruments	(1,616)	(37,127)
Fair value gains (losses) on derivative financial instruments (non cash items)	(1,616)	(37,127)
Cash gains (losses) on derivative financial instruments (monetary effect)	(70,345)	(88,248)
Total fair value gains / (loss) on derivative financial instruments	(71,961)	(125,375)

(*) Restated figures. On December 31, 2016, the Company has reclassified the income statements for the years ended December 31, 2016 and 2015 of the operating segment of Bioenergy and of the concessional assets LAT Brazil owner companies to Profit/loss from discontinued operations due to their significant activities developed within Abengoa (see Note 7).

Note 31.- Income tax

The detail of tax rate for the period 2016 and 2015 is as follows:

Item	2016	2015 (*)
Current tax	(10,817)	25,001
Deferred tax	(360,749)	(113,428)
Total income tax benefit/(expense)	(371,566)	(88,427)

(*) Restated figures. On December 31, 2016, the Company has reclassified the income statements for the years ended December 31, 2016 and 2015 of the operating segment of Bioenergy and of the concessional assets LAT Brazil owner companies to Profit/loss from discontinued operations due to their significant activities developed within Abengoa (see Note 7).

The reconciliation between the theoretical income tax resulting from applying statutory tax rate in Spain to income before income tax and the actual income tax expense recognized in the Consolidated Income Statement for the years 2016 and 2015 is as follows:

Item	2016	2015 (*)
Consolidated profit before taxes	(3,891,094)	(774,614)
Regulatory tax rate	25%	28%
Corporate income tax at regulatory tax rate	972,774	216,892
Income tax of associates, net	(146,843)	(2,266)
Differences in foreign tax rates	6,683	35,892
Incentives, deductions and tax losses carryforwards	(344,704)	(310,791)
Effect in consolidated income statement for change in Spanish companies tax rate	-	6,976
Other non-taxable income/(expense)	(859,476)	(35,129)
Corporate income tax	(371,566)	(88,427)

(*) Restated figures. On December 31, 2016, the Company has reclassified the income statements for the years ended December 31, 2016 and 2015 of the operating segment of Bioenergy and of the concessional assets LAT Brazil owner companies to Profit/loss from discontinued operations due to their significant activities developed within Abengoa (see Note 7).

Differences between theoretical tax and actual tax expense arise mainly from:

› Different tax rates abroad:Companies based in jurisdictions with statutory tax rates different from Spanish statutory tax rate

› Incentives, deductions and negative operating losses:No tax credits activation of negative impacts derived from the current situation of the Company pending to have greater visibility about the realization of the Viability Plan announced by the Company (see Note 2.1.1) as well as the impairment of tax credits during the year (see Note 24.2)

› Change in the Spanish tax rate:Application in Spain of changing the general tax rate to 28% in 2015 and to 25% in 2016 (from 30% in 2014)

› Other non taxable income/expenses: The heading 'Other non-taxable income/ (expense)' includes, among others, the regularization of the tax expense of the previous year as well as certain permanents differences arisen (see Note 2.1.1.).

Note 32.- Earnings per share

32.1. Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during these periods:

Item	2016	2015 (*)
Profit from continuing operations attributable to equity holders of the company	(4,275,775)	(823,563)
Profit from discontinuing operations attributable to equity holders of the company	(3,353,281)	(389,915)
Average number of ordinary shares outstanding (thousands)	1,030,938	898,612
Earnings per share from continuing operations (€ per share)	(4.15)	(0.92)
Earnings per share from discontinuing operations (€ per share)	(3.25)	(0.43)
Earnings per share from profit for the year (€ per share)	(7.40)	(1.35)

(*) Restated figures. On December 31, 2016, the Company has reclassified the income statements for the years ended December 31, 2016 and 2015 of the operating segment of Bioenergy and of the concessional assets LAT Brazil owner companies to Profit/loss from discontinued operations due to their significant activities developed within Abengoa (see Note 7).

32.2. Diluted earnings per share

To calculate the diluted earnings per share, the average weighted number of ordinary shares issued and outstanding is adjusted to reflect the conversion of all the potential diluting ordinary shares.

