02. Consolidated financial statements

02.6 Notes to the consolidated financial statements

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Notes to the Consolidated Financial Statements for the year ended December 31, 2017

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 de closing of 2017, was made up of 456 companies: the parent company itself, 363 subsidiaries, 76 associates, 16 joint ventures and 143 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 2.2, on March 31, 2017, the Restructuring Completion Date has taken place (Restructuring Completion Date) established in the Restructuring Agreement and the effective application of such Restructuring Agreement 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.

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 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, 2017, 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 had changed to Atlantica Yield. The ticker "ABY" has been modified on November 11, 2017 by "AY".

Abengoa is an international company that applies innovative technology solutions for sustainability in the energy and environment sectors, developing energy infrastructures (by producing conventional and renewable energy and transporting and distributing energy), providing solutions to the entire water cycle (by developing water desalination and treatment processes and performing hydraulic structures) and promoting new development and innovation horizons (related to renewable energy storage and new technologies for the promotion of sustainability and of energy and water-use efficiency).

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 75 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, biofuel 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 or power purchase agreements. This activity includes the four operational segments of solar power generation plants, water desalination plants, power distribution lines and cogeneration power plants or wind farms. These assets generate low demand risk and thus the Company focuses on operating them as efficiently as possible.

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 for the 2017 and 2016 periods. The classification has been done in accordance with the IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations'.

Although Note 5.1. provides extensive information on the five Abengoa segments consistently with the historical information that has been reported up to the end of this present period, following the changes that have occurred in the Group's organizational structure during the 2017 period as a result of the Restructuring Agreement (see Note 2.2.1), the Directors have proceeded to redefine the activities and segments of the Group for the reporting of financial information by segments to be conducted from now on.

This new structure has been designed to face the new phase that has started, once the Restructuring Process is completed, and is focused on promoting a more simplified, efficient organization aimed at the development of the traditional Engineering and Construction activity in which the Company has more than 75 years of experience, which will allow to achieve the goals set in the Updated Viability Plan which has served as the base to agree upon the terms and conditions of said Restructuring Agreement.

Hence, Abengoa's activity and its financial information concerning internal and external management will be structured, as of 2018, under the following four operational segments:

- Generation: it integrates all activities related to the energy sector (development, promotion, technology, engineering, procurement, construction and commissioning) on projects of renewable energy power plants (solar thermal, photovoltaic, of hybrid technology, with storage), conventional energy (combined cycles, cogeneration and other thermal power projects, as well as their hybridization with renewable energy sources) and Biomass-to-Energy.

- Transmission and Structures: it includes all activities related to the power transmission and rail sectors on power transmission line and railway projects as well as on installations and structures, specialized in facilities of all types of plants and singular buildings (hospitals, correctional facilities, administrative buildings, etc.)

- Water: it encompasses all activities related to the water sector (development, promotion, technology, engineering, procurement, construction and commissioning) in water desalination, water potabilization and urban and industrial waste water treatment and reuse projects, as well as in hydraulic infrastructures for regulation, distribution and irrigation and hydroelectric power stations.

- Services: it integrates all the Operation and Maintenance (O&M) activities for power generation and water plants, as well as the management of assets, ancillary fabrication and marketing of key products.

Therefore, and although the segment report developed in Note 5.1. includes financial information on the basis of the five segments in which reporting had been done up to now, in view of facilitating the understanding of the Group's financial information during this transitional period, the inclusion of certain additional financial information on the basis of the four prior operational segments previously discussed has been deemed appropriate (see note 5.2.).

These Consolidated Financial Statements were approved by the Board of Directors on March 7, 2018.

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, 2017 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, 2017 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 preparation of the Consolidated Financial Statements has been done according to IFRS-EU regulations and the going concern principle (see Note 2.2.2). 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.

2.2. Restructuring process

2.2.1. Restructuring process situation update

The following summary shows the facts related during 2017 until the publication of the present Consolidated Financial Statements, in relation with the financial restructuring process:

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 17, 2017, the Restructuring Agent notified the occurrence of the Restructuring Effective Date. As continuation of which the Company announced a supplemental restructuring accession period, dated from January 18, 2017 to January 24, 2017. After finishing the Supplemental Accession Period, the final percentage of support of the Restructuring Agreement reached the 93.97%.

- In light of the situation in Mexico (see Section 2.2.1.e) and in order to accelerate the completion of the Restructuring and begin implementing the Viability Plan as soon as possible, on February 14, 2017, the Company, 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 of the Restructuring Agreement, maintaining the initial structure of the transaction. Such Drawdown Proposal required certain amendments to the Term Sheet, the Restructuring Steps Plan, the Restructuring Agreement and the New Money Financing Commitment Letter, such amendments were required by the Company to all parties of the Restructuring Agreement in the same date.

- On February 28, 2017, the Company informed that it obtained the consent of the Majority Participating Creditors required under the Restructuring Agreement to approve the Amendments required to implement the Drawdown Proposal. Such approval allowed the Company to initiate the required steps to close the restructuring and permit the funding of the New Money.

- On March 17, 2017 and in accordance with Clauses 9.2.2 and 9.2.3 of the Restructuring Agreement, the Restructuring Documents and New Corporate Governance Documents were approved occurring therefore the Restructuring Document Approval Date, allowing the signing and the execution of the Restructuring Documents and New Corporate Governance Documents and the completion of the Restructuring process.

- On March 23, 2017, the Company announced that the Restructuring Documents and the New Corporate Governance Documents were signed although their effectiveness was subjected to the occurrence of the Restructuring Steps Commencement Date, which date was expected to occur once the Escrow Agent received the transaction funds.

- On March 28, 2017, the Escrow Agent confirmed that an amount equal to the New Money Financing Commitments was funded into the escrow account and, consequently, the Restructuring Agent confirmed that the Restructuring Steps Commencement Date occurred. The Company executed, on the same date, the share capital increases and the warrants approved by the Extraordinary General Shareholders' Meeting held on November 22, 2016, registering the deeds on March 28, 2017 in the Commercial Registry of Seville.

- Consequently, the Company issued one thousand five hundred and seventy seven million nine hundred forty three thousand eight hundred and twenty five (1,577,943,825) new class A shares and sixteen thousand three hundred and sixteen million three hundred sixty nine thousand five hundred and ten (16,316,369,510) new class B shares with a dilution for pre-existing shareholders of 95%. In relation with warrants, the Company issued eighty three million forty nine thousand six hundred and seventy five (83,049,675) class A warrants of the Company and eight hundred and fifty eight million seven hundred fifty six thousand two hundred and ninety (858,756,290) class B warrants of the Company, "Record date" on March 27, 2017.

- On March 30, 2017, and in connection with the Class A and Class B shares issued in the above mentioned share capital increase, after having made the relevant filings with the Madrid and Barcelona Stock Exchanges and the Spanish Securities Market Regulator ("CNMV"), the latter positively verified all requirements for the admission to trading in the Madrid and Barcelona Stock Exchanges of the shares, including the verification of the Prospectus, admitting to trading one thousand five hundred and seventy seven million nine hundred forty three thousand eight hundred and twenty five (1,577,943,825) new class A shares and sixteen thousand three hundred and sixteen million three hundred sixty nine thousand five hundred and ten (16,316,369,510) new class B shares with effects March 31, 2017.

Additionally, in connection with the warrants, after having made the relevant filings with the Madrid and Barcelona Stock Exchanges and the Spanish Securities Market Regulator ("CNMV"), the latter positively verified all requirements for the admission to trading of the instruments in the Automated Quotation System Block Market of the Madrid and Barcelona Stock Exchanges (the "AQS"), in the "Warrants, Certificates and Other Products" segment, including the verification of the Prospectus, admitting to trading eighty three million forty nine thousand six hundred and seventy five (83,049,675) class A warrants of the Company and eight hundred and fifty eight million seven hundred fifty six thousand two hundred and ninety (858,756,290) class B warrants of the Company, with effects March 31, 2017. If the conditions for the exercise of the warrants are fulfilled, the Initial Exercise Date of the warrants will be 31 March 2025 and the Final Exercise Date of the warrants will be June 30, 2025.

The Prospectus is available in the Company's website and in the website of the CNMV. In particular, the Company informed that it contains important notices to the market.

› On March 31, 2017, the Restructuring Agent confirmed that the Restructuring Completion Date occurred on such date. Related to the above, the fundamental principles of the Restructuring Agreement closed on March 31, were the following:

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

- Tranche I (New Money 1): with two sub-tranches (1A y 1B) for a total amount of €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. Financing entities of this tranche received 30% of Abengoa's new share capital post restructuring.

- Tranche II (New Money 2): amounts to €194.5 million, with a maximum maturity of 48 months and secured by, among other things, certain assets in the engineering business. Financing entities of this tranche received 15% of Abengoa's new share capital post restructuring.

- Tranche III (New Money 3): 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. Financing entities of this tranche received 5% of Abengoa's new share capital post restructuring.

- New bonding facilities: amount to €307 million. Financing entities of this tranche received 5% of Abengoa's new share capital post restructuring.

The conditions of the New Money Financing are summarized in the following detail table:

Item	Tranche I (NM 1A)	Tranche I (NM 1B)	Tranche II (NM 2)	Tranche III (NM 3)	New bonding facilities
Nominal (in M€)	839	106	195	30	307
Cost	5% Cash + 9% PIK			7% PIK	5%
Maturity / Amortization	47 months		48 months		
Capital participation	30%		15%	5%	

Several covernats obligations have been established into the financing conditions of New Money, including the liquidity ratio (historical and future) and that on December 31, 2017, has been fulfilled by the minimal established (€20 million) being the "Historic Liquidity" of €29 million and the "Projected Liquidity" of €20.3 million. In addition, a financial debt limit of 219 million euros has been established for Corporate Financing which, at December 31, the Company has met.

The financing of New Money counts with the joint and several guarantee of Abengoa, S.A. and of certain Group subsidiaries.

The restructuring for the preexisting debt (Old Money) Standard Restructuring Terms involved a 97% reduction of its nominal value, while keeping the remaining 3% with a 10 year maturity, with no annual coupon or option for capitalization.

Creditors who have adhered to the agreement chose either the conditions laid out previously 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.

- Refinance the 30% remaining of the nominal value of the preexisting debt through new debt instruments (Old Money), replacing the preexisting ones, which rank as senior or junior depending on whether or not such creditor participated in the new money facilities or new bonding facilities. Such instruments 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 can 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.

The conditions of the preexisting debt (Old Money) refinanced summarized in the following detail table:

Item	(Standard Restructuring Terms)	(Alternative Restructuring Terms)	
		Junior Old Money	Senior Old Money
% debt write-offs	97%	70%	70%
Post-debt write-offs nominal (in M€)	12	1,220	1,409
Cost	-	1.5%	1.5%
Maturity / Amortization	10 years	72 months	66 months
Capital participation	-	40%	

Among the Old Money financing conditions, there has been certain obligations established in the financing contracts which include that, in the event that the total amount exceeds 2,700 million as a consequence of the potential crystallization of contingent liabilities, a 6 month period shall be available to restructure, by means of capital increases or additional debt reliefs, the aforementioned credits before incurring into a cause for accelerated maturity. Throughout 2017 and up to the publication of the present Consolidated Financial Statements, the 2,700 million limit for the Old Money has not yet been exceeded.

The financing of Old Money counts with the joint and several guarantee of Abengoa, S.A. and of certain Group subsidiaries

(ii) At the end of the restructuring process, the shareholders of the Company at the time, held 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 submitted 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.

› On April 28, 2017 the notes issued by Abengoa Abenewco 1, S.A.U. in connection with Tranche 2 of the new money financing as well as the notes issued by Abengoa Abenewco 2, S.A.U. in connection with the Senior Old Money and the Junior Old Money were admitted to trading on the Vienna Stock Exchange (Third Market (MTF) of Wiener Boerse).

› On June 12, 2017, the notes issued by ABG Orphan Holdco S.a.r.l. in connection with Tranche I of the new money financing were admitted to trading on the Irish Stock Exchange.

› Within the framework of the judicial approval procedure, certain creditors filed challenge claims over the judicial approval of the MRA issued by Seville Commercial Court n. 2 on 8th November 2016. These challenges were declared admissible by the aforementioned judged by order dated 10 January 2017. The hearings of the aforementioned challenges were held on last 13th and 24th of July, the moment at which the trial was remitted for decision.

› Finally, on 25 September 2017, the Mercantile Court of Seville Nº 2 issued a ruling in regards to the challenges brought forth to the judicial approval (homologación judicial) of the restructuring agreement. On that basis:

1. The judge resolved against the challenges in relation to the lack of concurrence in the percentages required under the Insolvency Act, and as such agrees to maintain the judicial approval (homologación judicial) of the restructuring agreement and its effects except for the following.

2. The judge resolved in favor of the challenges in relation to the disproportioned sacrifice caused on the challengers cited in the decision. As stated in the decision, this last point implicates that effects of the restructuring agreement do not apply to these challengers.

The nominal value of the excluded debt which has been claimed by the challengers amounts to approximately €76 million.

The Company considered that the decision did not specify what treatment the excluded debt should receive. On this basis, it requested clarifications and, if applicable, the corresponding ruling supplement to the Court through the necessary channels.

- Regarding the preceding ruling dated October 30, 2017, the Company was notified on the ruling from the same Court by which they agreed to dismiss the request to supplement the ruling.

This means that the entire debt claimed by the petitioners, this is, the amount of €76 million has been recorded as corporate financing of current liabilities, and also, that the debt amounts subject to said proceedings will not be affected by the restructuring process and will exceed the thresholds expected in the contracts which produce an event of default.

In relation to the foregoing and to provide for such scenario, the Company had already requested the corresponding exemptions established in the financial agreements, this is, the "waivers" under the different financial instruments. These waivers were already obtained on October 27, 2017 and hence, said event of default is considered as not ocurring.

During the last quarter, meetings have been held with the challengers for the purposes of negotiating and reaching an agreement on the claimed debt.

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

- A ruling was issued in the Judicial Recovery process on December 2, 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 on December 31, 2016 at which the Ministry of Mines and Energy, the ANEEL representative and the judicial administrator were called to appear. The creditor´s meeting, initially scheduled on March 31, 2017, was proposed for the end of May 2017.
- On May 30, 2017 was set Trial for the vote on the reorganization plan of Brazilian companies immersed "Recuperação Judicial" proceedings.
- On August 16, 2017, a new Plan of Judicial Recovery was presented to be approved in the Creditors' General Assembly.
- On August 18, 2017, in the framework of the process of "Recuperação judicial" of Abengoa Concessões (approved by 73.91% of common creditors), Abengoa Construção (approved by 87.65% of common creditors) and Abengoa Greenfield (approved by 100% common creditors), the company's reorganization plan was approved by the majority of its creditors during the General Meeting of Creditors held on the same date.
- Notwithstanding the foregoing, in accordance with Brazilian bankruptcy law, the resolutions adopted at the General Meeting of Creditors must be ratified by the competent judicial authority in order to review the legality of the reorganization agreement reached. As of the date of the publication of the present Consolidated Financial Statements, the Company is not aware of the publication of mentioned judicial resolution.
- On September 19, 2017, the Ministry of Mines and Energy, based on the recommendation of ANEEL, declared the expiration of the 9 concession contracts of greenfield projects. Against that administrative decision, several actions are possible, through administrative and judicial proceedings; however, the approved Judicial Recovery Plan considers this situation and provides alternative measures even if the annulment of that decision is not obtained.
- On November 8, 2017 the Approval Ruling for the Judicial Recovery is published, by which the plan, to be executed in two years, has been approved.
- In December, a judgement unfavorable to Abengoa's interests was pronounced in relation to the appeal filed by ANEEL on the judge's decision on the Judicial Recovery, by which the expiration proceedings were included in the Judicial Recovery. Abengoa has filed an appeal against this resolution
- On December 13, brown field assets were awarded to Texas Pacific Group through public auction as provided in the Judicial Recovery for an amount of 482MBRL, subject to conditions precedent.

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

- In relation with Chapter 11 proceedings conducted in Missouri, on June 8, 2017, the Eastern District Bankruptcy Court of the Eastern District of Missouri issued the order confirming the approval of the settlement plans for Abengoa Bioenergy Operations, LLC; Abengoa Bioenergy Meramec Renewable, LLC; Abengoa Bioenergy Funding, LLC; Abengoa Bioenergy Maple, LLC; Abengoa Bioenergy Indiana LLC; Abengoa Bioenergy Illinois LLC; Abengoa Bioenergy US Holding LLC; Abengoa Bioenergy Trading US LLC; Abengoa Bioenergy Outsourcing LLC; Abengoa Bioenergy of Nebraska LLC; Abengoa Bioenergy Engineering & Construction LLC; y Abengoa Bioenergy Company LLC.

- On February 8, 2018 the United States Bankruptcy Court for the District of Kansas issued an order that confirmed the liquidation plan for Abenoga Bioenergy Biomass of Kansas.

- In relation to the Chapter 11 processes conducted in Delaware, during the last month of November, 2017 the Plan approved by all creditors, consisting on a business reorganization for some companies and liquidation for others, and on the restructuring of their debt consisting of a debt write off based on a recovery plan, entered into effect. As the conditions of the new debt agreed upon with the creditors in the restructuring agreement have been substantially modified, the requirements set forth in the IAS 39 "Financial Instruments: Recognition and Measurement" have been applied, derecognizing the debt refinanced at book value, registering the equity instrument to be handed over at fair value and recognizing the difference between both amounts in the Income statement. All of the above has had an impact on the consolidated income statement at December 31, 2017 for € 116 million that have been recognized under Other finance income (see note 30.3).

d) 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;

- During 2017 there have not been any new relevant events in addition to the ones mentioned in the 2016 Consolidated Financial Statements on this subject.

- At the closing of 2017 no significant event has occurred in relation to the bankruptcy situation of the company.

- On January 17, 2018 a meeting was held with the creditors where the Company's definitive liabilities amount was tried to be established. However, no agreement was reached by some of the creditors, leaving it up to the courts to clarify whether there is debt collection rights or not against the Company.

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

- In pursuit of reaching an agreement with its creditors, Abengoa Mexico signed last March 2017 a lock-up agreement, supported by 71% of its creditors, by which these creditors are contractually bound to support the reorganisation agreement tentatively expected to be field with the Courts according to the following terms:

  (i) In relation to common debt, 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 unpaid principal amount will generate new interests with accrual period that will depend 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 waived by creditors. However, the default in payment of the amounts agreed will imply the generation of default interests with a 14% rate during the period of default;

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

  (iii) in relation to 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.

- On June 15, 2017 the Insolvency Agreement signed by the Company and a majority of its creditors was filed by the conciliator of the insolvency proceedings on the Sixth Court in Civil Affairs of Mexico City.

The Agreement has been signed by 95.696% of its total creditors according to Mexican Bankruptcy Law. In relation solely to common creditors, 82.966% of adhesion has been reached. The mentioned Agreement, applicable to all creditors of Abengoa Mexico once approved, provides for a restructuring of the debt contracted with all its creditors at nominal value and with a fair treatment of them. As for terms, the debt would start to be settled in March 2018 and would end in December 2021.

› On June 28, 2017, the Sixth Court in Civil Affairs of Mexico City issued a judicial decision suspending the approval of the insolvency agreement pending the resolution of appeals against the resolution of the awards of claims presented by different creditors. Against that resolution of suspension were presented both by Abemex, as by the conciliator and by different creditors, , appeals favorably resolved and by virtue of which the Sixth Court in Civil Affairs of Mexico City issued a favorable ruling to approve the insolvency agreement on January 22, 2018.

› Likewise, certain creditors have filed appeals against the aforementioned insolvency agreement approval ruling. Notwithstanding the above, these appeals do not entail the suspension of the approved agreement effects , which will become effective as planned.

› At last, and in relation with the approval of the insolvency agreement issued by the Sixth Court in Civil Affairs of Mexico City, said ruling implies the exit from the insolvency procedure in which the Company had entered and remained since December 2016.

This ruling has occurred after Abengoa Mexico reached a final accession percentage to the Insolvency Agreement of 95.696% of its total creditors, being this document presented by the conciliator to the Court handling the case on June 15, 2017.

This ruling requires all Abengoa Mexico creditors to be bound to the Insolvency Agreement, and orders the conciliator to cancel the registry entries made with reason of the insolvency and the company's insolvency status concludes, among other matters.

f) In relation to the Judicial Recovery process in Brazil on Abengoa Bioenergía Brasil, the following should be noted.