The potential diluting ordinary shares corresponded to the warrants on Class B shares issued in November 2011. On October 1, 2015 the share capital has been subscribed for the total amount of the outstanding warrants. The assumption is that all warrants would be exercised and a calculation is made to determine the number of shares that may have been acquired at fair value based on the monetary value of the subscription rights of the warrants still to be exercised. The difference between the number of shares issued assuming the exercise of the warrants, and the number of shares calculated based on the above, is included in the calculation of the diluted earnings per share.

In the fiscal year 2016 there are not diluting factors affecting the diluted (losses) earnings for share.

Item	2016	2015 (*)
Profit for the year		
- Profit from continuing operations attributable to equity holders of the company	(4,275,775)	(823,563)
- Profit from discontinuing operations attributable to equity holders of the company	(3,353,281)	(389,915)
- Adjustments to attributable profit	-	-
Profit used to determine the diluted earnings per share	(7,629,056)	(1,213,478)
Average weighted number of ordinary shares outstanding (thousands)	1,030,938	898,612
- Warrants adjustments (average weighted number of shares in outstanding since issue)	-	-
Average weighted number of ordinary shares affecting the diluted earnings per share (thousands)	1,030,938	898,612
Diluted earnings per share from continuing operations (€ per share)	(4.15)	(0.92)
Diluted earnings per share from discontinuing operations (€ per share)	(3.25)	(0.43)
Diluted earnings per share to the profit for the year (€ per share)	(7.40)	(1.35)

(*) Restated figures. On December 31, 2016, the Company has reclassified the income statements for the years e 2015 of the operating segment of Bioenergy and of the concessional assets LAT Brazil owner companies to Profit operations due to their significant activities developed within Abengoa (see Note 7).

Note 33.- Other information

33.1. Personal

› The average number of employees classified by category during 2016 and 2015 was:

	Average number of employees in 2016			Average number of employees in 2015		
Categories	Female	Male	% Total	Female	Male	% Total
Directors	43	394	2.5	60	488	1.9
Management	308	1,118	8.2	433	1,592	7.2
Engineers	892	2,031	16.9	1,446	3,291	16.9
Assistants and professionals	729	1,415	12.4	1,199	1,758	10.5
Operators	521	9,702	59.1	981	16,252	61.3
Interns	61	82	0.8	247	373	2.2
Total	2,554	14,742	100	4,366	23,754	100

The average number of employees is 28% in Spain (25% in 2015) and 72% abroad (75% in 2015).

The average number of employees during the year with disabilities above or equal to 33% is 101 (110 in 2015).

- The total number of people employees classified by category as of December 31, 2016 and 2015 was:

	2016		% Total	2015		% Total
Categories	Female	Male		Female	Male	
Board of Directors	1	6	0.0	2	10	0.1
Directors	42	326	2.3	56	464	2.4
Management	266	945	7.6	393	1,379	8.1
Engineers	753	1,742	15.6	1,188	2,649	17.5
Assistants and professionals	629	1,414	12.8	960	1,742	12.3
Operators	606	9,174	61.2	748	12,032	58.2
Interns	42	44	0.5	124	185	1.4
Total	2,338	13,645	100	3,471	18,461	100

The 24% people are located in Spain while the remaining 76% are abroad.

33.2. Related parties

Dividends distributed to related parties during the year 2016 amounted to zero euros (€29,329 thousand in 2015).

a) During 2016 the only transactions associated with related parties were the following:

- Service provision agreement signed between Simosa and Mrs. Blanca de Porres Guardiola. The amount invoiced in 2016 was €95 thousand. Such contract terminated on December 31, 2016 and the decision to not renew ir has been taken

- Service agreement signed between Equipo Económico, S.L. (company related to D. Ricardo Martínez Rico, member of Board of Directors) and Abengoa, S.A., Abengoa Concessions, S.L., Abeinsa Ingeniería and Construcción Industrial, S.A. The amount invoiced in 2016 was €90 thousand.

- During the month of October 2016, Abengoa has signed an agreement with EIG, owner of the 55% share of APW-1. In this sense, the main consequences of such agreement consist in the refusal by Abengoa of any right that may have in its investment over APW-1, in its contribution and credits that would have with it, which has supposed and impairment loss of €375 million in the Consolidated Income Statement (see Notes 10 and 11), as well as the transfer to Abengoa of the purchase right of the minority interests that APW-1 has over certain transmission lines in Brazil in exchange of an economic compensation amounted to €128 million recognized as financial expenses in the Consolidated Income Statements.

- On October 26, 2016 an agreement with Atlantica Yield ended, relating to the negotiations that have taken place during the last months as a consequence of the inability of the Company to comply with the terms of the agreement for the preferred shares in certain transmission lines in Brazil (ACBH) signed on 2014. In this sense, the main consequences of such agreement consist in the recognition of a liability amounted to €95 million.

- At the 2015 closing, an agreement was reached with the minority partner (Rioglass Laminar) in which the control was transferred to that company, a convertible loan had been signed between Abengoa Rioglass as borrower and Rioglass Laminar as lender for an amount of €15 million.With the loan conversion, once entered in force, it has been registered the potential dilution and the expense due to the impairment in the investment over Rioglass Solar in the Consolidated Income Statement at December 31, 2016 amounted to €82 million as Share of profit (loss) of associates carried under the equity method (see Note 11.1)

These operations were subject to review by the Abengoa Audit Committee.

b) At year-ended 2016, the most significant transactions related to companies accounted by the equity method correspond to those made by APW-1 and Atlantica Yield companies (see Note 7.1.a).

- In relation with the transactions made with APW-1, It has been signed contracts with the Project company CSP Atacama I and PV Atacama I for the construction ("Engineering, Procurement and Construcción (EPC) Agreements") of the solar plants located in Atacama dessert.

  In relation with the mentioned beore, the agreement reached on October 2016, (see Note 6.2) has been amended respect the original construction contract (EPC) of the solar plants. Additionally, it has been established that Abengoa has to hire a backup EPC Contractor to be incorporated to the project construction plan, in whose favor has been deposited in a scrow account the documents and materials related with the intellectual property of Abengoa to let the conclusion of the projects in the event of default of Abengoa as main contractor.

- Relating to the transactions with Atlantica Yield It has been signed with the majority of the Project companies owned by Atlantica Yield for the operation and maintenance "Operation and Maintenance Agreement") of every asset they own. Additionally, Abengoa signed the following contracts with Atlantica Yield:
  - Right of First Offer Agreement: contract which give right to Atlantica Yield of the first offer in the case of any asset disposal of Abengoa.
  - Trademark License Agreement: contract of use by Atlantica Yield of the commercial trademark owned by Abengoa.
  - Financial Support agreement: contract of financial support through the use of a revolving credit for the treasury needs as well as the maintenance of certain technical and financial guarantees (see Note 23.1) or credit letter in force.
  - Support Services Agreement: contract of supply of certain administrative and management services by Abengoa.
  - Currency Swap agreement: fixing the Exchange rate USD/€ on cash flow available for distribution of certain thermo-solar assets located in Spain and owned by Atlantica Yield

All these contracts signed with companies consolidated under the equity method have been valued at fair value

c) The detail of pending balances arisen from transactions with companies accounted by the equity method included in the consolidated statement of financial position at the end of 2016 (at the end of 2015 there were not significant balances)

Item	Balance as of 12.31.16	Balance as of 12.31.15
Non-current financial investments	73,399	285,635
Inventories	-	2,811
Clients and other receivables	371,527	697,969
Current financial investments	-	8,582
Other loan and borrowings	94,989	-
Grants and other non-current liabilities	-	39,172
Trade payables and other current liabilities	77,184	166,832

The main balances refer to the companies Atlantica Yield and APW-1, as detailed below:

- Outstanding balances due from project companies owned by ABY in the amount of €61 million (€63 million in 2015) classified under "Customers and other accounts receivable" and €72 million (€65 million in 2015) classified as non-current financial investments maninly derived from operation and maintenance contracts, as well as the outstanding balance payable to ABY under the agreement signed on 26 October 2016 as a result of the company's inability to comply with the terms of the agreement on preferred shares in certain transmission lines in Brazil (ACBH) signed in 2014 for €95 million (€48 million in 2015) classified under "other external resources" (see Note 20.5).
- Loans extended to the company that owns the Atacama I project in the amount of zero euros (€119 million in 2015) under the EPC agreements signed with that company, classified under "non-current financial investments" and balances receivable from the company that owns the Atacama I project for the performance of work amounting to €292 million (€369 million in 2015) within the framework of the EPC agreements signed with that company.