› On 8th September 2017, Abengoa Bioenergía Brasil was informed by the Court of Santa Cruz das Palmeiras (Brazil) of a bankruptcy petition by a creditor of the company. On September 25, 2017, the company presented response and request of judicial rehabilitation which will allow the company restructuring and, therefore, negotiate with its creditors.

g) At last, in relation to the restructuring processes conducted in Peru, Chile and Uruguay

› On October 14, 2016 Abengoa Perú entered into a restructuring framework agreement with a group of companies representing 100% of its financial debt with said entities that allows them to suspend compliance with its obligations and establish the terms and conditions under which Abengoa Peru may meet its payment obligations.

› Likewise, on September 28, 2017 Abengoa Chile reached an agreement with a group of creditor banks (Banco de Crédito e Inversiones; Banco Consorcio; Itaú Corpbanca; Scotiabank Chile and Baco Security) and, on June 29, 2017 and September 1, 2017 with Banco Do Brasil New Tork branch and Banco do Brasil Chile for the totality of their financial debt with said entities, which allows Abengoa Chile to replan and extend their owed obligations.

› Finally, Teyma Uruguay; Teyma Forestal; Consorcio Ambiental del Plata; Operación y Mantenimiento Uruguay; and Eterey entered into an agreement with a pool for financial entities on August 24, 2017 and with Banco do Brasil New York branch on June 1, 2017, which refinanced 100% of their financial debt with said entities.

2.2.2. Going concern

With the Restructuring Agreement described in section 2.2.1. completed, the company will develop the Updated Viability Plan agreed 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 envisages to focuses the activity in the energy and environmental sectors. This business will be combined, in a balanced manner, with concessional infrastructure projects in sectors where Abengoa has developed a competitive advantage, mainly technological, which allows for higher value creation in projects.The aforementioned Updated Viability Plan, will allow for Abengoa's sustainable growth, based on the following five principles:

1) A multidisciplinary team and a multifunctional working culture.

2) Experience in engineering and construction,specially our proven experience in business development in markets with high growth potential, such as energy and water.

3) Technological skills in our target markets, mainly in solar energy and water.

4) A more efficient organization with a competitive level of general expenses.

5) A financial approach in line with the current circumstances in which financial discipline and a rigorous evaluation of financial risks are paramount.

The circumstances of the Group during 2017, which has been affected by a strong limitation of financial resources for more than two years, have significantly influenced the evolution of the business not only in terms of a general 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.

Consequently, the parent company, Abengoa, S.A., has incurred in losses since 2015, which has caused a significant decrease in Equity and, as a consequence, at December 31, 2016 presented a negative net equity. In the opinion of the parent company's, Abengoa S.A., Directos, the intended measures in the effective application of the Restructuring Agreement have allowed to restore the equity balance once the positive impact derived from debt write-offs, capital increases has been recognized in the income statement and in the Net equity and, in addition has provided the Group with the necessary financial resources to restore market trust and the continuance with its in a competitive and sustainable manner in the future.

Based on the foregoing, Abengoa´s Directors have considered appropriate to prepare this Consolidated Financial Statements for the year ended December 31, 2017,based on the going concern basis.Abengoa´s Directors have applied the International Financial Reporting Standards ('IFRS') consistently with the 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, 2017 in accordance with the existing information as of the date of preparing these Consolidated Financial Statements .

2.2.3. Restructuring process accounting impacts

As indicated on section 2.2.1. , on March 31, 2017, the Financial Restructuring of the Group was completed and, therefore, the Company recognized at that date all the related accounting impacts. From an accounting perspective, the Restructuring Agreement is subject to IFRIC 19 "Cancellation of financial liabilities with equity instruments", derecognizing a portion of the debt to be cancelled at book value, recognizing the refinanced debt at fair value and registering the equity instrument to be handed over at fair value and recognizing the difference between such both amounts in the Income statement. The issued Equity instruments should be firstly recognized and valuated on the date in which the liability or a part of it is cancelled.

When evaluating the newly issued equity instruments, the IFRS 13 "Fair value measurement" has been applied and, consequently, the market price in the Spanish Stock Exchanges on the date in which the Restructuring process was completed and the liability was written off has been taken as reference, this means on March 31, 2017. This market price was €0.055 per each class A share, and €0.024 each class B share. Applying such amount to the capital increase of Abengoa (1,577,943,825 class A shares and 16,316,369,510 class B shares, which correspond to 95% of Capital share), thefair value of the new shares accounted for in the Consolidated Equity has been €478 million.

For the portion of debt to be refinanced, and given that the conditions of the debt to be refinanced have been substantially modified after the Restructuring agreement, IAS 39 "Financial instruments, recognition and measurement" has been applied, derecognizing the portion of the debt to be refinanced at book value, registering the equity instrument to be handed over at fair value and recognizing the difference between both amounts in the Income statement.

Regarding the cancellation of the liabilities subject to the Standard Restructuring Terms (amounts payable to creditors who have not signed the Restructuring Agreement), since there is no obligation to deliver equity instruments in order to cancel 97% of the liabilities, the terms of IAS 39 have been applied 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 has been recorded at its fair value and recognizing an impact on the Income Statement for the difference between both amounts.

All the aforementioned adjustments caused a positive impact in the consolidated Net Equity of Abengoa of €6,208 million (€5,727 million in the income statement and €35 million in capital share and €443 million in share premium). The following table shows the breakdown of such impacts (in million euros):

Concept	Amount
Decrease of debt to be refinanced at its carrying amount	8,330
Increase of refinanced debt at its fair value	(1,943)
Increase of equity instruments	478
Related expenses (commissions, fees, etc.)	(138)
Tax impact	(519)
Total impacts in Net Consolidated Equity	6,208

It is important to highlights that the previous positive impact on the consolidated Equity of Abengoa exclusively try to portrait the economic impact of Abengoa's financial debt restructuring, and therefore it does not intend to reflect the future financial situation of Abengoa which, in its Director´s opinion, and once the Restructuring Agreement has been implemented, will depend on the fulfilment of the Updated Viability Plan together with the Group's capacity to generate resources from its operations and the access to sufficient liquidity in the market to continue with the activity in a competitive and sustainable manner.

2.3. Application of new accounting standards

a) Standards, interpretations and amendments that have not yet entered into force, but which may be adopted in advance of the years beginning after January 1, 2017.

The standards indicated below, which application is not yet mandatory, the Group has not adopted in advance:

› IIFRS 9 'Financial Instruments'. This Standard will be effective from January 1, 2018 under IFRS-EU.

› IFRS 15 'Ordinary revenues proceeding 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.

In this sense, in relation of the impacts that could have the changes introduced in those rules, indicate the following:

› IFRS 9, "Financial Instruments", the main changes identified that could lead to a review of processes, internal controls and systems and an impact on the consolidated financial statements of the Group are summarized below:

(i) Accounting for hedges; the standard aims to align the application of hedge accounting with the Group's risk management by establishing new requirements with a principle-based approach.

(ii) Impairment of financial assets; the standard replaces a models of losses incurred in IAS 39 with an expected loss for the next 12 months or for the life of the instruments in the light of the significant increase in risk.

(iii) Classification and valuation of financial assets; the standard establishes a new classification to reflect the business model where the main classification categories are: a) assets at amortized cost (assets to maturity to receive the contractual flows: principal and interest), b) assets at fair value against results (assets to trade) and c) assets at fair value against equity (when the previous business models are given). Therefore, the categories of instruments held for sale are eliminated from IAS 39.

Although the Company is still developing the complete "expected loss" model, a preliminary assessment and estimation of the provision for impairment required due to the application of this new "expected loss" model on the financial assets has been carried out. This is a first-time application adjustment that will be registered on the transition date. Said analysis has led to the conclusion that the impact on the Group's consolidated annual accounts would not be significant.

With regard to information systems, the current systems will be maintained and certain controls included in them will have to be adapted.

› IFRS 15, "Ordinary revenues proceeding from contracts with Customers", will substitute from the annual exercise initiated on January 1, 2018 the following procedure in effect nowadays:

- IAS 18 "Income from ordinary activities"
- IAS 11 "Construction contracts"
- IFRIC 13 "Customer Loyalty Programmes"
- IFRIC 15 "Agreements for the Construction of real estate"
- IFRIC 18 "Transfers of assets from customers"
- SIC-31 "Revenue- Barter Transactions Involving Advertising Services"

According to IFRS 15, revenue should be recognised in such a way that the transfer of goods or services to customers is disclosed at an amount that reflects the consideration to which the entity expects to be entitled in exchange for such goods or services. This approach is based on five steps:

- Step 1: Identify the contract or contracts with a customer.
- Step 2: Identify the obligations under contract.
- Step 3: Determine the Price of transaction.

- Step 4: Allocate the Price of transaction among the contract obligations.

- Step 5: Recognize revenues when (or as) the entity complies with each of the obligations.

The main changes identified that could lead to a review of processes, internal controls and systems and an impact on the Consolidated financial statements of the Group are summarized below:

(i) Identification of the different performance obligations in long-term contracts and assignment of price to each obligation; the standard could mainly affect the long-term contracts of the Engineering and Construction activities related to the execution of turnkey projects where the performance is now recognized based on a single performance obligation and, under the new rule, the result could be recognized based on the different performance obligations that can be identified with the consequent effect that this new criterion could imply by the difference in the recognition of income, as long as the margin of those obligations already performed is different from the one currently performed performance obligation.

(ii) Approval in the recognition of income for modifications of the contract and items subject to claim; the standard establishes explicit approval by the client, rather than the probability of approval requirement of the current standard, and could lead to differences in revenue recognition that can only be recorded when the customer approves and not when it is probable that the client to accept the change. In addition, and in the case of modifications or claims in which the client has approved the scope of the work, but their valuation is pending, the income will be recognized for the amount that is highly probable that does not produce a significant reversal in the future.

(iii) Identification and recognition of the costs of obtaining a contract (IFRS 15 p.91) and costs of compliance with a contract (IFRS 15, p.95); The standar specifies that only those costs identified as incremental can be capitalized, being necessary a detailed analysis of the expectations of recovery of the same.

(iv) Contract combination (IFRS 15 p.17): the estándar states that two or more contracts made at a close point in time with the same client will be accounted as a single contract provided certain criteria are met (interdependence of the Price, joint negotiation or existence of a single compliance obligation).

A preliminary assessment has been carried out under the estimation that the expected impact of the application of this standard in the Group's consolidated annual accounts will not mean that revenue recognition significantly differs from the one applied at present, and hence, the impact on the consolidated annual accounts will not be relevant. The first-time application adjustment will be registered on the transition date

› With regard to information systems, the current systems will be maintained and certain controls included in them will have to be adapted.

b) Standards, amendments and interpretations applied to existing standards that can not be adopted in advance or have not been adopted to date by the European Union at the date of the publication of the present consolidated financial statements.

› IFRS 10 (Amendment) "Consolidated Financial statements" y IAS 28 (Amendment) "Selling Assets between an investor and his joint business" in relation to the treatment of the sale or contribution of goods between an investor and its associate or joint venture. The application of these modifications has been delayed without a defined date of application.

› 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, and have not been adopted by the EU yet.

› IAS 7 (Amendment) "Disclosure Initiative".

› IAS 12 (Amendment) "Recognition of deferred tax assets for unrealized losses".

› IFRS 15 (Amendment) Clarifications to IFRS 15, "Revenue from contracts with customers."

› IFRS 2 (Amendment) "Classification and valuation of share-based payment transactions"

› IFRS 4 (Amendment) "Applying IFRS 9" Financial Instruments "with IFRS 4 insurance."

› Improvements to IFRS Cycle 2014 - 2016 (published December 8, 2016). These improvements are applicable for annual periods beginning on or after 1 January 2018 under the EU have not yet been adopted by the European Union.

› IAS 40 (Modification) "Transfer of investment property"

› IFRIC 22 Transactions and advances in foreign currency establishing the "transaction date" to purposes of determining the exchange rate applicable in transactions with currency foreign. This rule will apply for annual periods beginning on or after 1 January of 2018 under the EU-IFRS. It has not yet been adopted by the European Union.

› IFRIC 23 "Uncertainty about tax treatment". Interpretation which classifies the criteria for registration and valuation of IFRS 12 when there is uncertainty about the acceptability by the fiscal authority of an instrument used by the company. Pending adoption by the EU.

The Group is in the process of analyzing the impacts that the new legislation could have on its consolidated financial statements.

2.4. 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 2017 (2016) 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 this 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 the 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, circumstances that justify that the multiple agreements should be accounted as a single transaction may exist.

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 2.7. 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, 2017 and 2016, in the 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 JV partners into a single proposal in order to obtain the most favorable technical assessment possible. JV 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 JV.

The partners' shares in the JV 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 JV's partners acts as project manager does not affect its position or share in the JV. The JV'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 JV 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 JV'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 JV's assets upon completion of the project.

JV 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 JV. 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 JV'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 JV on a line by line basis.

As of December 31, 2017 and 2016 there are no significant material contingent liabilities in relation to the Group's shareholdings in the JV, 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.

2.5. 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 2.10). 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;
- the Directors intend 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.

2.6. 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 2.7), 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.

2.7. 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:

2.7.1. 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 2.9, 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'.

2.7.2. 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 2.5 and 2.6.

2.8. 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.

2.9. 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 2.2.1, 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.

2.10. Impairment of non-financial assets

At 31 December 2017, the non-financial assets not classified as held for sale are not significant because, given the current situation of the company described in Note 2.2.1., 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).

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

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.

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 estimated discount rates are representative of the weighted cost of capital of each type of project, concession or intangible asset, and according to the country in which they are located. For its calculation, Abengoa has considered the typology of the projects or concessions, the financial leverage, the conditions of the debt, and the time horizon of the projects

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

- 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 11%.

  The use of such financial projections is justified by these concessional assets which are characterized by a contractual structure (framework agreement) that allows 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 based on the capital asset pricing model (CAPM) using consistent hypothesis for all assets and considering every evaluated asset’s own nature when estimating the beta coefficient.
- Cash flows of CGUs abroad are calculated in the functional currency of said cash generating units and are updated through discount rates that take the country risk into consideration, usually by using the local 10-year bond as reference When said information is not available, the euro risk-free rate plus the inflation differential of both currencies plus the country risk premium obtained from external reference sources is used.
- 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.

2.11. 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 2.7.1.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, 2017 and 2016 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.

2.12. 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.

2.13. 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.unlisted prices) or indirectly (derived from valuation models).
- Level 3: Fair value is measured based on unobservable inputs for the asset or liability.

In the event that price rates 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.

2.14. 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.

2.15. 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.

2.16. 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. As indicated in Note 2.3 relative to the application of the new IFRS 9, that will be applicable from January 1, 2018.

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).

2.17. 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.

2.18. 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.

2.19. 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.

2.20. 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.

2.20.1. 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.

2.20.2. 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.

2.21. 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.

2.22. 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

2.23. 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 that 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 the increase in the provision as a result of the passage of time is recognised as on interest expense.

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.

2.24. 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 2016, 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", despite their original commercial economic substance.

2.25. 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.

2.26. 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 been settled yet 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 Note 2.6 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 2.7), 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. Revenue recognition, as well as, the main characteristics of these contracts are detailed in Note 2.7.

2.27. 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.

2.28. 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 the business from a business activity and geographic perspective. As described in Note 5, the CODM reviews the business by grouping 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.

2.29. 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.

2.30. Severance payments

Severance payments are made to employees in the event that the Company terminates their employment contract.

With regard to extinctive collective measures, the Company carried out in 2017, 13 Employment Regulatory Records that have led to objective dismissals with severance payments

2.31. 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. Continuing operations remain under continuing operations and, otherwise, they are classified as discontinued operations.

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

2.32. 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

The preparation of these 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:

- Valuation of assets classified as held for sale.
- Revenue and expense from construction contracts.
- Income taxes and recoverable amount of deferred tax assets.
- Guarantees provided to third parties.
- Extinguishing Financial Liabilities with Equity Instruments (IFRIC 19).

Some of these critical accounting policies require the development 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 2.2.2 regarding the application of the going concern basis of accounting Abengoa's Consolidated Financial Statements , 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 come into operation yet or that have an indefinite useful life are not amortized and are tested for impairment on an annual basis or whenever 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. 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 2.10), adjusted for the specific risks associated to the business unit to which the cash generating unit belongs.

At the 2017 year-end no impairment expense have been recognized for intangible assets with indefinite useful life or significant intangible assets . At the 2016 year-end the company recognized impairment expense amounting to €163 million..

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 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 analyze 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 analyze the impairment of assets held for sale are detailed in Note 7 of this report.

At the 2017 year end, the company recognised an expense for impairment losses in the value of assets held for sale in the amount of €317 million (€4,122 million in 2016) 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 2.26.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 2.6 about Property plant and equipment, in the internal asset construction projects outside the scope of IFRIC 12 of Service Concession Arrangements (see Note 2.7), 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 closing of 2017, there is an expense due to the deferred tax assets impairment amounted to €416 million (€369 million in 2016).

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 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 2.12 and 2.13 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, 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 2017 year-end, a financial liability in the amount of €227 million was recognised (€368 million in 2016) (see Notes 20.5)

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 2.2. 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 euro as of December 31, 2017, with the rest of the variables remaining constant, the effect in the Consolidated Income Statement would have been a loss of €44,191 thousand (loss of €24,707 thousand on 2016) mainly due to the US Dollar net liability position of the Group in companies with euro as functional currency and an increase of zero thousands euro (increase of €25 thousand in 2016) 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, 2017 and 2016 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.

At December 31, 2017, due to the current situation of the Group, the aforementioned has not been met.

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, 2017, with the rest of the variables remaining constant, the effect in the Consolidated Income Statement would have been a loss of €184 thousand (a profit €1,515 thousand in 2016) mainly due to the increase in time value of hedge interest rate options (caps and collars) and a decrease of €85 (€2,331 thousand in 2016) 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, 2017 and 2016 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, 2017 and 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.

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, 2017 and 2016.

› 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 2017, no significant amounts in arrears are susceptible to be disclosed in addition to the information required by IFRS 7.

On the other hand, as indicated in Note 2.3 on the application of the new IFRS 9 accounting note, "Financial instruments" as of January 1, 2018, the company has made a preliminary assessment and estimate of the accuracy by impairment required by the application of the new "expected loss" model on financial assets without any material impact having arisen with respect to the current model

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 fixed assets in project (see Notes 2.7 and 19).
- Corporate Financing, used to finance the activities of the remaining companies which are not financed under the aforementioned financing model. Up to March 31, 2017, Abengoa, S.A. managed the activity of the remaining subsidiaries which are not financed under the Group's Corporate Financing modality, centralizing the cash surplus of the remaining companies to distribute it according to the different needs of the Group. As of that date, and due to the restructuring process mentioned in Note 2.2.1., this management process is now conducted by Abengoa Abenewco 1, S.A.U.

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.

As said in Note 2.2.1, upon conclusion of the financial restructuring agreement, it is the Director's belief that the ability to maintain Abengoa, S.A., the parent company's balance in the equity accounts and to provide Abengoa with sufficient liquidity as required to recover the market confidence to continue its activity in a competitive and sustainable manner in the future will be contingent upon the compliance with the Updated Viability Plan associated to the Group´s ability to generate cash from operations.

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 said in Note 2.2.1, upon conclusion of the financial restructuring agreement, it is the Director's belief that the ability to maintain Abengoa, S.A., the parent company's balance in the equity accounts and to provide Abengoa with sufficient liquidity as required to recover the market confidence to continue its activity in a competitive and sustainable manner in the future will be contingent upon the compliance with the Updated Viability Plan associated to the Group´s ability to generate cash from operations.

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 activities in the energy and water sectors, with more than 75 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, biofuel 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 or power purchase agreements. This activity includes the four operational segments of solar power generation plants, water desalination plants, power distribution lines and cogeneration power plants or wind farms. These assets generate low demand risk and thus the Company focuses on operating them as efficiently as possible.

  - 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, 2017 and 2016. The classification has been done in accordance with the IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations'.

- Although this note provides extensive information on the five Abengoa segments consistently with the historical information that has been reported up to the end of this present period, following the changes that have occurred in the Group's organizational structure during 2017 period as a result of the Restructuring Agreement (see Note 2.2.1.), the Directors have proceeded to redefine the activities and segments of the Group for the reporting of financial information by segments to be conducted from now on.

This new structure has been designed to face the new phase that has started, once the Restructuring Process is completed, and is focused on promoting a more simplified, efficient organization aimed at the development of the traditional Engineering and Construction activity in which the Company has more than 75 years of experience, which will allow to achieve the goals set in the Updated Viability Plan which has served as the base to agree upon the terms and conditions of said Restructuring Agreement.

Hence, Abengoa's activity and its financial information concerning internal and external management will be structured, as of 2018, under the following four operational segments:

- Generation: it integrates all activities related to the energy sector (development, promotion, technology, engineering, procurement, construction and commissioning) on projects of renewable energy power plants (solar thermal, photovoltaic, of hybrid technology, with storage), conventional energy (combined cycles, cogeneration and other thermal power projects, as well as their hybridization with renewable energy sources) and Biomass-to-Energy.

- Transmission and Structures: it includes all activities related to the power transmission and rail sectors on power transmission line and railway projects as well as on installations and structures, specialized in facilities of all types of plants and singular buildings (hospitals, correctional facilities, administrative buildings, etc.).

- Water: it encompasses all activities related to the water sector (development, promotion, technology, engineering, procurement, construction and commissioning) in water desalination, water potabilization and urban and industrial waste water treatment and reuse projects, as well as in hydraulic infrastructures for regulation, distribution and irrigation and hydroelectric power stations.

- Services: it integrates all the Operation and Maintenance (O&M) activities for power generation and water plants, as well as the management of assets, ancillary fabrication and marketing of key products.

Therefore, and although the segment report developed in this note includes financial information on the basis of the five segments in which reporting had been done up to now, in view of facilitating the understanding of the Group's financial information during this transitional period, the inclusion of certain additional financial information on the basis of the four operational segments previously discussed has been deemed appropriate (see note 5.2.)

- 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 2017 and 2016:

	Revenue		EBITDA			
Item	2017	2016	2017		2016	
Engineering and construction						
Engineering and construction	1,316,624	1,367,278	24,904	(*)	(326,653)	(*)
Total	1,316,624	1,367,278	24,904		(326,653)	
Concession-type infrastructure						
Solar	60,160	37,141	43,902		21,492	
Water	46,883	58,932	31,257		40,722	
Transmission lines	-	1,447	-		(221)	
Cogeneration and other	56,101	45,255	26,868		23,442	
Total	163,144	142,775	102,027		85,435	
Total	1,479,768	1,510,053	126,931		(241,218)	

(*) Includes construction cost provisions of projects given the situation of the Company for an amount of €245 million at December 31, 2016 and fees by independent professional services advisors to the restructuring process for an amount of €52 million at December 31, 2017. (€55 million in 2016)

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

Line	2017	2016
Total segment EBITDA	126,931	(241,218)
Amortization and depreciation	(405,011)	(1,900,720)
Financial expenses net	5,755,323	(1,161,781)
Share in profits/ (losses) of associates	(72,680)	(587,375)
Income tax expense	(824,726)	(371,566)
Profit (loss) from discontinued operations, net of tax	(295,819)	(3,352,377)
Profit attributable to non-controlling interests	(6,248)	(14,019)
Profit attributable to the parent company	4,277,770	(7,629,056)

b) The assets and liabilities by segment as of December 31, 2017 and December 31, 2016 are as follows:

	Engineering and construction	Concession-type infrastructure				Industrial production	
Item	Eng. and const.	Solar	Water	Trans.	Cog. and other	Biofuels (2)	Balance as of 12.31.17 (3)
Assets allocated							
Intangible assets	61,811	-	1,697	-	66	-	63,574
Property plant and equipment	171,237	173	-	-	-	-	171,410
Fixed assets in projects	1,018	3,869	50,775	9,985	99,025	-	164,672
Current financial investments	194,964	-	-	-	-	-	194,964
Cash and cash equivalents	195,870	-	-	-	-	-	195,870
Subtotal allocated	**624,900**	**4,042**	**52,472**	**9,985**	**99,091**	**-**	**790,490**
Unallocated assets							
Non-current and associated financ. invest. (1)	-	-	-	-	-	-	40,753
Deferred tax assets	-	-	-	-	-	-	375,814
Other current assets	-	-	-	-	-	-	1,073,346
Assets held for sale	-	513,082	338,805	1,570,436	1,263,108	392,763	4,078,194
Subtotal unallocated							**5,568,108**
Total Assets							**6,358,597**

	Engineering and construction	Concession-type infrastructure				Industrial production	
Item	Eng. and const.	Solar	Water	Trans.	Cog. and other	Biofuels (2)	Balance as of 12.31.17 (3)
Liabilities allocated							
L-T and S-T corpor. financing	3,586,741	1,623		54,858	497	-	3,643,759
L-T and S-T project debt	1,220	1,409	11,530		93,792	-	107,951
L-T and S-T lease liabilities	15,977	-	-	-	-		15,977
Subtotal allocated	**3,603,938**	**3,032**	**11,530**	**54,858**	**94,289**	**-**	**3,767,687**
Unallocated liabilities							
L-T and S-T Other loans and borrowings	-	-	-	-	-	-	-
L-T grants and other liabilities	-	-	-	-	-	-	52,275
Provisions and contingencies	-	-	-	-	-	-	23,286
L-T derivative financial instruments	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	523,286
L-T personnel liabilities	-	-	-	-	-	-	8,088
Other current liabilities	-	-	-	-	-	-	2,048,366
Liabilities held for sale		522,919	203,661	1,002,708	221,346	392,763	2,343,397
Subtotal unallocated							**4,998,698**
Total liabilities							**8,776,585**
Equity unallocated		-	-	-	-	-	**(2,407,788)**
Total liabilities and equity unallocated							**2,590,910**
Total liabilities and equity							**6,358,597**

(1) Includes Atlantical Yield, Plc in the intem "Assets held for sale"

(2) This segment has been discontinued in the Profit and Loss and the Cash Flow Statements December 31,2017

(3) 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'.

	Engineering and construction	Concession-type infrastructure				Industrial production	
Item	Eng. and const.	Solar	Water	Trans.	Cog. and other	Biofuels (1)	Balance as of 12.31.16 (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 December 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 (1)	Balance as of 12.31.16 (2)
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	3,886,537
Subtotal unallocated	-	-	-	-	-	-	**8,264,418**
Total liabilities	-	-	-	-	-	-	**16,693,922**
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.

The criteria used to obtain the assets and liabilities by 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 lines of activity of the Group.
- Related to 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), the segment distribution will remain in order to keep showing the final destination of funds. As of December, 2017, and with the corporate debt already restructured, net debt has been allocated to the segment of Engineering and Construction as it will be the activity in which Abengoa will focus over the next few years as established in the Updated Viability Plan.

c) The investments in intangible assets, property, plant and equipment and fixed assets in projects for the years, 2017 and 2016 is as follows:

Item	2017	2016
Engineering and construction		
Engineering and construction	3,302	16,738
Total	3,302	16,738
Concession-type infrastructure		
Solar	348	9,264
Water	4,609	11,387
Transmission lines	4,950	7,366
Cogeneration and other	111,824	127,678
Total	121,730	155,695
Total investments by segments	125,033	172,433
Discontinued operations	35,701	68,328
Total	160,734	240,761

d) The distribution of depreciation, amortization and impairment charges by segments for the years 2017 and 2016 is as follows:

Item	2017 (1)	2016 (1)
Engineering and construction		
Engineering and construction	51,244	842,376
Total	51,244	842,376
Concession-type infrastructure		
Solar	95,198	585,824
Water	173,751	33,525
Transmission lines	-	19,015
Cogeneration and other	84,818	419,980
Total	353,767	1,058,344
Total	405,011	1,900,720

(1) Includes an impairment recognized during the year 2017 classified as Depreciation, amortization and impairment charges in the Consolidated Income Statement amounted to €-312 million, (€-1,796 million in 2016)

5.2. Additional Financial Segment Reporting

- As discussed in Note 1 of this report, following the changes that have occurred in the Group's organizational structure during the 2017 period as a result of the Restructuring Agreement (see Note 2.2), the Directors have proceeded to redefine the activities and segments of the Group for the reporting of financial information by segments to be conducted from now on.

Hence, Abengoa's activity and its financial information concerning internal and external management will be structured, as of 2018, under the following four operational segments:

- Generation.
- Transmission and Infrastructures.
- Water.
- Services.

As a result, to facilitate the understanding of the group's financial information in accordance with the current business activities and segmentation, a cross-benchmark assessment of the main amounts in the profit and loss statement between the five traditional segments and the future four operational ones has been included below.

› Sales between the traditional and future segments at the end of the 2017 and 2016 period:

	Engineering and Construction	Concession-type infraestructure			
Item	Engineering and Construction	Solar	Water	Cog. and others	2017
Generation	630,132	-	-	-	630,032
Transsmision and infraestructure	449,963	-	-	-	449,963
Water	33,454	-	-	-	33,454
Services	203,075	60,160	46,883	56,101	366,219
Total	1,316,624	60,160	46,883	56,101	1,479,768

	Engineering and Construction	Concession-type infraestructure			
Item	Engineering and Construction	Solar	Water	Cog. and others	2017
Generation	440,911				440,911
Transsmision and infraestructure	627,351				627,351
Water	33,034				33,034
Services	265,982	37,141	58,932	46,702	408,757
Total	1,367,278	37,141	58,932	46,702	1,510,053

› Ebitda between the traditional and future segments at the end of the 2017 and 2016 period:

	Engineering and Construction	Concession-type infraestructure			
Item	Engineering and Construction	Solar	Water	Cog. and others	2017
Generation	5,534	-	-	-	5,534
Transsmision and infraestructure	3,867	-	-	-	3,867
Water	332	-	-	-	332
Services	15,171	43,902	31,257	26,868	117,198
Total	24,904	43,902	31,257	26,868	126,931

	Engineering and Construction	Concession-type infraestructure			
Item	Engineering and Construction	Solar	Water	Cog. and others	2016
Generation	(175,833)				(175,833)
Transsmision and infraestructure	(128,051)				(128,051)
Water	(38,192)				(38,192)
Services	15,423	21,492	40,722	23,221	100,858
Total	(326,653)	21,492	40,722	23,221	(241,218)

5.3. Information by geographic areas

a) The revenue distribution by geographical region for the years, 2017 and 2016 is as follows:

Geographical region	2017	%	2016	%
- North America	194,947	13%	359,090	24%
- South America (except Brazil)	324,237	22%	238,520	16%
- Brazil	45,864	3%	98,843	7%
- Europe (except Spain)	148,370	10%	160,384	11%
- Other regions	618,965	42%	440,429	29%
- Spain	147,385	10%	212,787	14%
Consolidated Total	1,479,768	100%	1,510,053	100%
Outside Spain amount	1,332,383	90%	1,297,266	86%
Spain amount	147,385	10%	212,787	14%

b) The net book value of Intangible assets and Property, plant and equipment by geographical region as of December 31, 2017 and 2016 is as follows:

Geographic region	Balance as of 12.31.17	Balance as of 12.31.16
Spain	146,720	115,786
- North America	24,419	29,624
- South America (except Brazil)	22,317	27,496
- Brazil	39,942	64,421
- Europe (except Spain)	1,095	1,179
- Other regions	491	15,029
Foreign market	88,264	137,749
Total	234,984	253,535

c) The net book value of fixed assets in projects by geographic region as of December 31, 2017 and 2016 is as follows:

Geographic region	Balance as of 12.31.17	Balance as of 12.31.16
Spain	1,601	86,200
- North America	-	673
- South America (except Brazil)	98,482	237,829
- Brazil	7,261	7,261
- Europe (except Spain)	-	-
- Other regions	57,328	65,692
Foreign market	163,071	311,455
Total	164,672	397,655

Note 6.- Changes in the composition of the Group

6.1. Changes in the consolidation group

a) In 2017 a total of 6 subsidiaries (7 in 2016), zero associates (4 in 2016) and 2 joint ventures (0 in 2016), 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 2017 and 2016.

In addition, during 2017, 2 joint ventures (JV) were included in the consolidation perimeter, (1 in 2016), with partners which do not belong to the Group, that have commenced their activity or have started to undertake a significant level of activity during 2017.

The amounts set out below represent the Group's proportional interest in the assets, liabilities, revenues and profits of the JV with non Group partners, which have been included in the Consolidated Financial Statements in 2017 and 2016:

Item	2017	2016
Non-current assets	35,168	29,463
Current assets	127,242	92,383
Non-current assets liabilities	19,725	12,458
Current liabilities	142,685	109,388

Item	2017	2016
Revenue	45,486	70,729
Expenses	(48,845)	(16,204)
Profit (loss) after taxes	(3,359)	54,525

b) During the year ended December 31, 2017 a total of 166 subsidiaries were no longer included in the consolidation perimeter (57 in 2016), 6 associates (3 associates in 2016) and 10 joint ventures (8 in 2016), 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 6.2.b).

During 207, 52 joint ventures (JV) are no longer included in the consolidation perimeter (19 in 2016), which do not belong to the Group, for partners which do not belong to the Group for having ceased their activities or having become non-significant; its net income, proportional to the participation, during the year 2017 has been zero (null amount in 2016)

Within the companies that have ceased to form part of the consolidation perimeter are certain United States companies over which control over them has been lost due to the various open procedures of Chapter 11 and the beginning of their corresponding liquidation processes. once approved by the judge after having reached the majority support of the creditors (see note 2.2). As a result of the loss of control, and based on the provisions of IFRS 10, Abengoa's consolidated income statement has been reclassified, within the income statement of discontinued operations, a loss of 80 million euros corresponding to the amounts recognized in other comprehensive income related to these companies and that correspond mainly to the cumulative translation differences that were maintained in consolidated equity until the date of loss of control.

c) Additionally, during 2016, 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.

6.2. Main acquisitions and disposals

a) Acquisitions

- There were no significant acquisitions during the years 2017 and 2016.

b) Disposals

- During 2017, there were not significant disposals with the exception of the sale of the bioethanol business in Europe and the Norte III combined cycle power plant as part of the Divestment plan established in the Updated Viability Plan, detailed as follows:
  - On March 16, 2017, Abengoa Bioenergía Inversiones, S.A. (the “Seller”), subsidiary of Abengoa, S.A., entered into a sale and purchase agreement (the “Agreement”) with a company controlled by private equity fund Trilantic Europe (the “Purchaser”), which governs the sale of the bioethanol business of Abengoa in Europe through the transfer of shares of Abengoa Bioenergy France, S.A., Biocarburantes de Castilla y León, S.A., Bioetanol Galicia, S.A., Ecocarburantes Españoles, S.A. and Ecoagrícola, S.A. The sale and purchase agreement was made effective in June 1, 2017 once certain conditions precedent have been fulfilled (among others, the approval of the transaction by the Spanish Anti-trust Authority).
  - The transaction amount (enterprise value) is €140 million, including debt and working capital assumed by the Purchaser and minority interests. The cash received amounted to €81 million, with an effect on the Abengoa’s consolidated income statement of €20 million and recognized under "Profit for the Year from Discontinued Operations", although there is an amount outstanding to be received subject to certain conditions whereby the total cash amount to be received could reach €111 million.
  - Finally, on September 1, 2017, Abengoa has reached an agreement with the consortium formed by Macquarie Capital and Techint Engineering & Construction for the sale of the 907 MW combined cycle Norte III, in the state of Chihuahua (Mexico), signed with the Federal Electricity Commission (CFE) and retaining the same scope and price for the sale of the energy originally agreed upon Abengoa will maintain the execution of part of Norte III, corresponding to the water treatment plant.
  - The transaction has had a positive net effect of €33 million on Abengoa’s results (an income in the operating profit 66 million from the sale and a financial expense 33 million for the execution of the given corporate guarantees and the application of the alternative restructuring conditions)
- On the other hand, on May 24, 2017, Abengoa has reached an agreement with Prana Capital, the Infrastructure and Energy division of Artha Capital, a Mexican pension fund manager, in which the later will invest financial resources to complement the capital provided by Abengoa towards this important project. This union has the goal of advancing the construction of this 139 km aqueduct which will supply potable water to more than one and a half million habitants in an efficient, sustainable and secure way, from the El Zapotillo dam to the towns of Los Altos de Jalisco and up to the city of León.

  In particular, Abengoa and Prana have signed a binding alliance in which the fund will provide complementary capital for the development of the infrastructure; while Abengoa will continue to have 20% project ownership and shall remain responsible for the engineering and construction of this key project for the company. In addition to the completion of the works, Abengoa will also be responsible for the supply, operation, maintenance of the infrastructure for a period of 25 years.

  The agreement was subject to the main parties of the project (Conagua, Banobras, Sapal, Abengoa and Prana) reaching an agreement as to the key milestones that had to be achieved to ensure the execution of the project.

As of August 25, 2017, the company Concesionaria del Acueducto el Zapotillo S.A. de CV has communicated to the grantor the resignation without responsibility of the concession, beginning a period of negotiation between both parties to evaluate the possible scenarios contemplated in this situation for what it put on hold the agreement previously above-mentioned.

The potential impacts derived from everything previous have been considered in the valuation of the concessional asset once classified as assets held for sale (see Note 7).

- On November 1st, 2017 Abengoa S.A. has entered into a sale purchase agreement with Algonquin Power & Utilities Corp., a growth-oriented renewable energy and regulated electric, natural gas and water utility company (the "Purchaser", "Algonquin" or "APUC"), for the sale of a stake of 25% of the issued share capital of Atlantica Yield plc. ("AY"). The sale will become effective once certain conditions precedent have been fulfilled, among others, the approval of the transaction by certain regulatory authorities as well as the Company's creditors (the "25% Sale").

The agreed purchase price of 24.25 USD per share is subject to certain deductions included in the agreement as well as transaction costs. In addition, the parties have further agreed an earn-out mechanism by which Abengoa will benefit from 30% of the first 2.00 USD of Atlantica Yield's share price revaluation, implying a maximum additional amount of 0.60 USD per share. The earn-out structure will be triggered on the first anniversary of the closing of the transaction.

As part of the transaction, the Company has also granted the Purchaser an option to acquire the remaining 16.5% of the Company's stake in AY under the same conditions and at the same price, subject to the US Department of Energy approval, during a period that expires 60 days following completion of the 25% Sale, as well as a right of first refusal to be exercised during the first quarter of 2018.

Within the conditions precedent required to close the transaction, the Company is in process of obtaining a waiver from the U.S. Department of Energy (DOE) which will allow reducing Abengoa's current participation percentage up to 16% in the first instance. To reach this goal, an agreement has been reached by and between Abengoa S.A. (Abengoa), Arizona Solar One (the company behind the Solana Project) and the DOE, among others, wherefore Abengoa acknowledged a debt derived from the obligations that it secured under the parent company's guarantee agreement and, more specifically, under the production guarantee for the Engineering, Procurement and Construction Contract (EPC), and which are considered as accrued as of today.

Within the conditions precedent required to close the transaction, the Company is in process of obtaining a waiver from the U.S. Department of Energy (DOE) which will allow reducing Abengoa's current participation percentage up to 16% in the first instance. To reach this goal, an agreement has been reached by and between Abengoa S.A. (Abengoa), Arizona Solar One (the company behind the Solana Project) and the DOE, among others, wherefore Abengoa acknowledged a debt derived from the obligations that it secured under the parent company's guarantee agreement and, more specifically, under the production guarantee for the Engineering, Procurement and Construction Contract (EPC), and which are considered as accrued as of today.

The recognition of the debt associated to the financial guarantees of said agreement executed with Arizona Solar One and the DOE has negatively impacted the consolidated profit and loss account for an amount of 94 million of euros which has been registered under "Other loans and borrowings" (see note 20.5).

Additionally, on November 1st, 2017, the Company and Algonquin have entered into a memorandum of understanding ("MOU") to, among other things, jointly incorporate a global utility infrastructure company with the purpose of identifying, developing, constructing, owning and operating a portfolio of global utility infrastructure projects ("AAGES").

The incorporation of AAGES provides an opportunity to leverage on the strengths of each the partners, and help pursuing their mutual and complementary interests. For Abengoa it is an opportunity to strengthen its core EPC and O&M businesses while for Algonquin AAGES will be their international project development platform. In addition, AAGES will provide AY with an ongoing pipeline of compelling asset investment opportunities.

At the closing of 2017, the Company has obtained the required consents from its creditors to close the sale. Closing of the transaction remains subject to fulfillment of the remaining conditions precedent set forth in the agreement.