The detail of transactions made with companies accounted by the equity method included in the consolidated statement of financial position at the end of 2016 (at the end of 2015 there were not significant balances):

Item	2016	2015
Revenues	161,501	426,059
Other operating income	5,656	1,499
Raw materials and consumables used	(773)	(621)
Other operating expenses	(267)	(195)
Financial income	1,826	9,203
Financial expenses	(444)	-
Other financial income/(expense), net	13,958	434

The main transactions refer to the companies Atlantica Yield and APW-1, the details of which are as follows:

- Transactions with project companies owned by ABY in the amount of €105 million (€129 million in 2015) classified under the heading of "turnover" mainly derived from the operations and maintenance contracts mentioned above.
- Transactions with the company that owns the Atacama I and Xina Solar One projects in the amount of €56 million (€394 million in 2015) based on the degree of progress made in the construction of this project within the framework of the EPC agreements signed with said company.

33.3. Employee remuneration and other benefits

- Directors are remunerated as established in article 39 of the Bylaws. Directors' remuneration shall consist of all or some of the following concepts, for a total combined amount that shall be agreed in the General Shareholders' Meeting, pursuant to the directors' remuneration policy and conditional, when required by law, on the prior approval of the General Shareholders' Meeting: (a) a fixed fee; (b) expenses for attendance; (c) a share of the profits, under the terms established in Article 48, Paragraph 2, of the company's Bylaws; (d) variable remuneration based on general benchmark indicators or parameters; (e); (e) severance payments, provided that the director is not relieved of office on grounds if failing to fulfill the responsibilities attributable to him/her; and (g) savings or pension systems considered to be appropriate

  On February 12, 2016, Mr. José Luis Aya Abaurre deceased.

  On March 1, 2016 the Board of Directors agreed to cease Mr. José Dominguez Abascal as chairman of the Company, continuing as Director in the external director category. In his replacement, the Board of Directors appointed Mr. Antonio Fornieles Melero as executive chairman, who was categorized until that moment as independent Director, delegating all his powers except those that cannot be statutory and legally delegated and ceasing from the Audit Committee and the Appointments and Remunerations Committee.

  On the same date, the Board of Directors agreed to delegate to the CEO Mr. Joaquín Fernández de Piérola Marín all the powers in his favor except those that cannot be legally delegated, who became executive director and maintaining this status. The exercise of these powers were several respect to those delegated in the same extension to the chairman Mr. Antonio Fornieles Melero.

  According to the mercantile contract of rendering services suscribed with the former Executive Chairman, Mr. José Dominguez Abascal, he had recognized, in the event of his dismissal by the Company, the right to obtain a dismissal compensation/after contract anti competence agreement mentioned before, which in the case of Mr. Domínguez Abascal reached to an amount equivalent to the 100% of the remuneration during his last year, or the reincorporationg to his previous charge. After his dismissal as Executive Chairman, Mr Dominguez Abascal chose be reincorporated to his previous charge.

  On March 7, 2016, the Board of Directors of the Company agreed: a) to appoint as first Vice-President of the Board of Directors Mr. Joaquin Fernández de Piérola Marin joining this position to CEO. He also was appointed as a member of the Investments Committee replacing Mr. José Dominguez Abascal, b) to appoint as second Vice-President and coordinating Director Mrs. Alicia Velarde Valiente, c) to appoint as chairman of the audit committee and member and chairman of the Investments Committee Mrs. Alicia Velarde Valiente, and d) to replace by co-optation the vacancy left by the deceased Director Mr. José Luis Aya Abaurre, appointed as Director of the Company Inayaba, S.L. and appointing Mrs. Ana Abaurrea Aya as representative. Also, she is appointed as member of the Strategic and Technology Committee.

  On April 18, 2016, the Board of Directors of the Company agreed to accept the resignation of Mr. José Dominguez Abascal as Director.

  On May 25, 2016, the Board of Directors of the Company agreed to accept the resignation of D. Claudi Santiago Ponsa as Director given the foreseeable new shareholders structure derived from the current restructuring process of the Company.

- The General Shareholders' Meeting held on June 30, 2016 approved, among other agreements, the following:

  1. To cease Mr. Javier Benjumea Llorente as executive Director.
  2. To fix the number of Directors to ten members.
  3. To confirm and appoint as Director Mr. Joaquín Fernandez de Piérola Marín, as executive, Mr. Ricardo Martinez Rico, as independent, Mrs. Alicia Velarde Valiente, as independent and Inayaba, S.L. represented by Mrs. Ana Abaurrea Aya as weekly assistant.