- On the other hand, on February 18, 2017 the Company signed a agreement to sell its stake (56%) in BDDG, the company that owns the Company's water desalination plant in Accra (Ghana), with AquaVenture Holdings, a leader in Water-as-a-ServiceTM (WAASTM) solutions.

The plant, which uses reverse osmosis technology and has been in operation since 2015, has a production capacity of approximately 60,000 m3/day of water, sufficient to provide water to around 500,000 inhabitants in Accra and its surroundings. The desalinated water is supplied to Ghana Water Company Limited (GWCL, Ghana's national water company). The base price of this divestiture is of approximately US $26 millions, being subject to potential adjustments at closure.

This operation is expected to be fully closed in the second quarter of 2018, following the fulfillment of certain conditions which include the restructuring of the water sale contract with GWLC or the effective consent of BDDG's financing banks to the operation.

- Lastly, and within the judicial recovery process initiated in Brazil on the transmission line activity, on December 13, 2017 the transmission lines in operation were awarded to the North-American company TPG Capital, previously named Texas Pacific Group, for an amount of 482 millions of Brazilian Real (121 millions of euros). The transaction is subject to authorization from the power regulatory agency Agencia Nacional de Energía Eléctrica (Aneel), the National Bank for Economic and Social Development (BNDES), the Banco da Amazônia bank and bond holders .

- 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 70 MW 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 2.2.1), 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 2.2.1), 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 7,2015 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 2017, the two asset transfer contributions to such JV were made by Abengoa (one corresponds t to 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 US $ 450 million 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.

6.3. Business combinations

- There are no new significant business combinations in the Group in FY 2017 and 2016.

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

The asset disinvestment plan started at the end of 2014, and reinforced by Abengoa's Board of Directors on September 23, 2015, included certain assets which had not been sold at that date, as well as the new assets which had been incorporated. Based on this disinvestment 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) with the purpose of creating a single asset disinvestment plan.

7.1. Assets in the asset disinvestment plan

The table below shows the included assets of such plan which as of December 31, 2017, were classified as non-current assets and liabilities held for sale in the Consolidated statement 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 2017 (2)
Solar Power Plant One (SPP1) (1)	Combined cycle in Algeria	150 MW	160,648
Hospital de Manaus / Concecutex (1)	Concessions in Brazil and Mexico	300 camas / 10.000 personas	134,722
Khi Solar One (1)	Solar plant in South Africa	50 MW	199,114
Xina Solar One (1)	Solar plant in South Africa	100 MW	87,718
Tenés / Ghana / Chennai (1)	Desalination plants	360.000 m3/día	259,493
Abent 3T y ACC4T (1)	Cogeneration plants in Mexico	840 MW	399,997
Atacama 2 (1)	Solar platform in Chile	280 MW	16,286
ATN 3, S.A. (1)	Transmission line in Peru	355 km	68,888
ATE IV-VIII, XVI-XXIV, Manaus y Norte Brasil (1)	Transmission lines in Brazil	9.750 km	1,338,272
Bioetanol (1)	Bioethanol plants in Brazil	235 ML	241,482
Atlantica Yield, Plc.	41.47% share	-	627,050
Zapotillo	Drinking Water Pipeline	139 km	-

(1) Circumstances and events that have occurred outside the control of the company since August 2015 (see Note 2.1) are delaying the divestment process. However, the intention of the Management continues to be the disposal of these companies according to the Updated Viability Plan approved by the Shareholders' Meeting in August 2016.
(2) The net book value of the asset includes property, plant and equipment, fixed assets in projects and investments in associates. Additionally, and in the cases in which it applies, the impairments accumulated up to December 31, 2017 coinciding with the fair value detailed in Note 7.2. For the detail of the rest of assets and liabilities classified as held for sale (see Note 7.3).

7.2. Asset impairment analysis

a) Changes in classification:

During 2017, the most significant changes correspond to the investment on Atlantica Yield and on Zapotillo concessional asset, given that, once initiated their corresponding disinvestment process, have been classified under the heading of assets and liabilities held for sale in the Consolidated statement of financial position given the compliance ofall the requirements of the IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations'.

In accordance to such IFRS 5, non-current assets (or group of assets for their disposal) classified as held for sale, should be recorded at the lower of their book value and their fair value less cost to sale.

In order to determine the fair value of the investment in Atlantica Yield, and given that its shares are listed on the NASDAQ Global Select Market, the market price of $ 21,20 per share of December 31, 2017 has been taken as reference. Given that the fair value is higher than the book value, no adjustments have been registered.

b) Asset impairment analysis:

On December 31, 2017 an impairment loss has been recognized on assets classified as held for sale and discontinued operations which amounted €317 million as a difference between net book value and fair value less the cost of sale.

The main impairment expenses recognized in the Consolidation Income Statement as of December 31, 2017 are due to changes in key assumptions regarding considered at the closing of the year 2016. Fundamentally, they have affected the concessional asset of Khi Solar One with an impairment of €99 million due to the updating of the inputs related to the production of the plant and the application of potential penalties; the concessional asset of Ghana, with an impairment of €14 million due to the updating of the expected sale price after the offer received by a third party, the Abent 3T concessional asset, with an impairment of €71 million after the updated of macroeconomic variables as well as a 3 months delay to the commencement of operations; and, lastly, the Zapotillo concessional asset, with an impairment of €161 million due to start of negotiations for its sale, which has resulted in a change in its accounting classification and to be valued at its fair value, based on the assumptions and requirements of IFRS 5, considering the potential impacts derived from the communication resignation without responsibility for the concession.

c) Asset fair value analysis:

The main criteria that have been applied in the analysis of the held-for-sale assets' fair value is as follows

- Khi

  The Khi solar thermal power plant in South Africa has been accounted at its fair value less cost to sale given its amount is lower 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 10.4%, and no growth rate.

  Khi solar thermal power plant, which entered into operation at the end of 2016, has signed PPAs for 20 years, which determine most of the key variables of the project. This plant revenue is 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 are based on already signed contracts which match with the plant lifetime.

  The main change in the key hypothesis in comparison with those assumed at December 31, 2016 comes from the facts and circumstances that took place during 2017 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 related penalties.

  A sensitivity analysis has been carried out, especially in relation to the power plant's long-term production capacity. 5% of additional or lower production has a 13M€ impact in the valuation.

  The change in the considered key hypothesis has supposed an impairment loss of €99 million due to the difference between the book value and its fair value less cost to sell.

- Zapotillo

  The Zapotillo aqueduct concessional asset in Mexico has been recorded at its fair value less costs to sale, as this amount is lower than its carrying amount. Said fair value has been obtained from the expected recovery value following the current situation of the project, where Acueducto Zapotillo, S.A. de CV, the concessionaire, informed the grantor of the no-liability withdrawal from the concession, which led to a negotiation period between both parties to evaluate the possible scenarios considered under this situation, thus suspending the aforementioned agreement (see Note 6.2. b).

  The main change in the key hypotheses considered with respect to those of December 31, 2016 has precisely been triggered by the aforementioned information concerning the no-liability withdrawal notified by the concessionaire.

  This change in the key hypothesis considered has resulted in the recognition, at the end of the 2017, of an impairment loss for € 161 million.

- Cogeneration plants

  The assets linked to the generation plants in Mexico (Abent 3T and ACC4T) were recognised, at the closing of 2017, 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 10.7% and 9.2% for Abent 3T and ACC4T co-generation plants, respectively, without applying growth rates.

During 2017, the macroeconomic variables had a significant impact in the valuation because the Mexican peso has depreciated an 8%, and the Mexican risk-free rate has increased. Additionally, the main change in key assumptions, in comparison to exercise 2016, it has been the use of a more conservative beta, in line with a higher risk perception of the asset, for an international purchaser without presence in Mexico.

This change in the considered key hypotheses has resulted in the recognition, at the end of the year 2017, of an impairment loss for €71 million.

- Ghana

The asset related to the desalination plant in Accra, Ghana, has been recorded at its fair value less costs to sale as this amount is lower than its carrying amount.

Its fair value was obtained from the recovery value expected after its sale, obtained from the proposal price received within the mentioned asset's sale process.

The main change in the key hypothesis considered with respect to the 2016 period has been the progress of the negotiations with the third party within the sale process and the corresponding proposal received.

This change in the key hypothesis considered has resulted in the recognition, at the end of the 2017, of an impairment loss for €14 million.

- Bioethanol

The assets connected with the 1G bioethanol plants in Brazil have been recognised at fair value less the cost of sale, since this was less than the book value.

The calculation of fair value is based on the anticipated recovery value after the sale, considering the prices of the offers received in the process involving those assets, within the recovery plan considered in the judicial recovery procedure initiated in Brazil (see Note 2.1) for these Bioenergy assets.

There have not been substantial changes in the key hypothesis considered with respect to the hypothesis at the end of the 2016 period.

- Transmission lines in Brazil.

The assets related to transmission lines in Brazil were accounted at the closing of 2017 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 recovery proceedings underway in Brazil (see Note 2.1) for lines under construction.

There have not been substantial changes in the key hypothesis considered with respect to the hypothesis at the end of the 2016 period.

- Solar plant 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 recoverable value takes into account the current situation of the construction of these plants, which are in hibernation.

There have not been substantial changes in the key hypothesis considered with respect to the hypothesis at the end of the 2016 period.

- 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 that overlap with the lifetime of the plant.

The recovery value has been obtained through a discounted cash flow analysis applying a weighted average cost of capital of 10.0%. No growth rate has been applied.

A sensitivity analysis has been carried out, especially in relation to Algeria's country risk premium, and hence, to the discount rate used. A 1% variation in the country risk premium or in the discount rate entails a €2.5 million impact in the valuation.

There have not been substantial changes in the key hypothesis with respect to those at the closing of 2017 period.

- Concecutex

The Centro Cultural Mexiquense de Oriente Cultural (Concecutex) in Mexico is a concession for 21 years in public-private partnership by which, after constructing and supplying the equipment for the building, the maintenance and management thereof will be performed throughout the life of the contract in exchange for a fee.

The asset related to Concecutex has been recorded at its fair value less costs to sale as this amount is lower that its carrying amount.

The main change in the key hypothesis considered with respect to the 2016 period has been the progress of the negotiations with the third party within the sale process and the corresponding proposal received.

This change in the key hypothesis considered has resulted in the recognition, at the end of the 2017, of an impairment loss for €5 million.

- Hospital Manaus

The Manaus Hospital in Brazil is a concession for 20 years in public-private partnership by which, after constructing and supplying the equipment for the building, the maintenance and management thereof will be performed throughout the life of the contract in exchange for a fee.

Hospital Manaus has been recorded at its fair value less costs to sale as this amount is lower that its carrying amount.

As the company that owns the Manaus Hospital is a subsidiary of Abengoa Construçao Brasil, which is under judicial recovery, it has been considered not to have a recoverable equity book value, as in the 2016 period.

- Xina Solar One

The solar thermal power plant in South Africa has signed a 20 years PPA that determines the majority of key variables of the project. Revenues are based on the PPA, which establishes the price of selling electricity during most 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 9.6% without any growth rate.

The plan started its operations in August 2017, reaching the expected production goals. The recoverable value calculated is higher in a137% at the book value of 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 lower than 70% of the production baseline in order to have a repercussion on the recovery of the asset.

- Tenés / Chennai

The Tenés and Chennai desalination plants located in Algeria and India have both signed PPAs for 25 years, which determine most of the key variables for each project. The revenues from these plants are based on the 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 overlap with the plant lifetime.

In relation with Tenes, the recovery value has been obtained through a discounted cash flow analysis applying a discount rate of 10.3% and no growth rate. There has not been material changes in key assumptions in comparison with exercise 2016.

A sensitivity analysis has been carried out, especially in relation to Algeria’s country risk premium, and hence, to the discount rate used. A 1% variation in the country risk premium or in the discount rate entails a €3.7 million impact in the valuation.

In relation with Chennai, 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.

There have not been substantial changes in the key hypothesis considered with respect to the hypothesis at the end of the 2016 period

- ATN3

The ATN3 transmission line in Peru 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.

There have not been substantial changes in the key hypothesis considered with respect to the hypothesis at the end of the 2016 period.

7.3 Detail of assets held for sale

At 31 December 2017 and 2016, 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 12.31.17	Balance as of 12.31.16
Property plant and equipment (*)	532	227,589
Fixed assets in projects (*)	2,795,925	4,033,198
Investments in associates (*)	737,213	104,542
Financial investments	68,293	257,586
Deferred tax assets	63,786	554,328
Current assets	412,445	727,249
Project debt	(1,656,941)	(2,136,622)
Corporate financing	(66,640)	(439,951)
Other non-current liabilities	(322,505)	(490,615)
Other current liabilities	(297,311)	(819,349)
Total net assets and liabilities held for sale	1,734,797	2,017,955

(*) The net book value of the asset detailed in note 7.1

At December 31, 2017 and 2016 the Atlantica Yield, a consolidated company using the equity method, consolidated assets and liabilities are the following:

Item	Balance as of 12.31.17	Balance as of 12.31.16
Fixed assets in projects	7,563,241	8,477,328
Investments in associates	46,468	52,304
Financial investments	39,771	71,859
Deferred tax assets	137,556	192,917
Other Non-current assets	1,745	2,725
Current assets	951,193	994,443
Project debt	(4,560,773)	(5,703,783)
Other non-current liabilities	(2,388,655)	(2,052,010)
Other current liabilities	(211,661)	(172,979)
Total net assets and liabilities	1,578,885	1,862,804

The amount of other comprehensive income amounted to a loss of €52 million at December 31,2017 (€80 million at 31 December 2016).

The income statement of Atlantica Yield at the closing of fiscal years 2017 and 2016 is shown below:

Item	2017	2016
Revenue	894,699	878,376
Other operating income	71,730	59,238
Operating expenses	(560,093)	(573,864)
I. Operating profit	406,336	363,750
II. Financial expense, net	(397,820)	(366,744)
III. Share of profit/(loss) of associates carried under the equity method	4,748	6,007
IV. Profit before income tax	13,264	3,013
V. Income tax benefit	(106,327)	(1,506)
VI. Profit for the period from continuing operations	(93,063)	1,507
VII. Profit attributable to minority interests	(6,137)	(5,895)
VIII. Profit for the period attributable to the Parent Company	(99,200)	(4,388)

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 €36 million and €707 million to guarantee the performance of certain concession projects for the generation of solar thermal power, wind power and electric transmission lines.

7.4. Details of discontinued operations

a) Brazilian transmission lines segment

› At December 31, 2017 and 2016, 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 12.31.17	Balance as of 12.31.16
Revenue	146,217	131,531
Other operating income	3,599	15,889
Operating expenses (*)	(207,293)	(1,055,945)
I. Operating profit	(57,477)	(908,525)
II. Financial expense, net	(468)	(94,525)
III. Share of profit/(loss) of associates carried under the equity method	184	204
IV. Profit before income tax	(57,762)	(1,002,846)
V. Income tax benefit	(940)	(4,488)
VI. Profit for the period from continuing operations	(58,701)	(1,007,334)
VII. Profit attributable to minority interests	(476)	(484)
VIII. Profit for the period attributable to the Parent Company	(59,177)	(1,007,818)

- Additionally, the details of the cash flow statements of the companies that own the concession assets of the Brazilian transmission lines at December 31, 2017 and 2016 which were reclassified under the heading of discontinued operations are as follows:

Item	12.31.17	12.31.16
Profit for the year from continuing operations adjusted by non monetary items	51,771	90,483
Variations in working capital	13,684	(48)
Interest and income tax received / paid	(44,510)	(44,285)
A. Net cash provided by operating activities	20,945	46,149
B. Net cash used in investing activities	-	(24,582)
C. Net cash provided by financing activities	-	(21,157)
Net increase/(decrease) in cash and cash equivalents	20,945	411
Cash, cash equivalents and bank overdrafts at beginning of the year	37,893	29,844
Translation differences cash or cash equivalent	(7,250)	7,639
Cash and cash equivalents at end of the year	51,588	37,893

b) Bioenergy segment

- At December 31, 2017 and 2016, 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	2017	2016
Revenue	170,306	1,005,337
Other operating income	(71,889)	40,970
Operating expenses (*)	(197,648)	(3,030,421)
I. Operating profit	(99,231)	(1,984,114)
II. Financial expense, net	(104,697)	(106,347)
III. Share of profit/(loss) of associates carried under the equity method	-	-
IV. Profit before income tax	(203,928)	(2,090,461)
V. Income tax benefit	(33,188)	(254,582)
VI. Profit for the period from continuing operations	(237,116)	(2,345,043)
VII. Profit attributable to minority interests		(420)
VII. Profit attributable to minority interests	(237,116)	(2,345,463)

- Additionally, the details of the cash flow statements of the bioenergy business at December 31, 2017 and 2016 which were reclassified under the heading of discontinued operations are as follows:

Item	12.31.17	12.31.16
Profit for the year from continuing operations adjusted by non monetary items	(167,767)	(194,725)
Variations in working capital	7,237	(11,116)
Interest and income tax received / paid	(1,374)	(13,789)
A. Net cash provided by operating activities	(161,704)	(219,629)
B. Net cash used in investing activities	(35,701)	336,950
C. Net cash provided by financing activities	(11,060)	(202,458)
Net increase/(decrease) in cash and cash equivalents	(208,666)	(85,137)
Cash, cash equivalents and bank overdrafts at beginning of the year	226,979	297,257
Translation differences cash or cash equivalent	(2,387)	14,859
Cash and cash equivalents at end of the year	15,926	226,979

Note 8.- Intangible assets

8.1. The detail of variations in 2017 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, 2016	55,507	350,004	147,481	552,992
Additions	-	358	-	358
Disposals and decreases	-	(12,522)	(1,720)	(14,242)
Translation differences	-	(2,118)	(496)	(2,614)
Total cost as of December 31, 2017	55,507	335,722	145,265	536,494

Accumulated Amortization and Impairment	Goodwill	Development assets	Other	Total
Total amort. as of December 31, 2016	(55,507)	(350,004)	(71,384)	(476,895)
Additions (amortization)		-	(10,588)	(10,588)
Disposals		14,022	-	14,022
Translation differences		260	418	678
Change in consolidation		-	81	81
Reclassifications	-	-	(218)	(218)
Total accum Amort. and Impairment as of December 31, 2017	(55,507)	(335,722)	(81,691)	(472,920)
Net balance at December 31, 2017	-	-	63,574	63,574

8.2. 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)
Reclassifications	-	(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 corresponded 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 were 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 was an impairment loss of such assets in the Consolidated Income Statement, classified as profit from discontinued operations (see Note 7.3)

Additionally, there had 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.

8.3. 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 2017:

Cost	Lands and buildings	Technical installations and machinery	Advances and fixed assets in progress	Other fixed assets	Total
Total balance as of December 31, 2016	166,642	145,846	2,336	65,185	380,009
Additions	61	136	17	549	763
Disposals and decreases	(32,265)	(7,726)	-	(8,307)	(48,298)
Translation differences	(3,400)	(10,712)	(6)	-	(14,118)
Reclassifications	162,633	691	19	1,437	164,780
Transfer to assets held for sale	(33,777)	-	-	-	(33,777)
Total Balance as of December 31, 2017	259,894	128,235	2,366	58,864	449,359

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, 2016	(70,984)	(65,711)	-	(65,876)	(202,571)
Additions (amortization)	(4,490)	(4,396)		(2,760)	(11,646)
Additions (impairment)	-	-	-	(6,447)	(6,447)
Disposals and decreases	8,706	4,798		3,982	17,486
Translation differences	1,008	3,412		1,064	5,484
Reclassifications	(80,255)	-		-	(80,255)
Total accum. Amort. and Impairment as of December 31, 2017	(146,015)	(61,897)	-	(70,037)	(277,949)
Net balance at December 31, 2017	113,879	66,338	2,366	(11,173)	171,410

The most significant variation in the 2017 period mainly corresponds to the decrease produced by the sale of the company Abentel Telecomunicaciones, the sale of the Inabensa Bharat factory in India and Abengoa Concessões Brasil Holding offices. In addition to the above, an increase has been registered due to the reclassification made to property, plant and equipment from fixed assets in projects with respect to Centro Tecnológico Palmas Altas.

Lastly, an impairment has been recognized in Other Fixed Assets not assigned to Abengoa's business due to the uncertainty in its future recovery given the current situation of the company

9.2. The detail and the evolution in each category included in the assets in projects as of December 31, 2016 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, 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 corresponded 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. In this way, and in accordance with the IFRS 10 – Consolidated Financial Statements, the loss of control over this Company had 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 had been recorded at fair value. Given the situation of bankruptcy of the company, the investment fair value had 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, at the end of 2016, the parent company Abengoa Bioenergía, S.A. held a liability with the company Abengoa Bioenergy Netherlands, B.V. product of the management of the centralized treasury of the Group, amounting to € 96 million (classified in "Other loans and borrowins"This debt has been affected by the restructuring process of Abengoa, described in note 2.2.1, and therefore at the closing of 2017 only 3% of it is recorded after the write-off.

Additionally to the aforementioned, there was 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 were 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 2.2.1) 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.

9.3. 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, 2017 was zero euros (zero euros in 2016).

9.6. At the closing of 2017 and 2016, Property, Plant and Equipment include the following amounts where the group is a lessee under a finance lease:

Item	Balance as of 12.31.17	Balance as of 12.31.16
Capitalized finance-lease cost	2,773	2,998
Accumulated depreciation	(841)	(701)
Net carrying amount	1,932	2,297

9.7. The cost of land included in the land and buildings subcategory amounted to €75,254 thousand at December 31, 2017 (€17,515 thousand in 2016).

9.8. The table below sets out the information related to those assets constructed by the Group during 2017 and 2016 classified under the heading Property, plant and equipment of the Consolidated Statement of Financial Position:

Item	12.31.17	12.31.16
Property, plant and equipment constructed by the Group (accumulated)	47,276	47,276
Revenue generated by property, plant and equipment constructed by the Group	23,840	16,901
Operating result of property, plant and equipment constructed by the Group	9,814	5,691

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 2017:

Cost	Intangible assets	Financial assets	Total
Total as of December 31, 2016	10,243	313,747	323,990
Additions	13,905	36,718	50,623
Disposals and decreases	-	(4,685)	(4,685)
Translation differences	(21)	(12,747)	(12,768)
Transfer to assets held for sale	(843)	(196,005)	(196,848)
Total as of December 31, 2017	23,284	137,028	160,312

Accumulated Amortization and Impairment	Intangible assets	Financial assets	Total
Total accum. amort. as of December 31, 2016	(19,952)	-	(19,952)
Additions (amortization)	(24)	-	(24)
Translation differences	3	-	3
Transfer to assets held for sale	18,294	-	18,294
Total accum Amort. and Impairment as of December 31, 2017	(1,679)	-	(1,679)
Net balance at December 31, 2017	21,605	137,028	158,633

The most significant variation during the twelve months period ended December 31, 2017, mainly corresponds as a consequence of the classification of the assets and liabilities related to of the Zapotillo aqueduct project in Mexico under the heading of non-current assets and liabilities, since all of the suppositions and requirements of IFRS 5 "non-current assets held for sale and discontinued operations" had been met.

Such decrease has been offset with an increase derived from the slight progress in Unidad Punta de Rieles concession.

b) The following table shows the evolution in each category of 'Concession assets in projects' for the year 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 corresponded 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 complied 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. Given that the carrying amount was greater than fair value less cost to sell (taking into account as a reference the purchase offer to estimate the fair value) there was an impairment expense in the Income Statement, included as profit (loss) from discontinued operations.

Capitalized interest cost in project assets for the year ended December 31, 2017 amounts to zero euros (zero euros in 2016).

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

10.2. Other assets in projects

a) The table below shows the detail and movement in 'Other assets in projects' for 2017:

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, 2016	166,879	11,942	18	3,386	716	182,941
Additions	30	-	-	-	-	30
Disposals and decreases	-	(903)	-	(40)	(362)	(1,305)
Translation differences	(96)	(552)	-	(28)	-	(676)
Change in consolidation	(1,034)	(6,341)	1	(133)	-	(7,507)
Reclassifications	(162,292)	(691)	(17)	(1,440)	(255)	(164,695)
Transfer to assets held for sale	-	-	-	-	-	-
Total as of December 31, 2017	3,487	3,455	2	1,745	99	8,788

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, 2016	(82,719)	(5,285)	-	(996)	(324)	(89,324)
Additions (amortization)	(10)	(49)		-	-	(59)
Aumentos (deterioro)	-	-		-	70	70
Disposals and decreases	-			-	-	0
Translation differences	-	352		24	-	376
Change in consolidation	881	2,465		103	-	3,449
Reclassifications	81,830	-		691	218	82,739
Transfer to assets held for sale	-	-		-	-	-
Total accum. Amort. and Impairment as of December 31, 2017	(18)	(2,517)	-	(178)	(36)	(2,749)
Net balance at December 31, 2017	3,469	938	2	1,567	63	6,039

The most significant variation in the 2017 period mainly corresponds to the decrease produced by the reclassification of "Property, Plant and Equipment", given the compliance with all " of the property, plant and equipment related to Centro Tecnológico Palmas Altas (see Note 9.2), as well the to the decrease produced by the control lost on Iniciativas Hidroeléctricas.

b) The table below shows the detail and movement in 'Other assets in projects' for the year 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)
Additions (impearment)	(63,234)	-	-	-	-	(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 corresponded 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 was 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 had been recognized an impairment charge for such assets in the Consolidated Income Statement, classified as profit (loss) from discontinued operations.

Finally, there was 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 had been registered as depreciation, amortization and impairment charges in the Engineering and Industrial Construction segment.

In accordance with the information made available by the Directors, no significant losses were registered during the 2016 period due to impairment of elements in other assets in projects.

c) During the years 2017 and 2016 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 2017 and 2016, there are no biological assets.

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 2017 and 2016 classified under the fixed assets in projects heading of the Consolidated Statement of Financial Position (concessions and other assets in projects):

Item	12.31.17	12.31.16
Fixed assets in projects constructed by the Group (accumulated)	164,672	397,655
Revenue generated by fixed assets in project constructed by the Group	85,917	52,285
Operating result of fixed assets in project constructed by the Group	41,674	(36,471)

Note 11.- Investments in associates

11.1. The detail of the main categories included in financial investment as of December 31, 2017 and 2016 is as follows:

Item	Balance as of 12.31.17	Balance as of 12.31.16
Associates	30,744	816,793
Joint Ventures	3,129	6,386
Total Investments accounted for using the equity method	33,873	823,179

The evolution in investments accounted by the equity method during 2017 and 2016:

Investments accounted by the equity method	12.31.17	12.31.16
Initial balance	823,179	1,197,691
Equity contributions	-	-
Changes in consolidation	(6,371)	(4,498)
Reclassification to assets held for sale	(627,050)	(49,766)
Distribution of dividends	(1,304)	(373)
Impairments	(23,384)	(330,778)
Translation differences and Others	(90,344)	11,172
Share of (loss)/profit	(41,431)	(269)
Saldo final	33,873	823,179

The most significant variations of investments in associates and joint ventures during 2017 correspond to classify the assets and liabilities related of Atlantica Yield under the heading of non-current assets and liabilities, since all of the suppositions and requirements of IFRS 5 "non-current assets held for sale and discontinued operations” had been met (see Note 7.1).

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 2017 and 2016:

Company	Typology	% share	Book value	Equity	Assets	Revenues	Profit/loss 2017
Rioglass Solar Holding y filiales	Asoc.	15.00	11,083	120,810	183,073	117,220	(3,885)
Others	-		22,790	-	-	-	-
Total 2017			33,873	120,810	183,073	117,220	(3,885)

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

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, 2017 related to investments in associates amounts to €10,906 thousand (€15,142 thousand as of December 31, 2016).

11.4. At the closing of 2017, there is no significant shareholder interest as to break down its assets, liabilities and Profit and Loss Statement, except for the Atlantica Yield's interest which has been broken down in detail in note 7.3 due to its classification as an asset held-for-sale.

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 12.31.17
Available-for-sale financial assets	13	-	-	-	4,824	4,824
Derivative financial instruments	14	-	242	340	-	582
Financial accounts receivables	15	230,311	-	-	-	230,311
Clients and other receivables	15	964,777	-	-	-	964,777
Cash and cash equivalents	17	195,870	-	-	-	195,870
Total Financial assets		1,390,958	242	340	4,824	1,396,364
Project debt	19	107,951	-	-	-	107,951
Corporate financing	20	3,643,759	-	-	-	3,643,759
Trade and other current liabilities	25	1,882,217	-	-	-	1,882,217
Total Financial liabilities		5,633,927	-	-	-	5,633,927

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

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 unquoted 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, 2017 and 2016 (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 12.31.17
Non-hedging derivatives	-	242	-	242
Hedging derivatives	-	340	-	340
Available-for-sale	-	-	4,824	4,824
Total	-	582	4,824	5,406

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)

Level 2 corresponds to the finance derivative portfolio designated as cash flow hedges, within which the most significant type is the interest rate cap (see Note 14).

The "Non-hedging derivatives" classification includes the fair value of derivative financial instruments which, being derivatives that have been contracted for the purposes of covering market risk (interest rate, foreign currency and inventories), they do not meet all the requirements set forth by IAS 39 to be designated as hedging instruments from an accounting perspective. The variation corresponds to the interest rate maturity.

Level 3 variation corresponds to a derecognition as a result of the sale of the investments in Canal de Navarra and Mediación Bursátil, the liquidation of Siema Factory Holding AG, and of the divestment in the Delaney, Colorado River Project (see Note 13).

The following table shows the changes in the fair value of level 3 assets for the years 2017 and 2016:

Movements	Amount
Beginning balance as of December 31, 2015	20,501
Gains and losses recognized in Equity (see Note 13.1)	(126)
Change in consolidation, reclassifications and translation differences	(10,123)
Total as of December 31, 2016	10,252
Gains and losses recognized in Equity (see Note 13.1)	52
Change in consolidation, reclassifications and translation differences	(5,480)
Total as of December 31, 2017	4,824

During the presented periods 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 2017 and 2016:

Available for sale financial assets	Balance
At December 31, 2015	46,399
Additions	7,884
Gain/Losses transferred to equity	(126)
Derecognitions	(43,905)
At December 31 , 2016	10,252
Gain/Losses transferred to equity	52
Derecognitions	(5,480)
At December 31 , 2017	4,824
Less: Non-current portion	2,316
Current portion	2,508

The most significant variations in theheld-for-sale financial assets correspond to the derecognition resulting from the sale of the investment in Canal de Navarra, the liquidation of Siema Factory Holding AG, and to the divestment in the Delaney, Colorado River Project.

13.2. The following table shows entities which, in accordance with the current regulation, were not consolidated in the years 2017 and 2016 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 €1,520 thousand (€4,652 thousand in 2016).

Non-current financial assets	2017 % Holding	2016 % Holding
Norpost	10.00	10.00
Soc. Con. Canal Navarra		10.00

Current financial assets	2017 % Holding	2016 % Holding
OMEL (antogua Comeesa)	5.31	5.31
Chekin	14.28	14.28
Mediación Bursátil, S.V.B., S.A.		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 significant.

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, 2017 and 2016 is as follows:

		12.31.17		12.31.16	
Item	Note	Assets	Liabilities	Assets	Liabilities
Exchange rate derivatives – cash flow hedge	14.2.a	-	-	700	262
Exchange rate derivatives – non-hedge accounting	14.2.c	-	-	-	295
Interest rate derivatives – cash flow hedge	14.3.a	340	-	1,188	10,515
Interest rate derivatives – non-hedge accounting	14.3.c	242	-	-	6,061
Total		582	-	1,888	17,133
Non-current part		481	-	1,185	5,535
Current part		101	-	703	11,598

Information about the valuation techniques of derivative financial instruments is described in Notes 2.12 and 12.

The most significant variation in the 2017 period corresponds to the maturity of Abengoa, S.A.'s interest rate floor derivatives.

The fair value of derivative financial instruments designated as hedge instruments that has been transferred to profit and loss for the 2017 period reached a profit of 10,249 thousands of euros (a loss of 134,987 thousands of euros at December 31, 2016).

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 €115 thousand (loss of €141 thousand as of December 31, 2016).

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, 2017 and 2016:

	12.31.17		12.31.16	
Exchange Rates	Collections	Payments	Collections	Payments
Dinar Kuwaití (Kuwait)	-	-	1,132	-
Dollar (USA)	-	-	236,706	1,089
Pound Sterling (UK)	-	-	-	4
Total	-	-	237,838	1,093

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, 2017 and 2016:

	12.31.17		12.31.16	
Exchange Rates	Collections	Payments	Collections	Payments
Dinar Kuwaití (Kuwait)	-	-	(106)	-
Dollar (USA)	-	-	(295)	74
Pound Sterling (UK)	-	-	-	2
Total	-	-	(401)	76

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 2017 and 2016:

	12.31.17		12.31.16	
Notionals	Collections	Payments	Collections	Payments
Up to 1 year			1,132	1,093
Total			1,132	1,093

The table below shows a breakdown of the fair value amount maturities of exchange rate derivatives designated as cash flow hedges at the closing of 2017 and 2016 year end:

	12.31.17		12.31.16	
Fair Value Maturity	Collections	Payments	Collections	Payments
Up to 1 year			(106)	544
Total			(106)	544

The net amount of the fair value of exchange rate derivatives designated as cash flow hedges transferred to the Consolidated Income Statement in 2017 and 2016 has been of €-199 thousand and €-50,748 thousand, respectively.

The ineffective amount recognized in the Consolidated Income Statement for the years 2017 and 2016 with respect to exchange rate derivatives designated as cash flow hedges amounts to €-370 thousand and €0.5 thousand, respectively.

The after-tax gains/losses accumulated in equity from exchange rate derivatives designated as cash flow hedges at December 31, 2017 amounted to €0 (zero euros thousand in 2016) (see Note 18.3).

b) Fair value hedges

The group does not have any exchange rate derivatives designated as fair value hedges at the closing of 2017 and 2016.

c) Non-hedge accounting derivatives

The detail of the notional amount maturities at the end of 2017 and 2016 is the following.

	12.31.17		12.31.16	
Notionals	Collections	Payments	Collections	Payments
Between 1 and 2 years			236,706	-
Total			236,706	-

The breakdown at the closing of 2017 and 2016 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:

	12.31.17		12.31.16	
Fair value	Collections	Payments	Collections	Payments
Between 1 and 2 years			(295)	-
Total			(295)	

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 2016).

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 2017 and 2016 year end:

	12.31.17		12.31.16	
Notionals	Cap / Collar	Swap	Cap / Collar	Swap
Up to 1 year	1,998	-	279,490	-
Between 1 and 2 years	999	-	43,779	-
Between 2 and 3 years	77,045	-	83,615	-
Subsequent years	-	-	492,202	11,472
Total	80,042	-	899,086	11,472

The table below shows a breakdown of the fair values maturities of interest rate derivatives designated as cash flow hedges at the 2017 and 2016 year end:

	12.31.17		12.31.16	
Fair value	Cap / Collar	Swap	Cap / Collar	Swap
Up to 1 year	3	-	(5,314)	-
Between 1 and 2 years	37	-	-	-
Between 2 and 3 years	300	-	84	-
Subsequent years	-	-	994	(5,091)
Total	340	-	(4,236)	(5,091)

The net amount of the fair value transferred to the Consolidated Income Statement of the financial year 2017 and 2016 due to interest rate derivative financial instruments designated as flows hedges amounted to € 11,380 thousand and €-45,502 thousand respectively

The ineffective portion recognized in the Consolidated Income Statement for the 2017 and 2016 periods with respect to exchange rate derivatives designated as cash flow hedges amounts to €-5,284 thousands and 0.5 thousands of euros, respectively.

The after-tax profit/loss accumulated in equity at the end of the 2017 and 2016 periods from interest rate derivatives designated as cash flow hedges amounts to 1,378 and -41,354 thousands of euros, respectively (see Note 18.3).

The net fair value of the time value component recognized in profit and loss for the 2017 and 2016 period from derivative financial instruments classified as cash flow hedges has been 10,496 and 1,711 thousands of euros, 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 2017 and 2016.

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 2017 and 2016:

	12.31.17	12.31.16
Notionals	Floor	Floor
Up to 1 year	1,853,223	400,000
Between 1 and 2 years	380,532	-
Between 2 and 3 years	45,647	-
Subsequent years	107,715	-
Total	2,387,117	400,000

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 2017 and 2016:

	12.31.17	12.31.16
Fair value	Floor	Floor
Up to 1 year	98	(6,061)
Between 1 and 2 years	-	-
Between 2 and 3 years	8	-
Subsequent years	134	-
Total	240	(6,061)

At the end of the years 2017 and 2016, 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 €115 thousand and €141 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, 2017, the main commodities prices change risk for the Group is related to the price of gas and steel (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

By the end of the 2017 and 2016 periods, the Group does not have derivative financial Instruments designated as commodity price cash flow hedges.

The net fair value transferred to profit and loss for the 2017 and 2016 period from derivative financial instruments classified as cash flow hedges has been 0 and -38,737 thousands of euros, respectively.

b) Non-hedge accounting derivatives

At the end of the years 2017 and 2016, the Group does not hold non-hedge accounting derivative financial instruments related to commodity prices.

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, 2017 and 2016 is as follows:

Item	Balance as of 12.31.17	Balance as of 12.31.16
Trade receivables	528,403	606,673
Unbilled revenues	211,849	379,120
Bad debt provisions	(70,326)	(73,737)
Tax receivables	203,543	318,461
Other debtors	91,308	96,932
Total	964,777	1,327,449

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, in certain cases it was not possible 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 2.2.1).

The balances with related parties at the closing of 2017 and 2016 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 of December 31, 2017 and 2016 are as follows:

	Balance as of 12.31.17	Balance as of 12.31.16
Algerian dinar	563	574
Dirhams (Morocco)	15,848	19,300
American dollar	308,322	244,904
New peruvian sol	14,282	33,758
Argentinian peso	7,941	7,003
Chilean peso	27,955	21,722
Mexican peso	21,172	16,736
Uruguayan peso	13,026	11,035
South African rand	9,251	8,885
Brazilian real	87,007	105,571
Indian rupee	3,724	31,585
Saudi riyal	29,297	31,736
Chinese yuan	-	4,958
Polish zloty	15,951	922
Others	73,033	55,067
Total	627,372	593,756

d) The following table shows the maturity detail of trade receivables as of December 31, 2017 and 2016:

Maturity	Balance as of 12.31.17	Balance as of 12.31.16
Up to 3 months	287,181	459,367
Between 3 and 6 months	15,783	10,554
Over 6 months	225,439	136,752
Total	528,403	606,673

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 12.31.17	Balance as of 12.31.16
Trade receivables subjet to non-recourse factoring by the bank	125,539	336,131
Trade receivables subject to recourse factoring by the bank	9,428	3,370
Trade receivables covered by credit insurance	1,519	424
Trade receivables in cash or by transfer	223,396	164,041
Trade receivables UTE/Public Entities/Other accounts	168,521	102,707
Total trade receivables	528,403	606,673

f) The evolution in the bad debt provision for 2017 and 2016 is the following:

Item	Balance as of 12.31.17	Balance as of 12.31.16
Initial Balance	(73,737)	(63,707)
Provision for receivables impairment	(6,021)	(32,160)
Receivables written off during the year as uncollectible	1,930	3,081
Reversal of unused amounts	4,248	21,695
Transfer from assets held for sale	-	269
Change in consolidation	-	25
Translation differences and other movements	3,254	(2,940)
Total	(70,326)	(73,737)

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 2017 financial year, approximately €16 million (€14 million in 2016) were non-reocurse factored.

As of December 31, 2016 accumulated collections amounted to €413 million, related to a onstruction 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 th 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 . This factoring line of credit has been cancelled during the 2017 period.

The finance cost in the 2017 fiscal year derived from factoring operations amounted to €16 million (€16 million in 2016).

h) The breakdown of Tax receivables as of December 31, 2017 and 2016 is as follows:

Item	Balance as of 12.31.17	Balance as of 12.31.16
Income and other taxes receivable	104,714	129,905
Social Security debtors	458	206
VAT charged	68,869	141,629
Witholdings tax and income tax advance	29,502	46,721
Total tax receivables	203,543	318,461

15.2. Receivable accounts

The following table shows a breakdown of financial accounts receivable as of December 31, 2017 and 2016:

Description	Balance as of 12.31.17	Balance as of 12.31.16
Loans	28,925	45,062
Fixed-term deposits and down payments and lease deposits	9,031	12,147
Other financial assets	-	-
Total non-current portion	37,956	57,209
Loans	5,946	18,684
Fixed-term deposits and down payments and lease deposits	185,962	126,310
Other financial assets	447	480
Total current portion	192,355	145,474

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 current financial investments during 2017 mainly correspond to the financial accounts receivable from the related to the current Escrow account of the new financing obtained in the restructuring process (New Money) that will be released to be used in the construction of the A3T concession once certain conditions precedent (see Note 2.1.1.a).