- The Extraordinary General Shareholders' Meeting held on second call on 22 November 2016, has approved, among others, the following resolutions:

  1. To accept the resignation submitted by all the directors on that same date.
  2. To set the number of the members of the Board of Directors at seven (7).
  3. At the proposal of the Board of Directors, following a report by the Appointments and Remuneration Committee, based on Spencer Stuart's proposal, in accordance with the terms of the Restructuring Agreement entered into by the Company on 24 September 2016, to appoint Mr. Gonzalo Urquijo Fernández de Araoz as executive director.
  4. At the proposal of the Appointments and Remuneration Committee, based on Spencer Stuart's proposal, in accordance with the terms of the Restructuring Agreement entered into by the Company on 24 September 2016, to appoint Mr. Manuel Castro Aladro, Mr. José Luis del Valle Doblado, Mr. José Wahnon Levy, Mr. Ramón Sotomayor Jáuregui, Mr. Javier Targhetta Roza and Ms. Pilar Cavero Mestre as independent directors.

- Likewise, the Board of Directors held on that same date after the Extraordinary General Shareholders' Meeting, has approved, among others, the following resolutions:

1. With a previous report from the Appointments and Remuneration Committee, to appoint Mr. Gonzalo Urquijo Fernández de Araoz as executive Chairman
2. To appoint Mr. Manuel Castro Aladro as Lead Independent Director. This appointment was not voted by the executive director.
3. To appoint Ms. Pilar Cavero Mestre, Mr. Javier Targhetta Roza and Mr. Ramón Sotomayor Jáuregui as members of the Appointments and Remuneration Committee, appointing Ms. Pilar Cavero Mestre as Chairwoman and Mr. Juan Miguel Goenechea Domínguez as Secretary non-member.
4. To appoint Mr. José Wahnon Levy, Mr. José Luis del Valle Doblado and Mr. Manuel Castro Aladro as members of the Audit Committee, appointing Mr. José Wahnon Levy as Chairman.
5. To eliminate both the Strategy and Technology Committee and the Investments Committee. The Audit Committee assumes the Investments Committee's functions.
6. With a previous report from the Appointments and Remuneration Committee, to appoint Mr. Joaquín Fernández de Piérola Marín as Chief Executive Officer.
7. With a previous report from the Appointments and Remuneration Committee, to appoint Mr. Víctor Pastor Fernández as Chief Financial Officer.
8. With a previous report from the Appointments and Remuneration Committee, to appoint Mr. David Jiménez-Blanco Carrillo de Albornoz as Chief Restructuring Officer.
9. To approve a new corporate structure of the Company, which will be organized around two committees:
    - An Executive Committee comprised of the following members Mr. Gonzalo Urquijo Fernández de Araoz, Mr. Joaquín Fernández de Piérola Marían, Mr. Daniel Alaminos Echarri, Mr. Álvaro Polo Guerrero, Mr. Víctor Pérez Fernández and Mr. David Jiménez-Blanco Carrillo de Albornoz.
    - A Management Committee, whose members will be subsequently appointed.
10. With a previous report from the Appointments and Remuneration Committee, to appoint Ms. Mercedes Domecq Palomares as Vicesecretary of the Board of Directors.

As a result, the Board of Directors and its committees will be comprises as follows:

<u>Board of Directors</u>

› Chairman: Mr. Gonzalo Urquijo Fernández de Araoz. Executive

› Lead Independent Director Mr. Manuel Castro Aladro. ndependent

› Members:
    - Mr. José Luis del Valle Doblado. Independent
    - Mr. José Wahnon Levy . Independent
    - Mr. Ramón Sotomayor Jaúregui . Independent
    - Ms. Pilar Cavero Mestre . Independent
    - Mr. Javier Targhetta Roza . Independent

› Secretary non-member . Mr. Daniel Alaminos Echarri

› Vicesecretary non-member: Ms. Mercedes Domecq Palomares

<u>Audit Committee</u>

› Chairman: Mr. José Wahnon Levy

› Members :
    - Mr. José Luis del Valle Doblado
    - Mr. Manuel Castro Aladro

› Secretary non-member : Mr. Daniel Alaminos Echarri

<u>Appointments and Remuneration Committee</u>

› Chairman : Ms. Pilar Cavero Mestre

› Members :
    - Mr. Javier Targhetta Roza
    - Mr. Ramón Sotomayor Jáuregui

› Secretary non-member : Mr. Juan Miguel Goenechea Domínguez

› Regardless of the mentioned before, after the closing, on January 26, 2017, the Board of Directors accepted the resignation submitted by Mr. Javier Targhetta Roza as member of the Board of Directors for personal and family reasons.