The company Directors estimates that it will be solved in the short term.

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, 2017 and 2016 are detailed in Note 33.2.

Note 16.- Inventories

16.1. Inventories as of December 31, 2017 and 2016 were as follows:

Item	Balance as of 12.31.17	Balance as of 12.31.16
Goods for sale	1,757	1,560
Raw materials and other supplies	27,439	32,259
Work in progress and semi-finished products	577	36
Projects in progress	6,844	5,374
Finished products	15,560	17,600
Advance Payments to suppliers	22,519	42,977
Total	74,696	99,806

Inventories for entities located outside Spain were €34,594 thousand (€64,419 thousand in 2016).

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, 2017 and 2016:

Item	Balance as of 12.31.17	Balance as of 12.31.16
Cash at bank and on hand	193,980	272,464
Bank deposit	1,890	5,325
Total	195,870	277,789

At the end of the year 2017 cash and cash equivalents pledged is included for various concepts for an amount of €0.4 million (€0.2 million in 2016).

The following breakdown shows the main currencies in which cash and cash equivalent balances are denominated:

	12.31.17		12.31.16	
Currency	Domestic companies	Non-domestic companies	Domestic companies	Non-domestic companies
Euro	43,905	16,140	89,914	14,860
US dollar	28,348	27,791	23,891	82,841
Swiss franc	4,091	9	2,596	66
Peso (Chile)	593	2,398	516	2,358
Rupee (Indian)	96	82	2,675	728
Argentinian peso	10	2,921	-	3,102
Mexican Peso	3	18,645	9	1,378
Peruvian sol	198	4,240	-	1,096
Algerian dinar	6,542	-	2,829	-
Brazilian real	-	813	-	1,044
South african rand	18	6,326	3,413	9,731
Shekel	-	192	812	198
Pound Sterling	20,446	-	10,834	1
Others	644	11,419	13,405	9,492
Total	104,894	90,976	150,894	126,895

Note 18.- Shareholders´ equity

18.1. Share capital

- As of December 31, 2017 the share capital amounts to €36,088,747.70 corresponding to 18,836,119,300 shares completely subscribed and disbursed, divided into two distinct classes, as follows:
    - 1,632,400,194 class A shares with a nominal value of €0.02 each, all in the same class and series, each of which grants the holder a total of 100 voting rights ('Class A Shares').
    - 17,203,719,106 class B shares with a nominal value of €0.0002 each, all in the same class and series, each of which grants One (1) voting right and which affords its holder privileged economic rights established as stated in article 8 of the Company's by-laws ('Class B Shares' and, together with class A shares, 'Shares with Voting Rights').

- 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 semi-annually.

- In accordance with notifications received by the company and in compliance with reporting requirements to communicate shareholding percentages (voting rights), shareholders with a significant holding as of June 30, 2017 are as follows:

	Significant shares	
Shareholders	Direct Share %	Indirect Share %
Banco Popular Español, S.A. (*)	3.63	-
Banco Santander, S.A.	0.34	3.63

- 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.

- In relation to the above, following the completion of the twentieth liquidity window on January 15, 2017, the Company carried out on January 23, 2017, a reduction of capital share by the amount of €1,507.89 converting 76,156 Class A shares into new Class B shares

- With respect to the foregoing, after closing the 21th conversion period dated April 15, 2016, the Company carried out on April 26, 2017, a reduction of capital share by the amount of €301,900.16 converting 15,247,483 Class A shares into new Class B shares.

- Additionally, after closing the 22th conversion period dated July 15, 2017, the Company carried out on July 15, 2017, a reduction of capital share by the amount of €166,094.74 converting 8,388,623 Class A shares into new Class b shares.

- Following the completion of the 23rd conversion period on October 15, 2017, the Company the carried out on October 24, 2017, a reduction of capital share by the amount of €98,152.56 converting 4,957,200 Class A shares into new Class B shares.

- Lastly, after the completion of the 24th conversion period on December 31, 2017, the Company has carried out, subsequent to the period end on January 12, 2018, a reduction of capital share by the amount of €222,885.53 converting 11,256,845 Class A shares into new Class B shares.

- On the other hand, within the Group's financial restructuring framework ended on March 31, 2017 and whose agreements were approved at the reconvened General Meeting of Shareholders on November 22, 2016, the Company carried out, on March 28, 2017, an increase of capital by offsetting credits for an amount of 34,822,150.402 euros through the issue of 1,577,943,825 Class A shares and 16,316,369,510 Class B shares for the purposes of offsetting the credits of the restructuring-participating companies that had opted for the application of the Alternative Restructuring Terms. Likewise, on that same date, the Company issued 83,049,675 warrants over Class A shares and 858,756,290 warrants over Class B shares that were granted to the shareholders from immediately prior the execution of the aforementioned capital increase for that period, if applicable, in compliance with their own terms.

- As a consequence of said operations, Abengoa's capital stock at March 7, 2018, amounts to 35,865,862.17 euros represented by 18,836,119,300 fully-paid and subscribed shares, divided into two distinct classes, as follows: 1,621,143,349 Class A shares and 17,214,975,951 Class B shares.. The distribution of the Parent Company's profit and loss in the 2016 period approved by the General Meeting of Shareholders in June 30, 2017 has been charged to Loss from Previous Periods.

18.2. Parent company reserves

The following table shows the amounts and evolution of the Parent Company Reserves in the yeasrs 2017 and 2016:

	Balance as of 12.31.16	Distribution of 2016 profits	Capital increase/decrease	Other movements	Balance as of 12.31.17
Share premium	1,115,740	-	443,560	-	1,560,300
Revaluation reserve	3,679	-	-	-	3,679
Other reserves of the parent company:	-				
- Unrestricted reserves	612,820	-	567	78	613,465
- Legal reserves	(1,011,275)	(7,054,405)	-	-	(8,065,680)
Total	721,964	(7,054,405)	444,127	78	(5,888,236)

	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

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.

The amount corresponding to 'Other movements' for the years 2017 is mainly part of operations carried out with treasury shares.

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.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.

On September 28, 2015, operations were temporarily suspended under the liquidity agreement that in respect of its Class A shares was entered into by the Company with Santander Investment Bolsa, Sociedad de Valores, S.A.U. on 10 January 2013. On June 5, 2017 the Liquidity Agreement in respect of Class A shares was terminated because the Company did not have the intention to continue to operate with treasury shares.

As of December 31, 2017 treasury stock in its entirety amounted to 5,519,106 shares class A.

Regarding the operations carried out during the period, the number of treasury shares purchased amounted to 34,704 class B shares and zero class A shares, while transferred treasury shares reached 143,374 and 34,704 Class A and Class B shares, respectively.

The proposed distribution of the year 2017 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 2017 and 2016:

Item	Hedging reserves	Available-for-sale financial assets reserves	Total
Balance as of December 31, 2016	(40,871)	(823)	(41,694)
- Gains/ (losses) on fair value for the year	63,928	52	63,980
- Transfer to the Consolidated Income Statement	(10,249)	(1,911)	(12,160)
- Tax effect	(11,430)	(592)	(12,022)
Balance as of December 31, 2017	1,378	(3,274)	(1,896)

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)

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 2017 and 2016 is as follows:

Item	Balance as of 12.31.17	Balance as of 12.31.16
Currency translation differences:		
- Fully and proportionally consolidated companies	(1,202,956)	(863,831)
- Associates	15,438	18,420
Total	(1,187,518)	(845,411)

The increase in the accumulated currency translation differences during the year 2017 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 2017 and 2016 fiscal years are as follows:

Item	Balance as of 12.31.16	Dist. of 2016 profit	2017 profit	Other movements	Balance as of 12.31.17
Reserves in full & proportionate consolidated entities	340,987	(501,971)	-	67,110	(93,873)
Reserves in equity method investments	116,239	(72,680)	-	(55,755)	(12,196)
Parent company dividends and reserves	-	(7,054,405)	-	7,054,405	-
Total reserves	457,226	(7,629,056)	-	7,065,760	(106,070)
Consolidated profits for the year	(7,615,037)	7,615,037	4,284,018	-	4,284,018
Profit attributable to non-controlling interest	(14,019)	14,019	(6,248)	-	(6,248)
Profit attributable to the parent company	(7,629,056)	7,629,056	4,277,770	-	4,277,770
Total retained earnings	(7,171,830)	-	4,277,770	7,065,760	4,171,700

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)

The Reserves in full and proportionate consolidated entities and equity method investments are as follows:

	Balance as of 12.31.17		Balance as of 12.31.16	
Business unit	F.C/P.C	E.M.	F.C/P.C	E.M.
Engineering and construction	3,557,099	(11,346)	988,408	124,178
Concession-type infraestructure	(389,580)	(850)	440,142	(7,939)
Industrial production (*)	(3,261,393)	-	(1,087,563)	-
Total	(93,874)	(12,196)	340,987	116,239

(*) Discontinued activity

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 2017 of Non-controlling interest are set out in the table below:

Company	Balance as of 12.31.16	Change in consolidation	Variations (1)	Profit and loss in 2017	Balance as of 12.31.2017
LAT Brasil en operación	455,493	-	(106,697)	(832)	347,964
Solar Power Plant One	22,185	-	(5,680)	3,680	20,185
Abengoa Bionenergy France	26,723	(26,723)	-	-	-
Société d'Eau Déssalée d'Agadir	9,554	-	123	(564)	9,113
Khi Solar One	17,396	-	1,754	(9,364)	9,786
Tenes Lylmyah	-	-	46,584	6,062	52,646
Zona Norte Engenharia	-	-	20,008	2,788	22,796
Other	23,818	(393)	(27,488)	3,646	(417)
Total	555,169	(27,116)	(71,396)	5,416	462,073

(1) Variationes caused by increases/decreases of capital share, mainly currency transactions and changes in the consolidation method applied

At the end of the 2017 period, the decrease in Non-Controlling Interest corresponds to the increase of the negative translation differences mainly as a result of the depreciation of the Brazilian Real against the euro and to Abengoa Bioenergy France's exit from the consolidation group derived from the sale of the Bioenergy business in Europe (see note 6.2.b.).

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 most significant variation of non-controlling interest mainly related the increase of translation differences given the appreciation of the Brazilian real, against the euro.

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 2017 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 €348 million (€455 million in 2016).

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 2017 and 2016 are the following:

Item	ATE XI, Manaus Transmissora de Energía, S.A. Balance as of 12.31.17	ATE XIII, Norte Brasil Transmissora de Energía, S.A Balance as of 12.31.17
Non-current assets	498,415	726,023
Current assets	35,959	51,241
Non-current assets liabilities	188,244	300,383
Current liabilities	59,330	44,003
Equity	286,800	432,878

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

At the end of the year ended on December 31, 2017 and 2016, 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. 2017	ATE XIII, Norte Brasil Transmissora de Energía, S.A 2017
Revenue	49,264	83,920
Operating expenses	(28,810)	(44,405)
I. Operating profit	20,454	39,515
II. Financial expense, net	(18,363)	(29,833)
IV. Profit before income tax	2,091	9,682
V. Income tax benefit	(688)	34
VI. Profit for the period from continuing operations	1,403	9,716
VIII. Profit for the period attributable to the Parent Company	1,403	9,716

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

On the basis of the above, during the year 2017 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 €-0.7 and €-4.7 million respectively. And during the year 2016 amounted tod €0.9 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, 2017 and 2016, 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. 2017	ATE XIII, Norte Brasil Transmissora de Energía, S.A 2017
Profit for the year from continuing operations	1,403	9,716
I. Profit for the year from continuing operations adjusted by non monetary items	20,088	33,457
II. Variations in working capital	(1,662)	(12,416)
III. Interest and income tax received / paid	688	(34)
A. Net cash provided by operating activities	19,114	21,007
I. Investments/Disposals	457	98
B. Net cash used in investing activities	457	98
I. Proceeds from loans and borrowings	23,060	38,329
II. Repayment of loans and borrowings	(36,859)	(46,675)
III. Other finance activities	-	-
C. Net cash provided by financing activities	(13,799)	(8,346)
Net increase/(decrease) in cash and cash equivalents	5,772	12,759
Cash, cash equivalents and bank overdrafts at beginning of the year	11,881	15,387
Translation differences cash or cash equivalent	(2,196)	(3,353)
Cash and cash equivalents at end of the year	15,457	24,793

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

Also, during the years 2017 and 2016 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.

The details of project debt applied to projects, for both non-current and current liabilities, as at December 31, 2017 and December 31, 2016 is as follows:

Project debt	Balance as of 12.31.17	Balance as of 12.31.16
Project finance (Non-recourse project financing)	107,951	171,596
Project bridge loan (Non-recourse project financing in process)	-	1,843,908
Total project debt	107,951	2,015,504
Non current	11,197	12,563
Current	96,754	2,002,941

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 12.31.16	12,563	2,002,941	2,015,504
Increases (emisiones)	11,631	30,218	41,849
Decreases (reimbursement)	(367)	(4,005)	(4,372)
Currency translation differences (*)	(764)	(9,205)	(9,969)
Changes in consolidation and reclassifications (*)	(4,579)	(145,865)	(150,444)
Transfer to liabilites held for sale (*)	(7,287)	(252)	(7,359)
Reclassification for enforceable financing (*)		(1,777,078)	(1,777,078)
Balance as of 12.31.17	11,197	96,754	107,951

(*) No monetary movements

At the closing of 2017, the total amount of project finance has decreased mainly by the debt write-offs made in financing of projects (see Note 2.2.1) in the financial restructuring process (bridge loans with corporate guarantee).

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. 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.

19.2. 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 €0 million relating to project financing in 2017 (€14 million in 2016).

19.3. Appendix IX of these Notes to the Consolidated Financial Statements contains a detail of the Project companies financed by project debt as of the end of 2017.

19.4. At December 31, 2017, the cancellation of project financing has been scheduled as follows:

2018	2019	2020	2021	2022	Subsequent	Total
96,754	1,152	1,137	1,171	1,412	6,325	107,951

19.5. Current and non-current loans with credit entities include amounts in foreign currencies for the total of €107,670 thousand (€461,690 thousand in 2016).

The equivalent in euros of the most significant foreign-currency-denominated debts held by the Group are as follows:

	12.31.17		12.31.16	
	Non-domestic companies	Domestic companies	Non-domestic companies	Domestic companies
Dirham (Morocco)	11,530	-	11,180	-
Dollar (USA)	4,498	-	7,170	306,704
Peso (Mexico)	-	-	7,540	-
Peso (Uruguay)	91,642	-	63,910	-
Peso (Chile)		-		-
Real (Brazil)	-	-	65,186	-
Total	107,670	-	154,986	306,704

19.6. The amount of accrued and not paid financial expenses related to projects amounts to €12 thousand at December 31, 2017 (€4,536 thousand as of December 31, 2016) 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, 2017 and 2016 is as follows:

Non-current	Balance as of 12.31.17	Balance as of 12.31.16
Credit facilities with financial entities	620,278	6,032
Notes and bonds	858,597	-
Finance lease liabilities	7,511	8,014
Other loans and borrowings	124,845	252,983
Total non-current	1,611,231	267,029

Current	Balance as of 12.31.17	Balance as of 12.31.16
Credit facilities with financial entities	798,850	2,836,597
Notes and bonds	901,094	3,550,269
Finance lease liabilities	8,466	13,088
Other loans and borrowings	324,118	998,168
Total current	2,032,528	7,398,122
Total corporate financing	3,643,759	7,665,151

At the period ended December 31, 2017, the corporate financing has decreased maily due to the write off made in the Reestructuring procees (see Note 2.2.1).

Item	Long-term Corporate Financing	Short-term Corporate Financing	Total
Balance as of 12.31.16	267,029	7,398,122	7,665,151
Increases	-	986,022	986,022
Decreases (reimbursement)	-	(859,244)	(859,244)
Currency translation differences (*)	(69,811)	(62,846)	(132,657)
Changes in consolidation and reclasifications (*)	-	77,398	77,398
Reestructuring (*)	1,414,013	(5,506,924)	(4,092,911)
Balance as of 12.31.17	1,611,231	2,032,528	3,643,759

(*) No monetary movements

20.2. Credit facilities with financial entities

a) The following table shows a list of credit facilities with financial entities:

Item	Balance as of 12.31.17	Balance as of 12.31.16
Syndicated loan	-	717,087
ICO financing	-	31,044
Instalaciones Inabensa S.A. financing	208	276,036
Abener Energia S.A. financing	27,764	398,758
Teyma, Gestión de Contratos de Contrucc e Ing S.A financing	130	112,388
Abener Teyma Mojave General Partnership financing	-	66,998
Centro Morelos 264, S.A. de C.V financing	833	110,086
Centro Tecnológico Palmas Altas financing	77,398	-
European Investment Bank financing	-	77,699
Revolving credit agreement September 15 (€125 million)	-	178,000
Working capital line December 15 (€106 million)	-	118,519
Working capital line March 16 (€137 million)	-	150,793
Working capital line September 16 ($211 million)	-	200,852
Working capital line November 2017	40,000	
Remaining loans	212,019	404,369
New Money 1	314,136	-
New Money 2	191,224	-
Old Money	555,416	-
Total	1,419,128	2,842,629
Non-current	620,278	6,032
Current	798,850	2,836,597

In relation to the New Money, all financial obligations established in the different financing contracts has been met as of December 31, 2017 (see Note 2.2.1.a).

The New Money and Old Money debt have a par value of 301 million of euros and 182 million of USD, and 833 million of euros and 236 million of dollars, respectively.

On November 27, 2017 Abengoa Abenewco obtained new financing, amounted to €40 million, remaining €10 million pending of disposal, which has a joint guarantee from Abengoa, S.A. and certain subsidary group companies.

Diverse compliance obligations have been established within the New Money financing conditions. These include current ratio (historical and forecasted) which, at December 31, 2017 has been met by the minimum threshold established (20 million of euros), being the "Historic Liquidity" of 29 million euros and the "Projected Liquidity" of 20.3 million euros. In addition, a debt limit of 219 million euros has been established for Corporate Financing which, at December 31, the Company has met. Regarding the Old Money financing conditions see Note 2.2.1.

b) At December 31, 2017, the cancellation of corporate financing has been scheduled as follows:

	2018	2019	2020	2021	2022	Subsequent years	Total
Instalaciones Inabensa SA financing	208	-	-	-	-	-	208
Abener Energia SA financing	25,162	2,250	-	-	-	352	27,764
Teyma, Gestión de Contratos de Contrucc e Ing S.A financing	130	-	-	-	-	-	130
Abener Teyma Mojave General Partnership financing	-	-	-	-	-	-	-
Centro Morelos 264, S.A. de C.V financing	833	-	-	-	-	-	833
Centro Tecnológico Palmas Altas financing	77,398	-	-	-	-	-	77,398
Working capital November 2017	40,000						
Other loans	149,759	28,668	9,691	10,890	12,796	215	252,019
New Money 1	314,136	-	-	-	-	-	314,136
New Money 2	191,224	-	-	-	-	-	191,224
Old Money	-	-	-	-	295,994	259,422	555,416
Total according to Contract	798,850	30,918	9,691	10,890	308,790	259,989	1,419,128

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, 2017 includes debts denominated in foreign currencies in the amount of €667,176 thousand (€709,394 thousand in 2016).

The most significant amounts of debt in foreign currencies with financial entities are as follows:

	12.31.17		12.31.16	
Currency	Non-domestic companies	Domestic companies	Non-domestic companies	Domestic companies
Dollar (USA)	251,193	299,788	406,668	191,166
Peso (Argentina)	-	-	-	-
Peso (Chile)	20,426	-	14,964	-
Peso (Colombia)	-	-	-	-
Peso (Mexico)	17,775	-	59,282	-
Real (Brazil)	71,701	-	27,388	-
Rand (South Africa)	-	-	-	-
Rupee (Indian)		-	7,445	-
Sol (Peru)	-	-	-	-
Yuan (China)		-	1,226	-
Rial (Oman)	6,293	-	1,255	-
Total	367,388	299,788	518,228	191,166

d) Interest expenses with financial credit entities accrued and not due reach to €12,861 thousand as of December 31, 2017 (€45,917 thousand in 2016) and is included under 'Short-term borrowings'.

e) Real estate pledged against mortgages corporate financing as of December 31, 2017 is not significant, except for the CTPA financing.