› Remunerations paid during 2016 to the Board of Directors are as follow (in thousand euros):

Name	Salary	Fixed remuneration	Daily allowance	Short term variable remuneration	Compensation as member of Board Committee	Compensation as officer of other Group companies	Other concepts	Total 2015
Santiago Seage Medela	543	-	51	-	-	-	-	594
Javier Benjumea Llorente	60	-	51	-	-	-	-	111
José Borrell Fontelles	-	-	145	-	40	-	-	185
Mercedes Gracia Díez	-	-	145	-	40	-	-	185
Ricardo Martínez Rico	-	-	100	-	-	-	-	100
Alicia Velarde Valiente	-	-	136	-	40	-	-	176
Ricardo Hausmann	-	-	229	-	-	-	-	229
José Joaquín Abaurre Llorente	-	-	100	-	-	-	-	100
José Luis Aya Abaurre	-	-	20	-	-	-	-	20
Inayaba, S.L.	-	-	80	-	-	-	-	80
Claudi Santiago Ponsa	-	-	N/A	-	-	-	-	N/A
Ignacio Solís Guardiola	-	-	71	-	-	-	-	71
Antonio Fornieles Melero	509	-	29	-	10	-	-	548
José Domínguez Abascal	119	-	-	-	-	-	-	119
Joaquín Fernández de Piérola Marín	571	-	-	-	-	-	-	571
Gonzalo Urquijo Fernández de Araoz	108	-	16	-	-	-	-	124
Manuel Castro Aladro	-	-	16	-	3	-	-	19
José Wahnon Levy	-	-	16	-	5	-	-	21
Pilar Cavero Mestre	-	-	16	-	10	-	-	26
José Luis del Valle Doblado	-	-	16	-	3	-	-	19
Javier Targhetta Roza	-	-	16	-	5	-	-	21
Ramón Sotomayor Jáuregui	-	-	16	-	5	-	-	21
Total	1,368	-	1,253	-	160	-	-	2,782

› Remunerations paid during 2015 to the Board of Directors are as follow (in thousand euros):

Name	Salary	Fixed remuneration	Daily allowance	Short term variable remuneration	Compensation as member of Board Committee	Compensation as officer of other Group companies	Other concepts	Total 2015
Felipe Benjumea Llorente	814	-	68	3,304	-	-	11.484	15,671
Aplidig, S.L. (1)	-	-	-	2,804	-	-	-	2,804
Manuel Sánchez Ortega	543	-	57	3,304	-	-	4.484	8,388
Javier Benjumea Llorente	1.2	-	93	1,307	-	52	-	2,652
José Borrell Fontelles	-	-	160	-	140	-	-	300
Mercedes Gracia Díez	-	-	160	-	40	-	-	200
Ricardo Martínez Rico	-	-	110	-	20	-	-	130
Alicia Velarde Valiente	-	-	110	-	40	-	-	150
Ricardo Hausmann	-	-	280	-	-	-	-	280
José Joaquín Abaurre Llorente	-	-	110	-	40	-	-	150
José Luis Aya Abaurre	-	-	110	-	40	-	-	150
María Teresa Benjumea Llorente	-	-	43	-	-	18	-	61
Claudi Santiago Ponsa	-	-	78	-	-	-	-	78
Ignacio Solís Guardiola	-	-	78	-	-	-	-	78
Fernando Solís Martínez Campos	-	-	57	-	-	-	-	57
Carlos Sundheim Losada	-	-	57	-	-	-	-	57
Antonio Fornieles Melero	-	-	160	-	35	-	-	195
Santiago Seage Medela	543	-	51	-	-	-	-	594
José Domínguez Abascal	175	-	-	-	-	-	-	175
Joaquín Fernández de Piérola	23	-	-	-	-	-	-	23
Total	3,298	-	1,782	10,719	355	70	15,968	32,193

Note (1): Represented by Mr. José B. Terceiro Lomba

- Remunerations paid during 2015 to the Board of Directors are as follows (in thousand euros):
- Additionally, on December 31, 2016 overall remuneration accrued by Key Management of the Company (Senior Management which are not executive directors), including both fixed and variable components, amounted to €2,348 thousand (€7,163 thousand at at December 31, 2016). As in previous years, this amount is determined based on the most updated stimulation of the Company considering the remuneration of Senior Management accrues uniformly during the year.
- No advanced payments or credits are granted to members of the Board, nor are any guarantees or obligations granted in their favor.