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 2017 was 9%, (7% in 2016).

20.3. Notes and bonds

a) The notional value of notes and bonds as of December 31, 2017 and 2016 is as follow:

Item	Balance as of 12.31.17	Balance as of 12.31.16
Exchangeable notes Atlantica Yield	-	571
Convertible notes Abengoa 2017 and 2019	-	166,500
Ordinary notes Abengoa	10,600	2,970,925
Commercial paper Abengoa Mexico	102,363	106,799
Euro-Commercial Paper Program (ECP)	-	58,470
New Money 1	758,781	-
New Money 2	29,625	-
Old Money	858,322	-
Total	1,759,691	3,303,265
Non Current	858,597	-
Current	901,094	3,303,265

In relation to the New Money, all financial obligations established in the different financing contracts have been met as of December 31, 2017 (see Note 2.1.1.a).

The New Money and Old Money debt have a par value of 712 million of euros and 993 million of euros, and 717 million of USD, respectively.

At December 31, 2017, the bonds' market value is 106% for New Money 1; 40% for New Money 2; between 16%-17% for the Senior Old Money and between 9%-10% for the Junior Old Money.

b) As of December 31, 2017, the cancellation of notes and bonds is expected to be carried out in accordance with the following schedule:

Item	2018	2019	2020	2021	2022	Subsequent
Ordinary notes Abengoa	10,325					275
Commercial paper Abengoa Mexico	102,363	-	-	-	-	
New Money 1	758,781					
New Money 2	29,625					
Old Money					456,234	402,088
Total	901,094	-	-	-	456,234	402,363

c) The balance of interest payable related to notes and bonds accrued and not paid is €6,924 thousand as of December 31, 2017 (€72,420 thousand as of December 31, 2016) and is included under current 'Bonds and Notes'.

20.4. Finance lease liabilities

Finance lease creditors as of the end of 2017 and 2016 were:

Finance lease	Balance as of 12.31.17	Balance as of 12.31.16
Present values of future payments for finance lease	15,977	21,102
Liabilities: minimum payments for finance lease:		
Less than 1 year	8,907	13,666
From 1 to 5 years	4,835	6,280
More than 5 years	4,945	4,390
Net book value:		
Technical installations and machinery	7,286	10,281
Information processing equipment	535	1,725
Other tangible assets	18,839	17,465

20.5. Other loans and borrowings

The following table sets out the movement of other loans and borrowings at the 2017 and 2016 year end:

Item	Balance as of 12.31.17	Balance as of 12.31.16
Derivative premiums payable	-	12,661
Low interest loans	6,832	7,886
Debt with ABY related to preferred shares of ACBH	-	94,989
Non-recourse confirming due and unpaid	38,132	319,154
Execution of financial guarantees	227,452	-
Overdue and not paid derivatives	35,410	147,156
Drawn bank guarantees	103,802	368,060
Debt after the agreement with EIG (see Note 6.2)	-	128,364
Debt with AB Netherland	-	96,745
Loans with public institutions and others	37,334	76,135
Total	448,962	1,251,151

The decrease in "Other Loans and Borrowings" at the end of December 31, 2017 is mainly due to the debt relief conducted in the financial restructuring process (see Note 2.2.1.).

Note 21.- Grants and other liabilities

Grants and Other Liabilities as of December 31, 2017 and 2016 are shown in the following table:

Item	Balance as of 12.31.17	Balance as of 12.31.16
Grants	10,380	16,711
Suppliers of non-current assets	17,461	311
Long-term trade payables	24,434	48,918
Grants and other non-current liabilities	52,275	65,940

At December 31, 2017, the decrease in grants and other non-current liabilities is mainly due to the debt relief conducted in the financial restructuring process.

Note 22.- Provisions and contingences

22.1. Provisions for other liabilities and charge

The following table shows the movement of the heading of 'Provisions for other liabilities and charges' for the years 2017 and 2016:

Item	Taxes	Liabilities	Dismantling	Total
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
Net increase/ (decrease) with impact in profit and loss	112	3,617	130	3,859
Translation differences	-	(812)	-	(812)
Transfer to liabilities held for sale	-	-	-	-
Balance as of 12.31.17	15,869	37,024	973	53,866

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 and which it is expected that propably there may be a cash outflow 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 and assets

As of December 31, 2017 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.

  According to the Directors, no significant negative impact is expected to occur.

- 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 JV 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 JV 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 JV.

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.

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 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. In April 2017 Elektrocieplownia Stalowa Wola, S.A. presented his answer to the extension of the demand and in October 2017, Abener presented reply to mentioned answer.

In November 2017, the Arbitration Court agreed to grant the remedy requested by Abener, which required Elektrocieplownia Stalowa Wola, S.A to deposit the amount collected from Zurich, the insurance company, to enforce the guarantee bond (€30 million) in an Escrow account until the end of the arbitration procedure. Pursuant to the procedural calendar, the arbitration hearing has been scheduled for May 2018.

According to the Company Directors, there are sufficient technical (experts' reports) and contractual arguments to support that the delay in the construction of the plant was not attributable to the Company and, thus, the client's termination of the contract was not appropriate.

- 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 up to date are estimated in no less than US$60 million. On the other hand, the Sureties Liberty and Zurich, who had issued a bond for an amount of 145 million of dollars guaranteeing the EPC Contractor's compliance, were also summoned to the arbitral process.

PGE has claimed agains the contractor at the Federal District Couts of Oregon, requiring US$211 million for incurred damages when breaching the contract. The Federal District Court of Oregon has found itself not competent to rule on whether the competent jurisdiction of application in the dispute raised by PGE against the EPC Contractor and against the Sureties. The court considers that it is the International Chamber of Commerce that must decide on the jurisdictional aspects. 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 the basis of the above, Nicsa was notified of penalty for an amount of 354,907 euros. Having said amount been paid, the Company has filed an appeal against it before the Spanish National Court under the contentious-administrative jurisdiction

- On January 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. In May 2017, Inabensa and its parent company, Abengoa S.A., were notified of the commencement of a sanctioning procedure due to alleged restrictive practice of competition consisting on the distribution of public and private client proposals in the aforementioned activities, considering Abengoa S.A. Inabensa's controlling company, to which said conduct has been jointly and severally attributed.

- On December 20, 2017 Inabensa Danmark, under the contract for the execution of the Niels Bohr Building installations (HVAC, plumbing, etc.) for the University of Copenhagen, filed a preliminary arbitration claim brought up to the Building & Construction Arbitration Board, headquartered in Copenhagen, for a provisional amount of 80,132,329.93 M DKK plus value-added tax (10,700,000 euros plus value-added tax, approximately), against Bygningsstyrelsen (BYGST), the client, and requested evidence from a court-appointed expert to determine the impossibility to execute the project due to the deficiencies thereof. The object of this claim was the overcost in which Inabensa had incurred as a consequence of the unlawful termination of the contract and the project's technical deficiencies.

  In turn, on December 21, 2017 the client filed a claim against Inabensa Danmark for a provisional amount of 500,000,000 DKK plus value-added tax (67,100,000 euros plus value-added tax, approximately). The object of this claim are the alleged damages due to Inabensa Danmark's presumed non-compliance.

  The same court has been appointed to handle both controversies. At moment, the merge of both procedures as well as of their periods have been requested; said process currently being under the allegation presentation phase with respect to said merge request.

Note 23.- Third-party guarantees and commitments

23.1. Third-party guarantees

- At the closing of 2017, the Group has 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 Guarantees and Surety Insurances as guarantee to certain commitments (Bid bonds, performance and others) amounted to €833,543 thousand (€1,048,708 thousand at December 31, 2016).

  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 €4,338,192 thousand (€5,318,335 thousand at December 31, 2016).

The following table details the guarantees undertaken by the Company classified by commitment type at December 30, 2017:

Typology	Bank Guarantees/Surety Insurance	Guarantees	Total 12.31.2017	Total 12.31.2016
Bid Bond	32,918	-	32,918	37,095
Performance:	32,918	-	32,918	37,095
Materials supply	3,545	684,883	688,428	771,289
Advance payments	42,100	-	42,100	82,573
Execution (construction/collection/payments)	705,513	3,636,004	4,341,517	5,134,137
Quality	8,444	17,305	25,749	33,916
Operation and maintance	18,166	-	18,166	269,104
Dismantilling	3,713	-	3,713	3,726
Other	19,144	-	19,144	35,203
Subtotal	833,543	4,338,192	5,171,735	6,367,043
Group Company financing guarantees	-	1,035,416	1,035,416	1,527,416
Total	833,543	5,373,608	6,207,151	7,894,459

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 and guarantees amounting to €36 and €707 million to assure the performance associated to certain concessional projects of thermos-solar energy generation, Eolic and electric transmission lines (see Note 7.3).

Additionally, the breakdown includes the amounts of bank guarantees and guarantees related to companies classified as held for sale amounted to €93 and €381 million respectively, being the amount associated to transmission lines €282 million (€0 million of bank guarantees and €282 million of guarantees) and the associated to Bioenergy €192 million (€93 million bank guarantees and €99 million of guarantees) in which amount € 65 million correspond to the bank guarantees related to companies sold during 2017, that remain in the Group, and that are in process of cancelation.

The most significant variations of guarantees with third-parties with respect to the information presented in the Consolidated Annual Accounts for the 2016 period mainly correspond to the cancellation, maturity and enforcement of performance bonds and guarantees (construction/collection-payments) issued by the parent Company to Group subsidiaries, due to the divestment of assets (mainly from Bioenergy) and to the financial restructuring (see Note 2.1.).

23.2. Contractual obligations

The following table shows the breakdown of the third-party commitments and contractual obligations as of December 31, 2017 and 2016 (in thousands of euros):

2017	Total	Up to one year	Between one and three years	Between three and five years	Total
Loans with credit institutions	1,419,128	798,850	40,610	319,681	259,987
Notes and bonds	1,759,691	901,094	-	456,234	402,363
Liabilities due to financial leases	15,977	8,466	2,222	1,370	3,919
Other loans and borrowings	448,963	324,118	69,660	44,355	10,830
Obligations under operating Leases	55	54	1	-	-
Purchase commitments	765,003	530,571	234,282	150	-
Accrued interest estimate during the useful life of loans	928,150	125,556	319,065	194,008	289,521

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

Amounts disclosed as Loans with credit institutions correspond to the notional amounts and not to the amortized costs as they have been recorded in the consolidated statement of financial position following the accounting policy and the basis of presentation (see Note 2.20).

23.3. Pledged Assets

› Related to the pledged assets book value at December 31, 2017, as guarantee of the total debt, the following table shows the breakdown:

Book value	Balance of 12.31.17(*)	Balance of 12.31.16 (*)
Property, plants and equipment	19,710	83,335
Fixed assets in projects	2,498,471	3,443,896
Investments accounted for using the equity method	627,050	755,501
Clients and other receivable accounts, financial investments and cash and cash equivalents	210,261	256,649
Total	3,355,492	4,539,381

(*) 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, 2017 and amounts to €2,924 million (€3,136 million in 2016).

It should be noted, for the avoidance of doubt, that when determining the book value of the pledged assets, the concept of "garantía real" provided by the Spanish law (applying by analogy to those assets that are pledged under other legislation) it has been taken into account.

Note 24.- Tax situation

24.1. Application of rules and tax groups in 2017

Abengoa, S.A. and other 180 and 197 consolidated subsidiaries (see Appendixes XI and XVI to these Consolidated Financial Statements) in 2017 and 2016 respectively, pay taxes under 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 the temporary and permanent differences which may exist, recording the corresponding deferred tax assets and liabilities. Deferred tax assets and liabilities generally arise as a result of making the valuations of the individual entities' accounting criteria and principles consistent with those of the consolidated Group, which are those of the parent company. At the end of each period, current tax assets or liabilities are recognized for currently indemnifiable or taxes due.

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.

24.2. Deferred tax assets and liabilities

At the closing of 2017 and 2016 the analysis of deferred tax assets and deferred tax liabilities is as follows:

Item	Balance as of 12.31.17	Balance as of 12.31.16
Tax credits for tax loss carryforwards	42,817	125,269
Tax credits for deductions pending application		
Tax credits for export activities	9,000	25,181
Tax credits for R+D+i	14,200	28,768
Other deductions	44,101	38,220
Temporary differences		
Provisions and Impairment	59,347	112,717
Derivatives financial instruments	462	33,744
Non-deductible expenses (Art. 20 y 22 LIS, Art. 14 TRLIS, Art. 7 Ley 16/2012)	155,700	182,579
Consolidation adjustments, homogenization adjustments and other	50,187	68,748
Total deferred tax assets	**375,814**	**615,226**

Item	Balance as of 12.31.17	Balance as of 12.31.16
Accelerated tax amortization	1,378	1,217
Unrealized exchange differences	31,633	47,817
Derivatives financial instruments	12	15,478
Restructuring (*)	432,684	-
Consolidation adjustments, homogenization adjustments and other	57,579	108,344
Total deferred tax liabilities	**523,286**	**172,856**

(*) impact in non held for sale companis (see Note 2.2.3)

Mainly, the tax credits for Tax loss carryforwards correspond to Spain.

Most of the tax loss carryforwards in Spain correspond to the application of tax incentives as well as to losses registered during the last periods prior to the Group's global restructuring, caused by delays in the execution and decreased scopes given the Group's financial situation, which resulted into a reduction of income for said periods as well as an increase of expenses mainly due to the increase of financial and advisor-related costs.

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.

On the other hand, tax credits for deductions pending application have been mainly generated 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, disappearing in 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 €14 million as of December 31, 2017.

'Other deductions', which have been generated mainly in Spain, correspond primarily to deductions for double taxation (€35 million), and deductions for donations to non-profit organizations (€9 million).

In 2017, the Company has made the best estimates and projections based on the last Updated Viability Plan approved by the Company to assess the recoverability of the capitalized tax credits witting off those in which the recoverability is not expected. In such projections, the Company has taken into account the limitations imposed by Spanish tax regulations when offsetting tax loss carryforwards and applying deductions. Based on such recoverability projections, taking the Company's current situation into account and considering the specific weight that foreign activities carry in the estimations and projections of the Engineering and Construction business against the business activity in Spain, a charge of 416 million of Euros from the impairment of deferred tax assets in Spain has been recognized at the end of the 2017 period. This impairment amount includes the subsidiaries' individual deferred-tax assets, whose recovery is not expected to occur based on their projected individual tax base.

On the other hand, the Company has certain tax credits as of December 31, 2017 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 €932 million (€1,034 million in 2016), with expiration dates in 2028 and 2036; to our Mexican subsidiaries amounting to €356 million maturing in 2025 and 2027 (€199 million in 2016); to our South African subsidiaries amounting to €193 million (€168 million in 2016); to our Chilean subsidiaries amounting €117 million, to our Spanish subsidiaries amounting to €1,067 million (€927 million in 2016) and to our Brazilian subsidiaries amounting to €350 million (€345 million in 2016), with no expiration date in these last four jurisdictions and in deductions in Spain for an amount of € 374 million (€ 322 million in 2016) with expiration dates between 2021 and 2033.

The movements in deferred tax assets and liabilities during 2017 and 2016 were as follows:

Deferred tax assets	Amount
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
Increase / Decrease through other comprehensive income (equity)	(432,777)
Increase / Decrease through other comprehensive income (equity) for change in tax rate	(27,008)
Transfer to assets held for sale	262,524
Change in consolidation, various reclassifications and translation diff.	(42,151)
As of December 31, 2017	375,814

Deferred tax liabilities	Amount
As of December 31, 2015	317,689
Increase / Decrease through the consolidated income statement	26,415
Increase / Decrease through other comprehensive income (equity)	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
Increase / Decrease through the consolidated income statement	(29,031)
Increase / Decrease through the consolidated due to Reestructuration agreement (*)	404,121
Increase / Decrease through other comprehensive income (equity)	(15,837)
Transfers to liabilities held for sale	27,119
Change in consolidation, various reclassifications and translation diff.	(35,942)
As of December 31, 2017	523,286

(*) Not included reestrcturation impact due to discontinued activities, recognized in the Income Statement in line "Profit (loss) from discontinued operations, net of tax"

The detail of tax deferred expenses and incomes recognized at the end of the year 2017 and 2016 for each kind of temporary difference and each kind of tax loss carriforward not used is the following:

Item	2017	2016
Tax credits for tax loss carryforwards	(78,802)	(44,967)
Tax credits for deductions pending application		
Tax credits for export activities	(23,732)	(43,071)
Tax credits for R+D+i	(14,580)	(26,683)
Other deductions	(6,900)	(35,902)
Temporary differences		
Provisions	(53,599)	(22,189)
Remuneration plans	-	(3,181)
Derivatives financial instruments	148	(6,392)
Non-deductible expenses (Art. 16 LIS)	(177,437)	(34,433)
Consolidation adjustments, homogenization adjustments and other	(77,875)	(117,516)
Total deferred tax assets	(432,777)	(334,334)

Item	2017	2016
Accelerated tax amortization	-	-
Business combination	(3,621)	17,494
Unrealized exchange differences	1	(26,533)
Reestructuration	404,121	-
Consolidation adjustments, homogenization adjustments and other	(25,411)	35,455
Total deferred tax liabilities	375,090	26,416

Note 25.- Trade payables and other current liabilities

25.1. Trade payable and other current liabilities as of December 31, of 2017 and 2016 are shown in the following table:

Item	Balance as of 12.31.17	Balance as of 12.31.16
Trade payables for purchases of goods	1,216,265	1,720,387
Trade payables for services	394,767	467,218
Billings in excess and advance payments from clients	150,379	280,142
Remunerations payable to employees	11,204	37,890
Suppliers of intangible assets current	3,089	3,062
Other accounts payables	106,513	145,560
Total	1,882,217	2,654,259

At the closing of 2017 the total amount of trade payables and other current abilities due and unpaid (principal and interest) amounted to €583 million. Default interests for the above mentioned Liabilities were recognized.

Balances with related parties at the closing of 2017 and 2016 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, 2017 and 2016.

Item	Balance as of 12.31.17	Balance as of 12.31.16
Non-group amounts payable through Confirming	63,625	660,300
Group amounts payable through Confirming	3,968	33,185
Total	67,593	693,485

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 €0.4 million (€0.3 million in 2016).

Finally, an amount of €38 million (€319 million in 2016) relating to due and not paid confirming transactions (principal and interests) has been reclassified to corporate financing Additionally, €26 million correspond to companies classified as held for sale (€357 million in 2016) .

25.4. Details on supplier maturities are provided in the following table:

Maturity	Balance as of 12.31.17	Balance as of 12.31.16
Up to 3 months	392,277	574,695
Between 3 and 6 months	59,454	99,303
Over 6 months	764,524	1,046,389
Total	1,216,255	1,720,387

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 463 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:

2017	Days
Average payment period	463
Paid operations ratio	245
Pending payments ratio	712

2017	Amount
Total Payments	601,732
Total Pending payments	545,109

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 2.26.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 2017 and 2016:

2017	Construction contracts
Operating revenues	1,359,488
Billings in excess and advance payments received	1,142,032
Payment withholdings	13,920
Account receivables	1,524,352
Account payables	2,686,954

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

The amount of unbilled revenue by the closing of the years 2017 and 2016 is €211,849 and €379,120 thousand, respectively.

The aggregated total amount of the costs incurred and the aggregated total profits recognized since origin for all the ongoing contracts at December 31, 2017 amount to €5,131,117 thousand and €353,600 thousand respectively (€6,392,076 thousand and €466,684 thousand in 2016).

Note 27.- Revenues

The breakdown of Revenues for the years 2017 and 2016 is as follows:

Item	2017	2016
Product sales	131,393	203,909
Rendering of services and construction contracts	1,348,375	1,306,144
Total revenue	1,479,768	1,510,053

Note 28.- Other operating income and expenses

The table below shows the detail of Other Operating Income and Expenses for the years 2017 and 2016:

Other operating income	2017	2016
Work performed by the entity and capitalized and other	19,753	6,015
Grants	6,764	7,175
Income from various services	135,352	52,563
Total	161,869	65,753

Other operating expenses	2017	2016
Research and development cost	311	(6,396)
Leases and fees	(43,040)	(46,274)
Repairs and maintenance	(26,508)	(15,845)
Independent professional services	(196,504)	(151,709)
Transportation	(9,512)	(13,561)
Supplies	(22,755)	(20,918)
Other external services	(39,782)	(42,993)
Taxes	(19,812)	(23,888)
Other minor management expenses	(40,450)	(66,209)
Total	(398,052)	(387,793)

In 2017 there is an increase in Other operating income mainly due to the impact of the sale of Norte III. (See Note 6.2.b).

Other operating expenses decreased during 2017 over 2016, the decrease is mainly due to the current situation of the Company and the decrease of management expenses This decrease has been partially offset by higher independent professional services related to the restructuring process.

Note 29.- Employee benefit expenses

The breakdown of employee benefit expense for 2017 and 2016 is as follows:

Item	2017	2016
Wages	(285,008)	(369,316)
Social security costs	(55,174)	(70,996)
Stock plans and other employee benefits	(3,974)	-
Total	(344,156)	(440,312)

Variable remuneration plans for managers

There are currently a long-term variable remuneration plans for managers.

1) Management Incentive Plan 2017 - 2020

Long-term retention and incentive plan approved by the Company's Board of Directors according to the Appointment and Remuneration Committee's proposal.

The Plan, which will have a large number of beneficiaries, approximately 125 directors at different levels including the Executive Chairman, aims to promote participation to meet the established goals. The multi-year variable compensation scheme requires the fulfillment of a required condition by which the ratio representing the bank debt generated by the business activity post-restructuring at the end of the last period of the plan shall be, with respect to the EBITDA in that same period, equal or lower than 3.

At the end of the 2017 period, the number of participants is a maximum of 125 beneficiaries, and the Plan's total amount has reached € 17.5 million. At December 31, 2017, the amount recognized in the profit and loss statement has reached € 3,974 thousands.

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 2017 and 2016:

Finance income	2017	2016
Interest income from loans and credits	3,111	7,654
Interest rates benefits derivatives: cash flow hedges	18,111	6,092
Interest rates benefits derivatives: non-hedging	-	1,946
Total	21,222	15,692

Finance expenses	2017	2016
Expenses due to interest:		
- Loans from credit entities	(306,546)	(310,592)
- Other debts	(129,988)	(337,702)
Interest rates losses derivatives: cash flow hedges	(1,445)	(29,194)
Interest rates losses derivatives: non-hedging	(115)	(2,087)
Total	(438,094)	(679,575)
Net financial loss	(416,872)	(663,883)

Financial income has increased at the end of the 2017 period with respect to the previous year as a consequence of the transfer of the interest rate hedge derivatives accumulated in the financial Restructuring Agreement to profit and loss (see Note 2.2.1.a) and to a lower financial yield due to the decrease/reduction of fixed-term deposits.

Financial expenses have decreased at the end of the 2017 period, with respect to the same period in the previous year, mainly due to the reduction of interest expenses as the financial debt has decreased following the debt relief conducted by the financial Restructuring Agreement (see Note 2.2.1.a.).

Net financial income/expense corresponding to subsidiaries with project financing amounts to €-120,662 thousand (€-200,430 thousands in 2016).

30.2. Net exchange differences

The following table sets out the exchange rate differences for the years 2017 and 2016:

Net exchange differences	2017	2016
Gains and losses from foreign exchange transactions	50,775	19,628
Gains and losses from foreign exchange contracts: cash flow hedges	(569)	(10,568)
Total	50,206	9,060

Variations in the net exchange differences with respect to the previous period are mainly due to the variation of the USD against the euro over the New Money and Old Money debt denominated in USD.

Net exchange rate difference in 2017 for companies which are financed through project debt amounts to €-79,640 thousand (€-9,000 thousand in 2016).

30.3. Other net finance income and expenses

The following table sets out 'Other net finance income and expenses' for the years 2017 and 2016:

Other finance income	2017	2016
Profits from the sale of financial assets	333	79,182
Income on financial assets	453	930
Financial Income due to Reestructuration	6,376,379	-
Other finance income	1,341	13,062
Profit relative to the execution of the convertible bonds and options over Atlantica Yield shares	-	8,881
Total	6,378,506	102,055

Other finance expenses	2017	2016
Loss from sale of financial assets	(53)	(448)
Outsourcing of payables	37	(4,809)
Other financial losses	(256,346)	(565,972)
Loss derived from commodity price derivatives: cash flow hedge	(155)	(37,785)
Total	(256,517)	(609,013)
Other net finance income/expenses	6,121,989	(506,958)

The main variations in "Other Finance Income" correspond to the positive impact caused by the financial restructuring (see Note 2.2.1.) as well as to the positive impact caused by the restructuring of the debt of certain subsidiaries in the United States in relation to the Chapter 11 proceedings that started upon the Company's intervention.

The main variations in "Other Finance Expenses" correspond to the improvement registered, as compared to the previous period, by the financial expense reported on certain divestments of financial assets, default interests and guarantees enforced as a result of the Company's situation.

The net amount of "Other incomes and financial expenses for companies" which are financed through project debt amounts to €28,045 thousand (€7,012 thousand in 2016).

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 2017 and 2016:

Fair value gains on derivative financial instruments	2017	2016
Change in fair value of the embedded derivative of convertible debt and shares options	109	(365)
Non-cash profit/(losses) from cash flow hedges	4,914	(1,110)
Non-cash profit/(losses) from derivatives - non-hedge accounting	(115)	(141)
Other non-cash gains/losses on derivative instruments	(155)	-
Fair value gains (losses) on derivative financial instruments (non cash items)	4,753	(1,616)
Cash gains (losses) on derivative financial instruments (monetary effect)	11,182	(70,345)
Total fair value gains / (loss) on derivative financial instruments	15,935	(71,961)

Note 31.- Income tax

31.1. The detail of tax rate for the period 2017 and 2016 is as follows:

Item	2017	2016
Current tax	(16,859)	(10,817)
Deferred tax	(807,867)	(360,749)
Total income tax benefit/(expense)	(824,726)	(371,566)

Income tax increase to an expense of € 825 million for 2017, compared to an expense tax loss of €372 million in the same period for 2016, mainly due to the Corporate Tax expense recognized by the positive result arising from the restructuring of the Group's financial debt (see Note 2.2.3), and an impairment recognized for tax credits of the Spanish companies (see Note 24.2).

31.2. 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 2017 and 2016 is as follows:

Item	2017	2016
Consolidated profit before taxes	5,404,563	(3,891,094)
Regulatory tax rate	25%	25%
Corporate income tax at regulatory tax rate	(1,351,141)	972,774
Income tax of associates, net	(14,694)	(146,843)
Differences in foreign tax rates	13,331	6,683
Incentives, deductions and tax losses carryforwards	(511,942)	(344,704)
Reestructuration	1,130,948	-
Other non-taxable income/(expense)	(91,228)	(859,476)
Corporate income tax	(824,726)	(371,566)

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 as well as the impairment of tax credits during the year (see Note 24.2).

- Other non taxable income/expenses: The heading 'Other non-taxable income/ (expense)' includes, among others, certain permanents differences of non-deductible expenses recognized in the year.

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	2017	2016
Profit from continuing operations attributable to equity holders of the company	4,579,044	(4,275,775)
Profit from discontinuing operations attributable to equity holders of the company	(301,274)	(3,353,281)
Average number of ordinary shares outstanding (thousands)	14,608,342	1,030,938
Earnings per share from continuing operations (€ per share)	0.31	(4.15)
Earnings per share from discontinuing operations (€ per share)	(0.02)	(3.25)
Earnings per share from profit for the year (€ per share)	0.29	(7.40)

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 Group's potential diluting ordinary shares correspond to the Warrants over Class A and Class B shares issued in the capital increase executed on March 28, 2018 as a result of the financial restructuring (see Note 2.2.1.). Said warrants are assumed to be exercised and the number of shares which may have been acquired at fair value based on the monetary value of the subscription rights of the warrants pending to be exercised is calculated. The difference between the number of shares that would have been issued assuming that warrants have been exercised and the number of shares calculated based on the above was incorporated to the calculation of diluted earnings per share.

Item	2017	2016
Profit for the year		
- Profit from continuing operations attributable to equity holders of the company	4,579,044	(4,275,775)
- Profit from discontinuing operations attributable to equity holders of the company	(301,274)	(3,353,281)
Profit used to determine the diluted earnings per share	4,277,770	(7,629,056)
Average weighted number of ordinary shares outstanding (thousands)	14,608,342	1,030,938
- Warrants adjustments (average weighted number of shares in outstanding since issue)	880,770	-
Average weighted number of ordinary shares affecting the diluted earnings per share (thousands)	15,489,112	1,030,938
Diluted earnings per share from continuing operations (€ per share)	0.30	(4.15)
Diluted earnings per share from discontinuing operations (€ per share)	(0.02)	(3.25)
Diluted earnings per share to the profit for the year (€ per share)	0.28	(7.40)

Note 33.- Other information

33.1. Personal

- The average number of employees classified by category during 2017 and 2016 is as follows:

	Average number of employees in 2017			Average number of employees in 2016		
Categories	Female	Male	% Total	Female	Male	% Total
Directors	32	287	2.3	43	394	2.5
Management	217	831	7.5	308	1,118	8.2
Engineers	632	1,528	15.6	892	2,031	16.9
Assistants and professionals	543	1,347	13.6	729	1,415	12.4
Operators	526	7,886	60.6	521	9,702	59.1
Interns	25	28	0.4	61	82	0.8
Total	1,975	11,907	100	2,554	14,742	100

The average number of employees is split between 24% in Spain (28% in 2016) and 76% abroad (72% in 2016).

The average number of employees during the year with disabilities above or equal to 33% is 48 (101 in 2016).

- The total number of people employees classified by category as of December 31, 2017 and 2016 is as follows:

	2017			2016		
Categories	Female	Male	% Total	Female	Male	% Total
Board of Directors	1	6	0.0	1	6	0.0
Directors	27	242	2.2	42	326	2.3
Management	168	753	7.4	266	945	7.6
Engineers	508	1,349	14.9	753	1,742	15.6
Assistants and professionals	479	1,335	14.5	629	1,414	12.8
Operators	396	7,182	60.8	606	9,174	61.2
Interns	12	17	0.2	42	44	0.5
Total	1,591	10,884	100.0	2,338	13,645	100

The 22.5% people are located in Spain while the remaining 77.5% are abroad.

33.2. Related parties

No dividends have been distributed to related parties in 2017 and 2016.

On March 31, 2017, the Restructuring Completion Date took place, which led to significant changes in the Company's shareholder structure.

a) In December 31, 2017 and pursuant to the notifications received by the Company in compliance with the provisions set forth in current regulation on ownership interest, and in accordance with the information additionally provided by related companies, the most significant shareholders are:

	Significant shareholders	
Shareholders	% direct share	% indirect share
Banco Popular Español, S.A.	3.63%	-
Banco Santander, S.A.	0.34%	3.63%

During the 2017 period, the only operations associated with related companies have been the following:

a) As a result of the asset divestment obligations contracted in the refinancing agreements NM 1/3 and Governance Agreement (see Note 2.2), on July 24, 2017 a services agreement was signed with Banco Santander for the provision of advice and assistance in the Atlantica Yield stake sale process. The fees to be paid for said services are calculated over a percentage of the transaction value and the accrual thereof is subject to the execution of the divestment in compliance with the conditions set forth in said agreements. In the event that the sale is completed, the total amount will reach €3.5 million.

b) On that same date, Abengoa entered into an agreement with Atlantica Yield companies (including Atlantica Yield itself) as well as with the US Department of Energy – DOE - (Omnibus Agreement) which established Abengoa's responsibilities before the DOE in the construction of the Solana solar thermal power plant, which is currently operated by Atlantica Yield (see Note 6.2.).

As a result of this agreement, the Company has registered an impact of €94 million in the profit and loss statement for the period.

These operations have been subject to review by Abengoa's Audit Committee..

b) At the closing of 2017, the most significant transactions related to associates companies correspond to those made by Atlantica Yield companies (see Note 7.1.a).

- 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 gives the 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.

All of 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 closing of 2017 and 2016 is as follows:

Item	Balance as of 12.31.17	Balance as of 12.31.16
Non-current financial investments	45,514	73,399
Clients and other receivables	87,430	371,527
Current financial investments	9,263	-
Other loan and borrowings		94,989
Trade payables and other current liabilities	20,868	77,184

The main balances refer to the companies Atlantica Yield, as detailed below:

- Outstanding balances due from project companies owned by ABY amounts to €56 million (€61 million in 2016) classified under "Customers and other accounts receivable" and €45 million (€72 million in 2016) 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 zero million (€95 million in 2016) classified under "other loan and borrowings" (see Note 20.5).

d) The detail of transactions made with companies accounted by the equity method included in the consolidated statement of financial position at the closing of 2017 and 2016 is as follows:

Item	2017	2016
Revenues	190,134	161,501
Other operating income	3,278	5,656
Raw materials and consumables used	(101)	(773)
Other operating expenses	(2,634)	(267)
Financial income	98	1,826
Financial expenses	-	(444)
Other financial income/(expense), net	10,135	13,958

The main transactions refer to the companies Atlantica Yield, Xina Solar One and APW-1, the details of which are as follows:

- Transactions with project companies owned by ABY which amounts to €78 million (€105 million in 2016) classified under the heading of "Revenues" mainly derived from the operations and maintenance contracts mentioned above.
- Transactions with the company that owns the Xina Solar One project in the amount of €112million (€56 million in 2016, related to Atacama I and Xina Solar One projects) classified under the heading of "Revenues", 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

- The position of Board Members is 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 by 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) variable remuneration based on general benchmark indicators or parameters; (d) remuneration through the provision of shares or share options or amounts that are linked to the Company's share price; (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 (f) savings or pension systems considered to be appropriate.

  On January 26, 2017, the Board of Directors agreed to accept the resignation presented by Javier Targhetta Roza from his position as board member due to personal reasons.

  On February 27, 2017 the Board of Directors agreed to appoint José Luis del Valle Doblado, on a temporary basis, member of the Appointment and Remuneration Committee provided that the vacancy left by Mr. Targhetta Roza in said Committee was not permanently filled.

  On March 23, 2017 the Board of Directors unanimously agreed, at the proposal of the Appointment and Remuneration Committee, to fill by co-option the existing vacancy in the Board that resulted from Javier Targhetta Roza's resignation, appointing Miguel Antoñanzas Alvear as independent board member for the period provided in the bylaws. Likewise, on that same date, the Board of Directors agreed to appoint Mr. Antoñanzas member of the Appointment and Remuneration Committee in replacement of Mr. Del Valle Doblado who had held office on a temporary basis up to that date.

On May 19, 2017, the Board of Directors agreed to accept the resignation presented by Miguel Antoñanzas Alvear from his role as Board Member due to personal reasons, and to appoint José Luis del Valle Doblado member of the Appointment and Remuneration Committee on a temporary basis, provided that the vacancy left by Mr. Antoñanzas Alvear in said Committee was not permanently filled.

- The General Meeting of Shareholders held on June 30, 2017 agreed, among other matters, not to fill the vacancy left by the resignation of Miguel Antoñanzas Alvear prior to the notice of said General Meeting of Shareholders, as following a selection process for a new independent board member in accordance with the director selection policy established by the Company, which had not been able to be carried our within the time elapsed between the resignation and the notice of this General Meeting of Shareholders, was more convenient. For said reason, the General Meeting of Shareholders agreed to proceed to fill said vacancy by co-option, bringing the ratification of the appointed member, if applicable, to the next General Meeting of Shareholders.
- On July 13, 2017 the Board of Directors, within the framework of the resolutions adopted by the General Meeting of Shareholders held on June 30, 2017, unanimously agreed, at the proposal of the Appointment and Remuneration Committee, to fill by co-option the existing vacancy in the Board that resulted from Miguel Antoñanzas Alvear's resignation, appointing Josep Piqué Camps as independent board member for the period provided in the bylaws. Likewise, on that same date, the Board of Directors agreed to appoint Mr. Piqué member of the Appointment and Remuneration Committee in replacement of Mr. Del Valle Doblado who had held office on a temporary basis up to that date.

As a result, the Board of Directors and its committees will be comprises as follows:

Board of Directors

- Chairman: Mr. Gonzalo Urquijo Fernández de Araoz (Executive)
- Lead Independent Director: Mr Manuel Castro Aladro (Independent)
- Members:
  - Mr José Luis del Valle Doblado (Independent)
  - Mr José Wahnon Levy (Independent)
  - Mr Ramón Sotomayor Jáuregui (Independent)
  - Ms Pilar Cavero Mestre (Independent)
  - Mr Josep Piqué Camps (Independent)
- Secretary non-member: Mr Daniel Alaminos Echarri
- Vicesecretary non-member: Ms Mercedes Domecq Palomares

Audit Committee

- Chairman: Mr José Wahnon Levy
- Members:
  - Mr José Luis del Valle Doblado
  - Mr Manuel Castro Aladro
- Secretary non-member: D. Daniel Alaminos Echarri

Appointments and Remuneration Committee

- Chairman: Dña. Pilar Cavero Mestre
- Members:
  - Mr Josep Piqué Camps
  - Mr Ramón Sotomayor Jáuregui
- Secretary non-member: Mr Juan Miguel Goenechea Domínguez

› Remunerations paid during 2017 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 2017
Gonzalo Urquijo Fernández de Araoz	1,000	-	80	-	-	-	-	1,080
Manuel Castro Aladro	-	-	80	-	10	-	-	90
José Wahnon Levy	-	-	80	-	20	-	-	100
Pilar Cavero Mestre	-	-	80	-	20	-	-	100
José Luis del Valle Doblado	-	-	80	-	20	-	-	100
Javier Targhetta Roza	-	-	8	-	-	-	-	8
Ramón Sotomayor Jáuregui	-	-	80	-	10	-	-	90
Miguel Antoñanzas Alvear	-	-	16		5	-	-	21
Josep Piqué Camps	-	-	48		8	-	-	56
Total	1,000	-	552	-	93	-	-	1,645

› 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 2016
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

Pursuant to the Remuneration Policy of Directors for the 2018-2020 period, sections 3.2 and 4.2.3.D), which regulate the long-term variable remuneration of Directors and of the Executive Chairman respectively, the Company has made a provision for an amount of 1,018 thousands of euros, an estimate for 2017. The payment of said amount will be subject to tthe established goals being met and, in that case, it will be made effective after December 31, 2020.

In terms of 2017 annual variable remuneration, once the conditions established have been assessed and the non-compliance of one of the general triggers has been verified, it is considered not accrued and, therefore, is not recognized for the Executive Chairman, nor for any manager or employee of the company.

- Aditionally, at the end of the 2017 period the remuneration accrued by the Company's Upper management (Upper Management members who do not concurrently hold an executive director role) for all concepts, be it fixed or variable, has reached 3,240 thousands of euros (2,348 thousands of euros at the end of the 2016 period). As in previous periods, this amount is established based on the Company's latest estimate and considering that the remuneration to be received by Upper Management is uniformly accrued throughout the year.

- No advances or credits have been issued to the Board of Directors as a whole. Likewise, no liabilities have been incurred into with the Board of Directors as guarantees.

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, 2017, 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, 2017 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	-	-	-	-	-
Josep Piqué Camps	-	-	-	-	-
Ramón Sotomayor Jáuregui	-	-	-	-	-
José Luis del Valle Doblado	-	-	-	-	-

Throughout out 2017 and 2016 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:

	2017			2016		
	Deloitte	Other auditors	Total	Deloitte	Other auditors	Total
Audit fees	2,304	529	2,833	3,483	824	4,307
Other verification services	84	-	84	57	99	156
Tax fees	7	1,419	1,426	737	464	1,201
Other audit complementary services	-	-	-	1,066	-	1,066
Other services	-	377	377	409	6,629	7,038
Total	2,395	2,325	4,720	5,752	8,016	13,768

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 on granting 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 2017, the total amount companies that have Environment Management Systems certified according to the ISO 14001 Standard covers the mayority of the Group..

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

On March 5, 2018, the company reported that all the preceding conditions related to the agreement signed with Algonquin Power & Utilities Corp., for the sale of 25% of Atlantica Yield Plc, had been satisfied or waived.

Since December 31, 2017, 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.