33.4. In compliance with Royal Decree 1/2010 of July 2, that approves the Capital Corporations Law, the Company reports that no member of the Board of Directors of Abengoa, S.A. and, to its knowledge, none of the individuals related parties as referred to by article 231 in the Capital Corporations Law Act maintains any direct or indirect share in the capital of companies with the same, analogous or complementary kind of activity that the parent company's corporate purpose, nor has any position in any company with the same, analogous or complementary kind of activity that the parent company's corporate purpose. In addition, no member of the Board of Directors has accomplished any activity with the same, analogous or complementary kind of activity that the parent company's corporate purpose.

As of December 31, 2016, no members of the Board of Directors are in turn Directors or Management in other subsidiaries included in the consolidation group.

In accordance with the record of significant holding in the Company, and as required by the 'Internal Rules and Regulations for Conduct involving Stock Exchange Matters', the shares and the holding percentages of the Company Directors as of December 31, 2016 are:

	No. of direct class A shares	No. of indirect class A shares	No. of direct class B shares	No. of indirect class B shares	%of total voting rights
Gonzalo Urquijo Fernández de Araoz	-	-	-	-	-
Manuel Castro Aladro	-	-	-	-	-
José Wahnon Levy	-	-	-	-	-
Pilar Cavero Mestre	-	-	-	-	-
Javier Targhetta Roza	-	-	-	-	-
Ramón Sotomayor Jáuregui	-	-	-	-	-
José Luis del Valle Doblado	-	-	-	-	-

Throughout out 2016 and 2015 there was no evidence of any direct or indirect conflict of interest situation, in accordance with what is envisaged in Article 229 of the Capital Corporation Law.

33.5. Audit fees

The fees and costs obtained by Deloitte, S.L. and other associated companies and other auditors are the following:

	2016			2015		
	Deloitte	Other auditors	Total	Deloitte	Other auditors	Total
Audit fees	3,483	824	4,307	3,691	1,247	4,938
Other verification services	57	99	156	195	-	195
Tax fees	737	464	1,201	765	2,888	3,653
Other audit complementary services	1,066	-	1,066	1,398	197	1,595
Other services	409	6,629	7,038	275	8,074	8,349
Total	5,752	8,016	13,768	6,324	12,406	18,730

33.6. Environmental information

The necessary evolution of the company to a sustainable growth constitutes to Abengoa a commitment and an opportunity for the proper development and continuance of its business.

The environment sustainability is key in the strategy of Abengoa, which performs all its activity and process according to a sustainable development model, focused to grant the commitments to protect the environment and going further than legal compliance and considering at the same time the stakeholders expectations and good environmental practices.

Consequently, by year-end 2016, Companies have Environment Management Systems certified according to the ISO 14001 Standard.

This international standard allows us to grant all the legal, contractual and good practices requirements in environmental management which are identified and controlled properly. The unfulfillment risk management is the base of our management and the base for decision manking process.

33.7.- Subsequent events

As described on Note 2.1 of going concern, an Updated Viability Plan was prepared during the second half of May, which was later approved by the Board of Directors on August 3, 2016 as well as the term sheet of the Restructuring Agreement which was subscribed afterwards by the main creditors and which is mentioned below. Such plan was approved on August 16, 2016.

During the second half of 2016, the Updated Viability Plan has been the base of the key hypothesis considered by the Directors of the Company when making the financial information.As expected in the previous conditions of the restructuring, creditors required a liquidity plan for 18 month- period which has been made by Directors and approved by the Board of Directors on January 16, 2017. This plan takes the main hypothesis of the Updated Viability Plan, updating some short term hypothesis of such Plan that have been amended due to the delay of the agreement implementation, mainly due to the mentioned insolvency in Mexico.

Since December 31, 2016, no additional events have occurred that might significantly influence the information reflected in the Consolidated Financial Statements, nor has there been any event of significance to the Group as a whole.